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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 ANNUAL RESULTS OF THE GROUP
FOR THE YEAR ENDED 31 DECEMBER 2021**

The board of directors (the “**Board**”) of Sinotrans Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021, which have been prepared in accordance with China Accounting Standards for Business Enterprises. This announcement, including the full text of the 2021 Annual 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 annual results. Printed version of the Group’s 2021 Annual Report will be sent to H shareholders of the Company on or before 30 April 2022 and available for viewing on the websites of The Stock Exchange of Hong Kong Limited at <https://www.hkexnews.hk> and of the Company at www.sinotrans.com at the same time.



中國外運股份有限公司
SINOTRANS LIMITED

Stock Code: 0598HK 601598SH

CUSTOMERS' SUCCESS
OUR ACHIEVEMENT

ANNUAL REPORT 2021



SINOTRANS



Important Notice

1. The Board and the Supervisory Committee of the Company and the Directors, Supervisors and members of the Senior Management warrant the truthfulness, accuracy and completeness of the contents in this Annual Report and confirm that there are no misrepresentations or misleading statements contained in or material omissions from this Annual Report, and accept several and joint legal responsibilities.
2. All Directors were present at the Board Meeting.
3. ShineWing Certified Public Accountants LLP has issued a standard auditors' report with unqualified opinions for the Company.
4. The Company's legal representative, Wang Hong; Chief Financial Officer, Wang Jiuyun; and the person in charge of the Financial Department (person in charge of accounting), Mai Lina, hereby make the statement that they warrant the financial statements contained in this Annual Report are true, accurate and complete.
5. Proposal for profit distribution or proposal for conversion of common reserve fund into share capital during the Reporting Period considered by the Board.

The Board proposed that the annual dividend for 2021 is RMB1.8 per 10 shares (tax included) (i.e. RMB0.18 per share, tax included) based on the total share capital registered on the record date of equity distribution. As at 31 December 2021, the total share capital was 7,400,803,875 shares, based on which, the total dividend allotment is RMB1,332,144,697.50 (tax included). The residual profits will be recognized as retained earnings and the Company will not distribute shares or convert any reserve into shares. The proposal is subject to the approval of the general meeting of the Company.

6. Risk disclaimer of forward-looking statements
 Applicable Not applicable

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

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

No

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

No

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

No

10. Significant risk alert

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

11. Others

Applicable Not applicable

The Company's 2021 financial report has been prepared in accordance with Accounting Standards for Business Enterprises published by the Ministry of Finance of the People's Republic of China and related provisions. Unless otherwise specified, the reporting currency in this Report is Renminbi ("RMB").

Contents contained in this Report are prepared in compliance with all disclosure requirements of the SSE Listing Rules and SEHK Listing Rules. The Report is published in Simplified Chinese, Traditional Chinese and English. In case of any discrepancy, the Chinese version shall prevail.



CORPORATE MISSION

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

CORPORATE VISION

Becoming a world-class intelligent logistics platform enterprise

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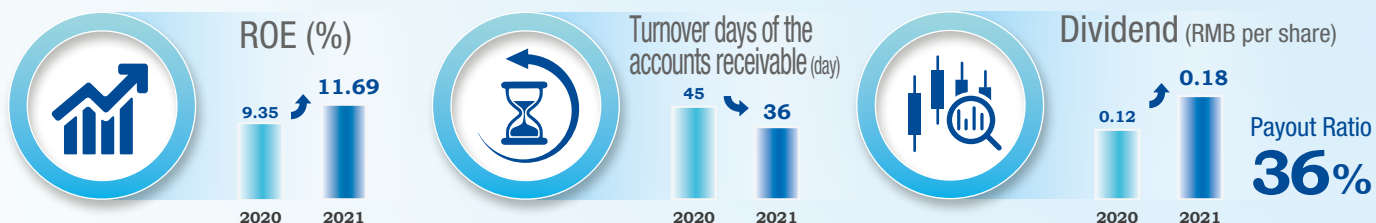


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Documents Available
for Check

Financial statements signed and sealed by legal representative, chief financial officer and head of the financial department
Original copy of the auditor's report sealed by the auditor, and signed and sealed by the certified public accountants
Original copies of all documents and announcements of the Company which have been disclosed to the public on the media meeting the requirements of the CSRC and the website of the SSE during the Reporting Period
Annual reports published in other securities markets

Performance Highlights and Major Events in 2021



Air Channel

Business volume **804** thousand tons $\uparrow 32\%$
 Controllable capacity **221** thousand tons $\uparrow 77\%$

Air freight forwarding

Revenue $\uparrow 11\%$
 Segment profit $\uparrow 95\%$

Cross-border e-commerce logistics

Revenue $\uparrow 108\%$
 Segment profit $\uparrow 30\%$



Sea freight forwarding

Revenue $\uparrow 61\%$
 Segment profit $\uparrow 21\%$



Logistics

Revenue $\uparrow 23\%$
 Segment profit $\uparrow 15\%$

Contract Logistics

Business volume $\uparrow 16\%$
 Revenue $\uparrow 23\%$



Railway freight forwarding

Revenue $\uparrow 88\%$
 Segment profit $\uparrow 102\%$

China-Europe Railway Express

Business volume $\uparrow 65\%$
 Accumulative trains **5,300+**



New Charter-plane Route to Central and South America

Guangzhou-Mexico, executed 102 flights with 6,862 cargo tonnage



Launched the "Bays Area Route" Railway from Shenzhen to Laos For the First Time

The "Bays Area Route" railway from Shenzhen to Vientiane constructs an international railway channel between the Bay Area and ASEAN area



As the first batch of Chinese logistics companies to Sign the Sustainable Aviation Fuel Programme with Air France-KLM, use such fuel can reduce up to 85% of carbon-dioxygen emission

Green Logistics



No. X8059 train, left Shenyang for Duisburg Germany, marked the 5,000th China-Europe Railway Express freight train launched by the Company

China-Europe Railway Express Exceeds 5,000 Trains

Technology-driven: Series Digital

Create visualized benchmark products in the process of supply chain. The project of Logistics Control Tower was honored as 2021 "Digital Transformation Rewards" jointly hosted by Harvard Business View. The project interpreted the concept of a closed-loop of "visualized, controllable, analyzable, and optimizable" in the angel of supply chain management



Strategy Implementation

Optimized and restructured the Strategic Customer Department, Product and Channel Department and Digitization and Operation Department to strengthen the three strategic pillars of customers, products and operations



Became the first domestic logistics company to put high level self-driving technology (L4) to trial in commercial scenario of long distance trunk line freight truck

Exploration of Self-driving Technology



Focus on promoting the efficiency improvement. The AI+RPA+EDI solution supports automatic processing of over thousands of documents, with a processing capacity of over 15.8 million orders, the operating efficiency improved by 300% and an operation error-free rate of 100%

Technology-driven: Series Smart



Participated the Construction of National Logistics Hubs

Honored as the model of national logistics hub network operational enterprise, participated the construction of 9 national logistics hubs



Logistics for the Olympic Games

Provided material for the Chinese National Yachting Team and National Canoeing Team in the Tokyo Olympic Games; provided multi-sites integrated logistics service for the Beijing Winter Olympic Games



Grant stock options to 186 participants, further strengthened the profit-sharing with shareholders and key staff of the Company

Implemented the Stock Option Scheme



Brought out full play of whole network operation through opening up express transportation channels for daily necessities, launching freight train to deliver materials, fully interpreted the corporate responsibility

Spared no Efforts to Support Hong Kong

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	China Merchants Group Limited (招商局集團有限公司), a wholly state-owned enterprise established under the laws of the PRC under direct control of the State-owned Assets Supervision and Administration Commission of the State Council, the actual controller of the Company, which holds approximately 57.64% of the issued share capital of the Company at the date of this Report
China Merchants Group or CMG	China Merchants and its subsidiaries
Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company or Sinotrans	Sinotrans Limited (中國外運股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose H Shares are listed on the SEHK and A Shares are listed on the SSE
Company Law	the Company Law of the People's Republic of China
CSRC	China Securities Regulatory Commission
Director(s)/Supervisor(s)	Director(s)/Supervisor(s) of the Company
Domestic Share(s)	shares issued by the Company under PRC law, the par value of which is denominated in Renminbi, and which are subscribed for in Renminbi
Finance Company	China Merchants Group Finance Co., Ltd. (招商局集團財務有限公司), a company owned as to 51% by China Merchants and 49% by Sinotrans & CSC at the date of this Report
Group	Sinotrans Limited and its subsidiaries

Chapter 1 Definitions

HK\$	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
H Share(s)	overseas listed foreign invested Share(s) of RMB1.00 each in the issued share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in HK\$
Hong Kong	Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange/SEHK	The Stock Exchange of Hong Kong Limited
KLG Group	Seven European logistics companies of KLG Europe Holding B.V., all being wholly-owned subsidiaries of the Company at the date of this Report
Listing Rules in Listing Places	the SEHK Listing Rules and SSE Listing Rules
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the SEHK Listing Rules
PRC	the People's Republic of China
PRC GAAP Standards	Accounting Standards for Business Enterprises issued by the Ministry of Finance and relevant regulations
Reporting Period	the period from 1 January 2021 to 31 December 2021
RMB	Renminbi, the lawful currency of the PRC
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
SEHK Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Senior Management	the Group's major operating decision-makers
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	H Share(s) and A Share(s)
Shareholder(s)	holder(s) of the Shares

Chapter 1 Definitions

Sinoair	Sinotrans Air Transportation Development Co., Ltd.
Sinotrans & CSC	Sinotrans & CSC Holdings Co., Ltd. (中國外運長航集團有限公司), a wholly state-owned enterprise established under the laws of the PRC, a wholly owned subsidiary of China Merchants, and the controlling shareholder of the Company which collectively holds 34.85% of the issued share capital of the Company at the date of this Report
Sinotrans & CSC Group	Sinotrans & CSC and its subsidiaries
Sinotrans Logistics	Sinotrans Logistics Co., Ltd., (中外運物流有限公司) formerly known as China Merchants Logistics Holding Group Co., Ltd. (“China Merchants Logistics”), and changed its name in March 2019
SSE	Shanghai Stock Exchange
SSE Listing Rules	Listing Rules of Shanghai Stock Exchange
Subsidiary(ies)	has the meaning ascribed to it under the SEHK Listing Rules
Supervisory Committee	the Supervisory Committee of the Company

Chapter 2

General Company Information and Key Financial Indicators

I. COMPANY INFORMATION

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

II. CONTACT PERSONS AND CONTACT METHODS

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

III. BASIC INFORMATION

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

IV. INFORMATION DISCLOSURE AND PREPARATION LOCATIONS

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

Chapter 2

General Company Information and Key Financial Indicators

V. OVERVIEW OF COMPANY STOCK

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

VI. OTHER RELEVANT INFORMATION

Public certified accountants engaged by the Company (Mainland China)	Name	ShineWing Certified Public Accountants LLP (a recognised public interest entity auditor under the Financial Reporting Council Ordinance)
	Office address	9/F, Block A, Fuhua Mansion, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing
	Name of signing public certified accountant	Dong Qinchuan, Xu Youbin
Compliance legal counsel engaged by the Company (Mainland China)	Name	Beijing DeHeng Law Offices (in the Reporting Period)
	Office address	12/F, Tower B, Focus Place, 19 Finance Street, Xicheng District, Beijing
	Name Office address	Jia Yuan Law Offices (at present) F408, Ocean Plaza 158 Fuxing Men Nei Street, Xicheng District, Beijing
Compliance legal counsel engaged by the Company (Hong Kong China)	Name Office address	Baker & McKenzie 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 Office address	CITIC Securities Company Limited 21st Floor, CITIC Securities Building, 48 Liangmaqiao Road, Chaoyang District, Beijing
	Name of signing Sponsor representative	Deng Shufang, Zhang Yang
	Period of continuous supervisory	From 18 January 2019 to 31 December 2021
Sponsors to continuously perform their supervisory function during the Reporting Period	Name Office address	China Merchants Securities Co., Ltd. 26th Floor, CMS China Securities Plaza, No. 111 FuHua Rd, Futian District, Shenzhen, Guangdong Province
	Name of signing Sponsor representative	Zhang Huanhuan, Cai Xiaodan
	Period of continuous supervisory	From 18 January 2019 to 31 December 2021

Chapter 2

General Company Information and Key Financial Indicators

A-Share registrar and transfer office of the Company	Name	China Securities Depository & Clearing Corp. Ltd. Shanghai Branch
	Office address	No. 188 YangGao South Road, Pudong New Area, Shanghai
H-Share registrar and transfer office of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Business address in Hong Kong	Office address	Room F and G, 20/F, MG Tower, No.133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Principal banker	Name	Bank of China
	Office address	No.1 Inner Street, Fuxingmen, Xicheng District, Beijing

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

(I) Key Accounting Data

Unit: Ten Thousand Yuan Currency: RMB

Key accounting data	2021	2020	Change as compared to the corresponding period of last year (%)	2019	2018	2017
Operating income	12,434,553.08	8,453,684.14	47.09	7,765,510.50	7,731,834.51	7,316,328.99
Net profit attributable to shareholders of the Company	371,340.50	275,442.28	34.82	280,414.22	270,462.08	230,458.86
Net profit net of non-recurring gains or losses attributable to shareholders of the Company	338,923.77	235,436.81	43.96	207,309.76	110,639.59	122,499.46
Net cash flows from operating activities	416,489.97	395,638.50	5.27	332,216.92	201,473.85	300,798.81

	As at the end of 2021	As at the end of 2020	Change as compared to the end of last year (%)	As at the end of 2019	As at the end of 2018	As at the end of 2017
Net assets attributable to shareholders of the Company	3,309,897.87	3,044,800.47	8.71	2,844,817.58	2,324,532.38	2,143,836.62
Total assets	7,430,289.22	6,581,869.87	12.89	6,190,528.70	6,151,363.21	6,234,616.43
Total liabilities	3,925,482.91	3,356,792.02	16.94	3,164,057.21	3,558,824.34	3,649,935.73

Chapter 2

General Company Information and Key Financial Indicators

(II) Key Financial Indicators

Key financial indicators	2021	2020	Change as compared to the corresponding period of last year (%)	2019	2018	2017
Basic earnings per share (RMB per share)	0.50	0.37	34.82	0.38	0.45	0.38
Diluted earnings per share (RMB per share)	0.50	0.37	34.82	0.38	0.45	0.38
Basic earnings per share, net of non-recurring profit or loss (RMB per share)	0.46	0.32	43.98	0.28	0.18	0.26
			Increase by 2.34			
Weighted average return on equity (%)	11.69	9.35	percentage points	10.29	11.97	11.22
Weighted average return on equity, net of non-recurring gains or losses (%)	10.67	7.99	percentage points	7.61	4.90	6.11
			Increase by 2.68			

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

✓Applicable □Not applicable

In 2021, the Company achieved revenue of RMB124.346 billion, representing a year-on-year growth of 47.09%, and net profit attributable to shareholders of the Company of RMB3.713 billion, representing a year-on-year growth of 34.82%. Such increase was a result of growth of air transportation channel, sea freight forwarding and contract logistics, and the investment income from joint ventures and associates saw a great increase as well.

Chapter 2

General Company Information and Key Financial Indicators

VIII. ACCOUNTING INFORMATION DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

IX. KEY FINANCIAL INDICATORS OF 2021 BY QUARTER

Unit: RMB

	The First Quarter (January-March)	The Second Quarter (April-June)	The Third Quarter (July-September)	The Fourth Quarter (October-December)
Operating income	28,902,257,074.23	32,774,466,015.68	36,138,925,370.40	26,529,882,389.33
Net profit attributable to shareholders of the Company	834,865,923.70	1,327,649,285.31	916,737,216.27	634,152,534.85
Net profits net of non-recurring gains or losses attributable to shareholders of the Company	774,747,908.71	1,061,447,861.61	974,267,242.13	578,774,729.71
Net cash flows from operating activities	-2,182,023,264.67	2,445,444,425.54	1,454,911,675.94	2,446,566,907.69

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

Applicable Not applicable

Chapter 2

General Company Information and Key Financial Indicators

X. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

✓Applicable □Not applicable

Unit: RMB

Non-recurring gains and losses items	2021	Note (if applicable)	2020	2019
Gains and losses from disposal of non-current assets	158,123,761.47		36,872,665.25	203,048,696.02
Tax returns and abatement that are examined and approved beyond authority, or without official approval documents or occasional Government subsidies included in current profit or loss, except government subsidies which are closely related to the Company's normal business operations, which comply with national policies and can be obtained continuously based on a set of standards by fixed amount or fixed quantity	285,842,840.37		317,362,769.02	269,249,478.94
Capital occupation fees charged from the non-financial enterprises and counted into the current profit or loss of the Company	3,837,045.70		4,696,765.71	11,513,523.89
Gains when the investment cost of acquiring a subsidiary, an associate and a joint venture is less than the fair value of the identifiable net assets of the invested entity	507,907.22			43,242,304.47
Profit or loss from exchange of non-monetary assets				
Profit or loss from entrusting others to invest or manage assets				
Asset impairment provisions due to force majeure factors such as natural disasters				
Profit or loss from debt restructuring	-13,664.08		-912,478.58	15,487,084.02
Enterprise restructuring costs such as staff settlement expenses and integration costs				
Profit or loss that exceeds the fair value in transactions with unfair price				
Current net profit or loss of subsidiaries from the merger of enterprise under common control from the beginning of the period to the date of the merger			767,861.96	
Profit or loss arising from contingencies irrelevant to the Company's normal business operations				
Profit or loss from changes in fair value arising from held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities, and investment income arising from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investment other than effective hedging business related to the Company's normal business operations	26,642,317.24		-20,301,938.07	20,186,939.33
Reversal of impairment of accounts receivables and contract assets that had impairment test separately	46,517,743.61		4,151,524.79	20,095,517.46
Profit or loss from external entrusted loans				
Profit or loss from changes in fair value of investment properties subsequently measured in the fair value model				
Impact on the current profit or loss by one-off adjustment according to laws and regulations related to tax and accounting				

Chapter 2

General Company Information and Key Financial Indicators

Non-recurring gains and losses items	2021	Note (if applicable)	2020	2019
Trusteeship fee income from entrusted operations	39,392,452.83		39,150,943.40	25,471,698.11
Other non-operating income and expenses other than the above items	-163,537,242.91		96,064,534.33	-122,254,654.08
Other gains and losses classified to non-recurring profit or loss	85,739,137.20		60,020,588.34	318,572,149.70
Less: Impact on income tax	116,171,350.84		125,289,569.51	67,515,400.08
Effects of non-controlling interests (after tax)	42,713,729.84		12,528,926.86	6,052,715.61
Total	324,167,217.97		400,054,739.78	731,044,622.17

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

Applicable Not applicable

XI. ITEMS MEASURED BY FAIR VALUE

Applicable Not applicable

Items	Balances at the beginning of the period	Balances at the end of the period	Current changes	Effect on current profit
				Unit: RMB
Trading debt investment (note 1)	302,500,000.00	-	-302,500,000.00	2,678,422.27
Investment in trading equity instruments (note 2)	792,565.44	794,623.45	2,058.01	-19,027.44
Other non-current financial assets (note 3)	871,156,840.33	797,864,160.84	-73,292,679.49	23,982,922.41
Investment in other equity instruments (note 4)	21,605,631.53	26,336,370.61	4,730,739.08	-
Total	1,196,055,037.30	824,995,154.90	-371,059,882.40	26,642,317.24

Note 1: As at 31 December 2021, the structural deposits of RMB300 million and ABN assets of RMB2.50 million held by the Group were expired.

Note 2: Investment in trading equity instruments mainly refers to the Group's equity interest in the preference shares of China Merchants Port Holdings Company Limited and shares of Antong Holdings and STHNA (ST海航) acquired by the Group due to debt restructuring.

Note 3: Other non-current financial assets are mainly the equity interests of China Southern Air Logistics Company Limited, Nanjing Port Longtan Container Co., Ltd., China Merchants Logistics Synergy Limited Partnership, Ouyeel Cloud Business Co., Ltd. held by the Group.

Note 4: As at 31 December 2021, investment in other equity instruments refers to the 2,884,597 shares of Air China Limited held by the Group, the fair value of which was RMB26,336,370.61 as at the end of the period.

XII. OTHERS

Applicable Not applicable

Chapter 3 Chairman's Statement



Wang Hong
Chairman

I. BUSINESS REVIEW

In 2021, as the global pandemic continued to resurge, and the international environment became more severe and uncertain, the momentum to recover slowed down. The International Monetary Fund (IMF) expected the global economic growth rate to be 5.9% in 2021. China's economy continued to operate in recovery, and the growth rate maintained a leading position in the world. The gross domestic product (GDP) increased by 8.1% year-on-year, and China's total foreign trade (in Renminbi) increased by 21.4% year-on-year. Meanwhile, the international sea and air freight was short of capacity supply so that the freight rate continued to run at a high level.

Chapter 3 Chairman's Statement

2021 was the first year of the “14th Five Year Plan” period. To face of the complex and changeable economic situation at home and abroad, the Group rose to the difficulties and turned the challenges into opportunities. Taking the implementation plan during the “14th Five Year Plan” period as a starting point, the Group clarified a roadmap for implementing strategies. With focus on “strengthening customers, products, operations, and technologies”, it worked actively to reach a new record high in terms of performance, and continuously improved the efficiency of scale and operation quality. In 2021, the Group’s revenue was RMB124.346 billion, a year-on-year increase of 47.09%; the net profit attributable to shareholders of the Company was RMB3.713 billion, a year-on-year increase of 34.82%; the weighted average return on equity increased by 2.34 percentage points to 11.69%; the turnover days of the accounts receivable was 36 days, 9 days faster year-on-year; the interest-bearing debt ratio gradually decreased; and thus the capability of financial management and control further improved.

II. DIVIDEND DISTRIBUTION

The Group always thinks of great importance of the return to shareholders. The Board proposed to distribute dividend for 2021 of RMB1.8 per 10 shares (tax included) (i.e. RMB0.18 per share, tax included) based on the total share capital registered on the record date of equity distribution. As at 31 December 2021, the total share capital was 7,400,803,875 shares, based on which, the total dividend allotment is RMB1,332,144,697.50 (tax included), with the payout ratio of 36%.

III. ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Group has always believed that social benefits, environmental benefits and economic benefits supplement each other, and actively fulfilling environmental and social responsibilities are of great significance to the sustainable growth of the Group. In 2021, to actively practise the concept of green logistics, the Group incorporated “green logistics” into the “14th Five Year Plan” for the first time, built an environmental, social and governance structure at the “governance level – management level – executive level”, and defined the medium and long-term goals for the use of energy resources. Moreover, the Group assessed its environmental, social and governance management and put forward suggestions for improvement. The Group also identified its environmental, social and governance issues and assessed their materiality. A total of 8 major issues were identified. Such efforts enabled the Group to pay more attention to these issues in operation and management and consistently improve them. For the performance of the Group’s environmental and social responsibilities in 2021, please refer to the “2021 Social Responsibility Report and ESG Report” disclosed by the Company.

IV. INVESTOR RELATIONS

The Group continued to improve operating performance and focused on long-term returns to investors. At the same time, it always attaches great importance to the maintenance of investor relations. On the premise of complying with relevant laws and regulations, it strengthened communication with investors through diversified online and offline methods, and built a two-way communication channel between investors and the management of the Company. It continuously improved the transparency and quality of information disclosure to effectively safeguard the interests of investors.

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Chairman's Statement

V. OUTLOOK

Presently, China's economy faces the pressure of demand contraction, supply shock, and weakening expectations, while the external environment is full of uncertainties. The Group will maintain its strategic focus and continue to implement the strategic plan during the "14th Five Year Plan" period. On the basis that the whole network operation of the air freight business is taking shape, the Group will actively explore and summarize for improvement. It will strengthen the top-level design of organizational structure of whole network operation and support of digital technologies, and promote it within the Group; accelerate digital transformation, enhance the innovative application of logistics technologies and digital technologies, establish a "data-driven" concept, and develop a scientific analysis system so as to promote the high-quality development of the Group; step up overseas development by combining organic growth and mergers and acquisitions, further improve overseas network layout, enhance overseas service capabilities, and make breakthroughs in import logistics products to reduce overall costs.

2022 is a critical year for the Group to execute strategies. Standing at a new starting point, the Group will embark on the new journey of "Sinotrans setting out again" with a positive, enterprising, truth-seeking and pragmatic spirit to achieve a new leap in high-quality development!

VI. ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my sincere gratitude to stakeholders, including all shareholders, partners and customers, for their long-term trust, support and assistance to the Group. I also sincerely thank all the Directors, Supervisors and employees for their efforts and contributions in the past year.

Wang Hong

Chairman

Beijing, China

29 March 2022

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Song Rong
Executive Director
and President

I. DISCUSSION AND ANALYSIS OF BUSINESS PERFORMANCE

(I) General Operating Conditions during the Reporting Period

In 2021, in the face of the complicated and changeable domestic and international economic situation, the Company followed the principle of “leading the overall situation with strategy and proceeding with quality and efficiency”, developed the potential of cost reduction and efficiency increase, and brought the operating quality, the scale and results to a new level. In 2021, the Company achieved revenue of RMB124.346 billion, representing a year-on-year increase of 47.09%; the net profit attributable to shareholders of the Company was RMB3.713 billion, representing a year-on-year increase of 34.82%, which was mainly due to the rising volume and price of air freight forwarding, cross-border e-commerce logistics, sea freight forwarding and contract logistics, leading to the year-on-year growth of revenue and profit; meanwhile, investment income from joint ventures and associates significantly increased. In 2021, the turnover days of the accounts receivable of the Company accelerated by 9 days to 36 days year-on-year, the interest-bearing debt ratio gradually decreased thus the capability of financial management and control further improved.

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1. *Adhering to strategic guidance and promoting the Company's high-quality and sustainable development*

Firstly, coordinate the construction of core capacity and channel to boost dual circulation at home and abroad. A total of 17 charter plane routes were operated **air channel**, and a total of 2,595 charter flights were carried out, ensuring a controllable capacity of 221,000 tons, representing a year-on-year increase of 76.8%. In terms of **sea transportation**, the centralized procurement was further intensified to build a selected route to Ho Chi Minh, Vietnam. Regarding **railways**, the Company operated 14 normalized routes, and cumulatively launched more than 5,300 trains of China-Europe Railway Express business; with regard to **trucking**, the diversified-capacity pool was built, and the online capacity of SDCC system surpassed 60,000 units.

Secondly, continuously improve the domestic and overseas networks, and support the construction of national logistics hubs and the high-quality development of the “Belt and Road” initiative. Domestically, a total of nine projects were enrolled in the list of national logistics hub construction, and the Company was rated as the benchmark enterprise of national logistics hub network operation. It focused on strategic areas such as Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Economic Belt, and constantly promoted several key projects in the areas. **In view of overseas network**, the integration of subsidiaries in Japan, South Korea and Australia was completed, and new branches in Vietnam and South Africa were established. Also in Southeast Asia, the Company accelerated the construction of international multimodal transport channels with various cross-border transport products, and the service scope gradually covered Southeast Asian countries.

Thirdly, practice the concept of green logistics and help realize the goal of “emission peak and carbon neutrality”. The Company, for the first time, absorbed “green logistics” into its planning, and with the approval of the Board, set up a three-level environmental, social and governance structure with the gradient of “governance layer-management layer-executive layer”, and defined the medium and long-term goals of energy resources utilization. Moreover, the Company continuously optimized the loading, operation and scheduling modes, reduced the waste of transportation resources, improved the efficiency of operation and energy utilization, and reduced carbon emissions by means of upgrading and transforming the logistics park with digital intelligence, optimizing the energy consumption structure, and controlling the process of key operation links.

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2. Focusing on digital transformation and driving the application of scientific and technological innovation

The Company valued improving the data governance capability with the coverage rate of business information system increasing to 98.5%, and it made great efforts in the application of “scenario + technology” and “customer + technology”, forming innovation systems of Series Smart and Series Digital products, among which the Series Digital · Logistics Control Tower Project won the “Annual Supply Chain Transformation Model Award” in the 2021 “Digital Transformation Award” co-sponsored by Harvard Business Review Series Smart · vision sorting solutions for the tire industry were carried out, making the Company the first domestic logistics company who uses vision identity technology to provide integrated logistics solution including quality inspection in warehouse, which improved the efficiency of tire outbound by more than 30%. In terms of Series Smart · Self-driving, the Company, being the first enterprise to pilot the long-distance transportation of high-level unmanned trucks, completed the commercial application scenario verification as the first long-distance self-driving trunk line in China, with the total mileage of heavy-loaded transportation exceeding 45,000 kilometers and the cumulative mileage of self-driving reaching 35,000 kilometers. In 2021, the Company had 29 authorized patents, 29 software copyrights, and 17 declared patents, representing a significant empowerment of technology.

3. Deepening the reform of organizational mechanism and building a high-performance organization

Organizational change and mechanism innovation were vigorously enhanced with the goal of improving the building of headquarters, effectively elevating management efficiency. **Firstly**, the Company optimized and adjusted the headquarters organization with special regard to the three strategic pillars, strengthening customers, products and operations, and restructured and established the Strategic Customer Department, Product and Channel Department, Operation and Digitization Department. **Secondly**, the Company deepened its cooperation with strategic customers in an all-round way under the guidance of organizational transformation, and the revenue of core direct customers increased year on year; by means of the open competition mechanism to select the best candidates, the Company made breakthrough progress in tackling key projects including China-Europe Railway Express’ self-loaded containers, tire digital intelligence solution, and air freight pricing center; The Company selected a pilot unit among subsidiaries, conducted the incentive plan of excess profit sharing from point to area, and the performance of related unit was significantly improved.

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(II) Highlights of the Business

1***Plan the core air transportation capacity and channel construction as a whole to realize whole network operation***

Gradually turned from the traditional air freight forwarding model to a more compound model of “carrier + forwarder”. With the help of fast development of cross-border e-commerce and high-end manufacture, the Company gathered stable requirement for trunk line capacity, and effectively increased the controllable capacity to further optimize the structure of capacity. At the same time, Sinotrans has formed business pattern of independent operation and independent sales, the concentration rate of volume was up to 53%, the model of whole network operation has been primarily shaped. In the market condition of lack of supply in 2021, the Company enhanced the cooperation with air line companies, continued to expand the scale of purchased capacity, promote fast development of controllable capacity. The controllable capacity reached 221 thousand tons, increased by 76.8% year-on-year; the Company operated 17 chartered plane routes with totally 2,595 flights, the utilization rate of major export routes loading rate reached almost 100%. In 2021, the Company’s air transportation channel realized revenue of RMB22.943 billion, increased 59.60%; realized segment profit of RMB678 million, increased by 67.82%.

2***Contract logistics focused on competitive products, strengthen the implementation of digital technology***

The Company deeply cultivated niche market in contract logistics. Through the implementation of smart logistics technology, the Company has forged specialized to the niche market, high added value, end-to-end logistics solutions, being the whole industrial chain solution for tire manufacture, and the Omni-channel B-C shared warehousing solution for consumer goods and retail industry. With the implementation of such solutions, the revenue generated from related markets approximately increased by 30% year-on-year. At the same time, the Company continued to optimize the sources of trucking capacity, construct diversified capacity pool, and formed 6 major round trucking trunk routes in Southern round, North and Eastern China, implemented the transformation to intensive management of cargo concentration on both ends from scatter operation, centralized purchase of capacity and centralized order deployment, to cut the procurement cost and labor cost. In 2021, the Company continued to dig the requirement of existing customers and explore quality industrial customers, the business volume and revenue of contract logistics segment increased by 15.80% and 22.64% respectively year-on-year.

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3 *Freight train business continued to develop, the result reached a historical high level*

The Company operates 14 regular freight train routes, the utilization rate of return trains continued to improve (by 11 percentage points year-on-year), and the heavy container rate reached 100%. Two of the Company's freight train routes was included in the mapped routes of China Railway, and the Company maintained high frequency, high efficiency stable operation of selected routes; the Company also newly launched the "Bay Area Route" international freight train from Shenzhen to Vientiane which was among the first batch of international freight trains from China to Laos. After more than 6 years of constant efforts, the Company has formed network, intensive and professional international freight train operation system with China-Europe Railway Express as core. The Company has aggregately launched more than 5,300 freight trains, among which, 1,925 trains was launched in 2021, and the business volume increased by 65% to 222.2 thousand TEUs. In 2021, the revenue of railway freight forwarding was RMB6.587 billion, increased by 88.17%, while segment profit reached RMB183 million, increased by 101.72% year-on-year.

4 *Refined domestic and overseas network, support the high quality development of national logistics hubs and "Road and Belt" initiative*

Domestically, Sinotrans was honored as the model of national logistics hub network operation, participated in the construction of 9 national logistics hubs including Xi'an land port, Changsha land port, Qingdao service hub, Chongqing land port and Hefei land port. **In terms of overseas network**, the Company completed the consolidation of subsidiaries in Japan, Korea and Australia; started the integration of organizations in the Silk Road area; and established organizations in Vietnam and South Africa. At the same time, the Company fully brought out the European network advantages of KLG, created effective coordination in contract logistics, cross-border e-commerce logistics and China-Europe Railway Express services and jointly forged Europe-Asia whole supply chain products; and actively joined hands with strategic customers in local storage, delivery and transportation services in Europe to build a resilient network.

5 *Technology-driven strategy to intensify core competitiveness*

Sinotrans, with constant efforts in the large-scale application of "scenario+technology" and "customer+technology", has released a number of "Series Smart" and "Series Digital" products and solutions. **"Series Smart"** places special emphasis on promoting the efficiency of "AI+RPA" solutions for direct major customers and sharing centers. Among which, the industry digital smart solution with visual recognition as the core is popularized and applied in FMCG (Fast Moving Consumer Goods) industry, automobile and other industries, achieving a 30% improvement in the efficiency of receiving and delivering goods; The AI+RPA+EDI solution supports the automatic processing of over thousands of documents in five categories, and opens up all the upstream and downstream links of the whole supply chain. In 2021, the processing capacity exceeded 15.8 million orders, the operating efficiency increased by 300% on average, and the operation error-free rate remained at 100%. The innovative group container packing algorithm realizes the optimal stowage of orders and goods, and the smart container inspection system can quickly and accurately locate all kinds of container damage, with the accuracy of container damage measurement reaching over 99%, offering general and convenient container inspection services for customers including shipping companies. **"Series Digital"** products, from the perspective of supply chain management, create benchmark products such as logistics control tower and whole-process visualization, and strive to improve service ability and service level for

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customers. The Series Digital Logistics Control Tower Project won the “Annual Supply Chain Transformation Model Award” in the 2021 “Digital Transformation Award” which from the perspective of supply chain management, interprets the closed-loop concept of “visualized, controllable, analyzable and optimizable”, and especially plays an important role in incidents and emergency response.

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

Logistics

In 2021, external revenue from the Group’s logistics business amounted to RMB24,183 million, representing an increase of 23.48% from RMB19,585 million of last year; and the segment profit amounted to RMB825 million, representing an increase of 15.34% from RMB715 million of last year. Such increase was due to the business volume of new projects significantly increased, the warehouse operational volume of the stock projects increased, and the centralized procurement of trucking capacity, warehouse lean operation and other work to reduce costs and increase efficiency continued to be promoted, which led to a year-on-year increase of RMB3,337 million or 22.64% in the revenue of contract logistics, and a year-on-year increase of RMB32 million or 5.25% in the segment profit; some of the stock projects in project logistics entered the shipping peak this year, coupled with the increase in freight rates, which drove the revenue of project logistics of the Company increased by RMB1,599 million or 75.92% year-on year.

Forwarding and Related Business

In 2021, external revenue from the Group’s forwarding and related business amounted to RMB85,909 million, representing an increase of 48.69% from RMB57,776 million of last year; and the segment profit amounted to RMB2,187 million, representing an increase of 17.39% from RMB1,863 million of last year. The main reasons are: the continuous high sea freight rates and increased business volume, which drove the revenue from sea freight forwarding increased by RMB25,694 million, representing a year-on-year increase of 61.04%, and the segment profit increased by RMB122 million, representing a year-on-year increase of 20.63%; the railway freight forwarding business continued to grow under the influence of the business volume of international freight trains, and through strengthening the centralized procurement of domestic railway capacity, as well as strengthening strategic cooperation with China Railway Group, the railway freight forwarding business continued to reduce the cost and promote the efficiency of international freight routes, which drove the revenue from railway freight forwarding increased by RMB3,086 million, representing a year-on-year increase of 88.17%, and the segment profit increased by RMB92 million, representing a year-on-year increase of 101.72%; at the same time, the Group continued to strengthen the construction of air freight channel and gradually transformed its business model to a “freight forwarder + carrier” compound model. Charter plane operation achieved a significant increase in business volume, and the continuous increase of controllable capacity enabled the Company to enjoy the profit led by the high air freight rates; In 2021, the revenue of air freight forwarding increased by RMB794 million, representing a year-on-year increase of 11.06%, and segment profit increased by RMB224 million, representing a year-on-year increase of 94.78%, the profit margin was greatly improved.

E-commerce Business

In 2021, external revenue from the Group’s e-commerce business amounted to RMB14,253 million, representing an increase of 98.62% from RMB7,176 million of last year; and the segment profit amounted to RMB249 million, representing an increase of 27.44% from RMB196 million of last year. The major reason was that, the Group continued to strengthen the construction of air freight channel and increased controllable capacity; at the same time, it further strengthened the cooperation with strategic customers and developed new customers in cross-border e-commerce, which led to a year-on-year growth in business volume of cross-border e-commerce logistics, the revenue of cross-border e-commerce logistics increased by RMB7,774 million, representing a year-on-year increase of 108.05%; the segment profits increased by RMB50 million, representing an increase of 29.71%.

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(IV) Volume Of Principal Business

Logistics:

In 2021, the volume of **contract logistics** was 38.30 million tonnes (33.06 million tonnes in 2020); the volume of **project logistics** was 5.74 million tonnes (5.22 million tonnes in 2020); the volume of **chemical logistics** was 3.38 million tonnes (3.17 million tonnes in 2020); the volume of **cold chain logistics** was 1.03 million tonnes (0.99 million tonnes in 2020).

Forwarding and related business:

In 2021, the volume of **sea freight forwarding** was 13.89 million TEUs (13.09 million TEUs in 2020); the volume of **air channel** was 804 thousand tonnes (including 170 thousand tons of cross-border e-commerce logistics business), which was 608 thousand tonnes in 2020 (including 103 thousand tons of cross-border e-commerce logistics business); the volume of **rail freight forwarding** was 328 thousand TEUs (191 thousand TEUs in 2020); the volume of **shipping agency** was 26.48 million TEUs (23.18 million TEUs in 2020); the volume of **warehouse and yard service** was 23.75 million tonnes (19.11 million tonnes in 2020).

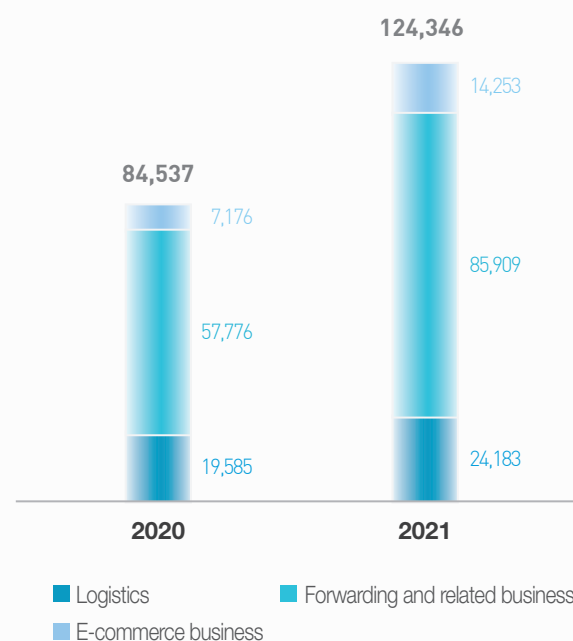
E-commerce business:

In 2021, the volume of **cross-border e-commerce logistics** was 398 million units (270 million units in 2020); the volume of **logistics equipment sharing platform** was 78 thousand TEUs/day (80 thousand TEUs/day in 2020).

Financial Performance of Business Segments

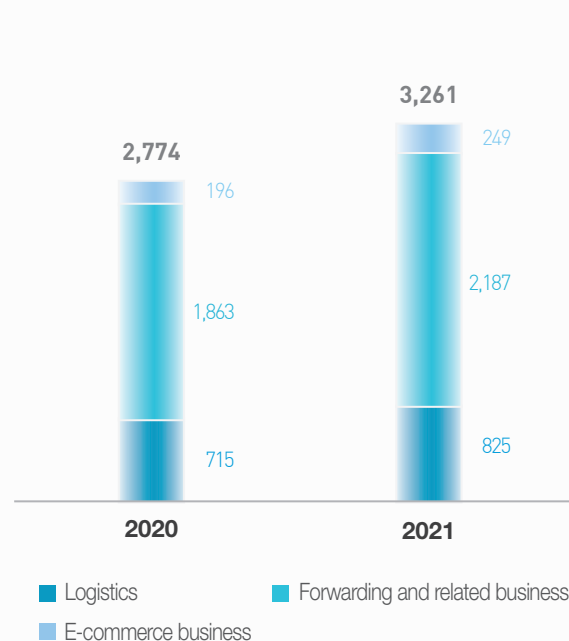
Segment Revenue

(RMB million)



Segment Profit

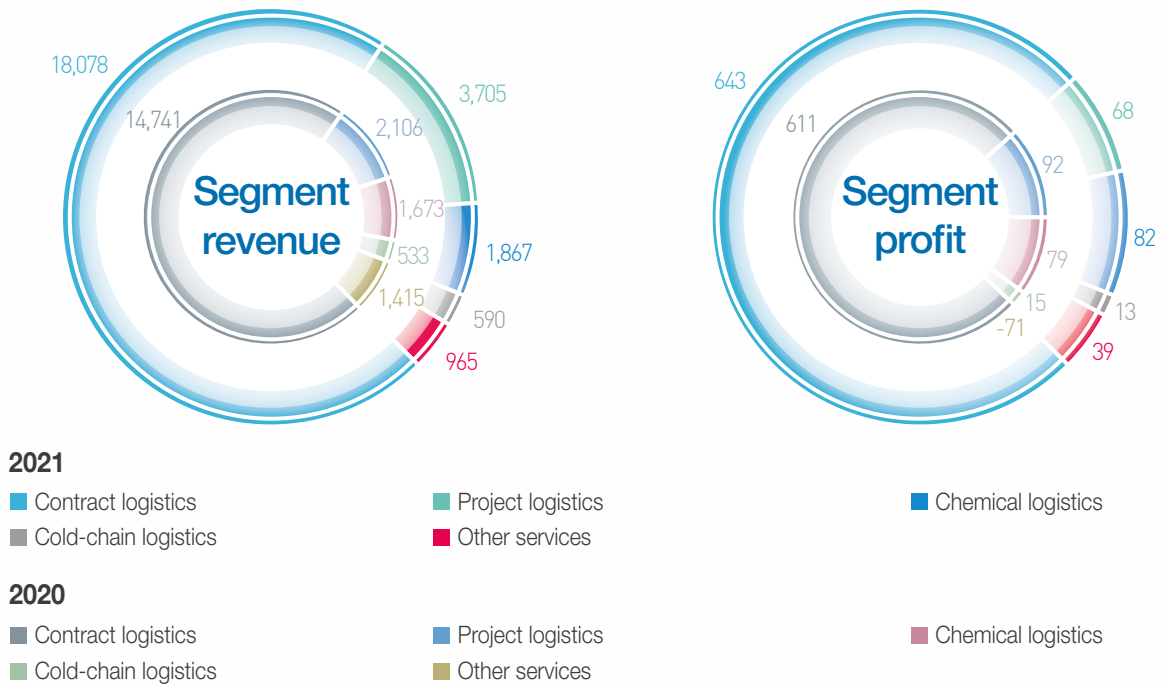
(RMB million)



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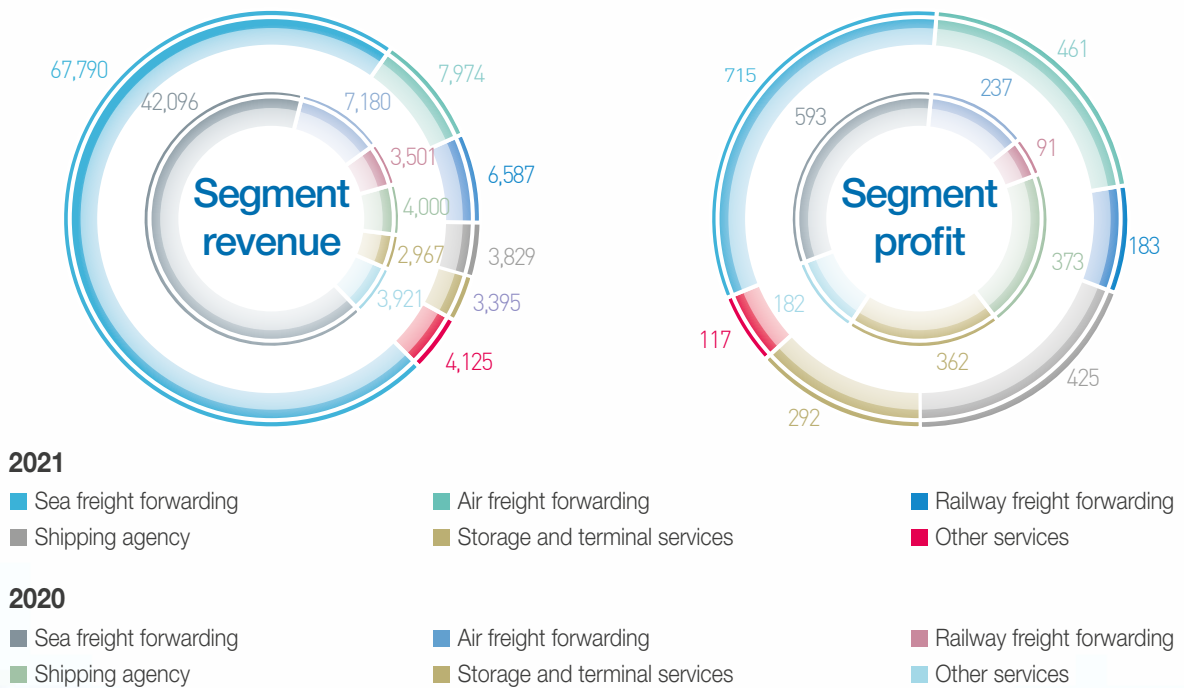
Logistics

(RMB million)



Forwarding and related business

(RMB million)



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II. INDUSTRY THE COMPANY INVOLVED IN DURING THE REPORTING PERIOD

Logistics is a basic, strategic and leading industry that supports the development of the national economy. In recent years, the state has continuously promoted the development of logistics industry through a series of policy guidance and support to further deepen the reform of the logistics industry. At present, the domestic logistics industry has started to transform from an incremental market to a stock market. In the face of new changes in domestic and overseas situations, the Ministry of Transport has released the 14th Five-Year development plan for integrated transportation services and digital transportation. The logistics industry will further accelerate lean operations and technological innovation to improve quality and efficiency, and explore new business growth points. In 2021, both the global economy and China's economy achieved growth, however, due to the pandemic and other factors, sea and air transportation capacity was tight; demand exceeded supply; and freight rates continued to run at high levels.

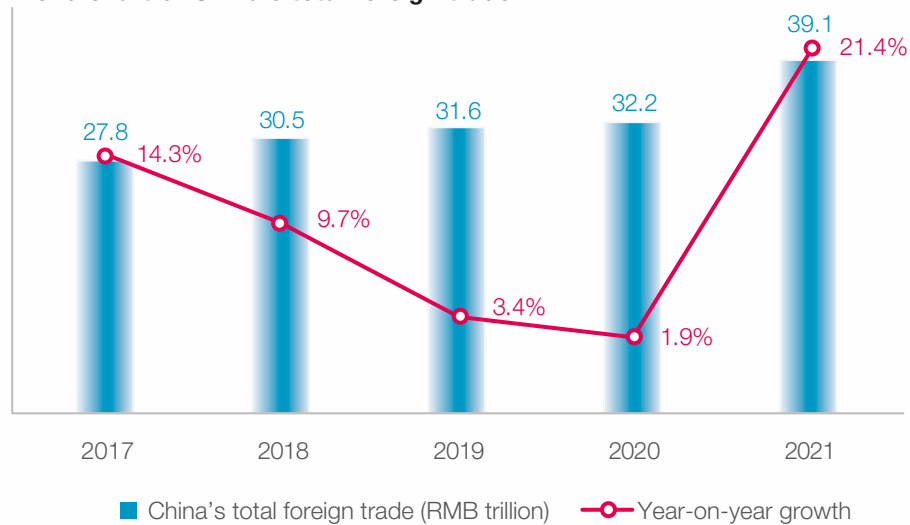
1. Repeated outbreaks of the pandemic increased the variables of global economic recovery, and the domestic economy continued to recover steadily

In 2021, as the global pandemic continued to repeat, the international environment became more severe and uncertain, and the macroeconomy suffered from a lack of the recovery momentum. According to the World Economic Outlook released by the International Monetary Fund (IMF) in January 2022, it is expected that the global economic growth rate would be 5.9% in 2021. China's economy continued to recover steadily and the growth rate continued to lead the world with a gross domestic product (GDP) of RMB114.4 trillion in 2021, a year-on-year increase of 8.1% and an average growth rate of 5.1% for the two years. The imports and exports of China's foreign trade totalled RMB39.1 trillion, a year-on-year increase of 21.4%, of which exports were RMB21.73 trillion, a year-on-year increase of 21.2%, and imports were RMB17.37 trillion, a year-on-year increase of 21.5%. From the perspective of trading partners, the bilateral trade volume between China and the top three trading partners, namely ASEAN, the European Union and the United States was RMB5.67 trillion, RMB5.35 trillion, and RMB4.88 trillion, respectively, an increase of 19.7%, 19.1% and 20.2% year-on-year. In 2021, China's imports from and exports to countries along the Belt and Road increased by 23.6%, representing 2.2 percentage points higher than the overall growth rate. Business flow determines logistics while logistics drives business flow; the two complement each other. The increase in trade volume will also drive the increase in the market demand of logistics.

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Trend chart of China's total foreign trade

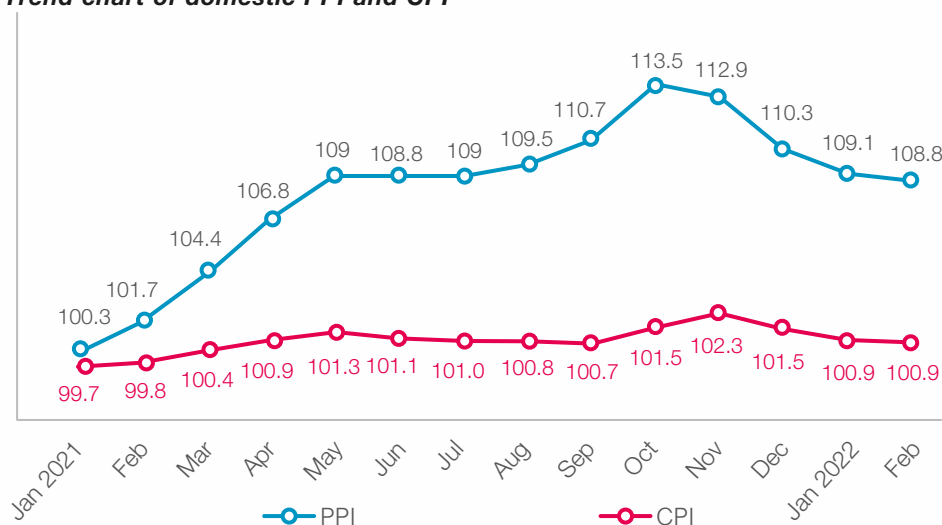


2. There was a scissors difference between domestic PPI and CPI, and the cost of manufactures was under pressure, which would gradually be transmitted to the logistics section

In 2021, the national consumer price index (CPI) increased by 0.9%, being 1.6 percentage points lower than the previous year, and operated within a reasonable range as a whole. The producer price index for industrial products (PPI) increased by 8.1% year-on-year. CPI and PPI showed a trend of scissors difference. In October 2021, the scissors difference hit a record high of 12 percentage points, so that the pressure of price increases on the production side could not be transmitted to the consumer side, and the cost pressure of production enterprises increased, which put forward higher requirements on cost reduction in logistics section and structural adjustment of supply chain. Meanwhile, the production factor price of infrastructure rose, and the cost of resources such as warehouses of logistics enterprises would also go up.

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Trend chart of domestic PPI and CPI



From the perspective of the major sub-sectors of the Company's professional logistics, **(1) Consumer goods and retail industry:** In 2021, the total retail sales of consumer goods in China was RMB44.08 trillion, an increase of 12.5% over the previous year, and the average growth rate for the two years was 3.9%. However, judging from the growth rate of each month, the growth rate of the domestic consumer market was clearly, showing a downward trend. By December 2021, the growth rate was only 1.7%, lower than the year-on-year growth rate of the previous two years. Moreover, the national online retail sales increased by 14.1% year-on-year. With the continuous acceleration of the online process, new consumption such as online and offline integration is expected to further develop, forcing the contract logistics to transform into the sharing storage for both to B and to C products. **(2) Automobile and industrial manufacturing:** After experiencing negative growth for three consecutive years, the domestic automobile market showed a steady growth in 2021, and automobile production and sales increased by 3.4% and 3.8% year-on-year, respectively. Among them, the production and sales of new energy vehicles showed a rapid growth in 2021. At the same time, affected by the continuous shortage of global integrated circuit manufacturing capacity, the automobile industry has been greatly affected, and many domestic automobile companies have reduced or stopped production for a short period of time. **(3) Technology and electronics:** In 2021, the production growth rate of China's electronic information manufacturing industry above designated size increased steadily, with an operating income of RMB14.13 trillion, a year-on-year increase of 14.7%. **(4) Chemical logistics:** The size of domestic hazardous chemicals logistics market was expected to reach RMB2.24 trillion in 2021, a year-on-year increase of 9.3%, and the growth rate has declined for three consecutive years. In addition, compared with developed countries, the penetration rate of third-party chemical logistics in China was still low, only about 25%-30%. The penetration rate and industry concentration are expected to further increase in the future. **(5) Cold chain industry:** As the pandemic is controlled on an ongoing basis, it is particularly important to effectively prevent the spread of the COVID-19 through cold chain logistics channels, which will bring certain pressure to enterprises specialized in cold chain logistics. With the continuous introduction of industrial policies, cold chain logistics will develop from the previous scattered and poor conditions to the stage of high threshold, new infrastructure, large-scale integration and under strong supervision. **(6) Project logistics:** Affected by the pandemic, the project logistics market continued to decline. In 2021, foreign contracted project business in China recorded a turnover of RMB999.62 billion, a year-on-year decrease of 7.1%, and the newly contracted value was RMB1,667.68 billion, a year-on-year decrease of 5.4%.

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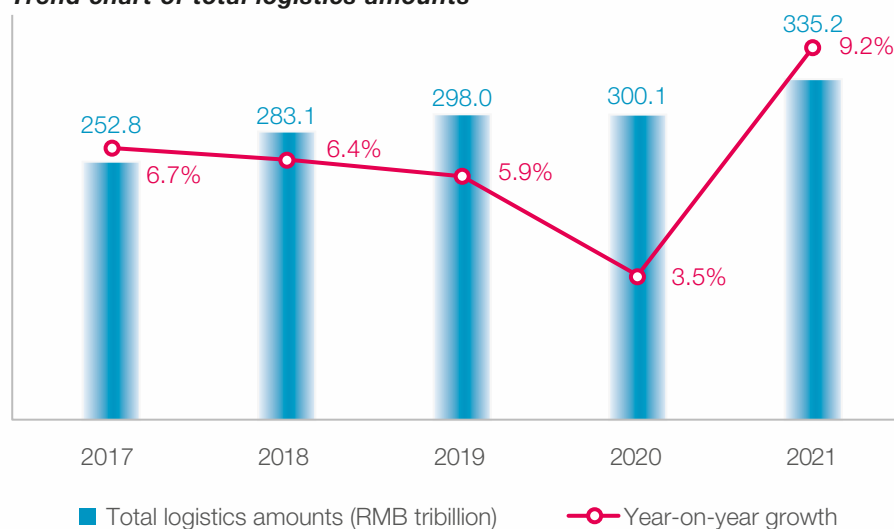
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3. China's logistics operation achieved steady progress, and the growth in demand was good

In 2021, China's logistics market showed a solid recovery. The real economy continued to recover steadily and drove the rapid growth of logistics demand. The logistics supply and service system was further improved, and the resilience of the supply chain was enhanced. Logistics played an important role in smoothing the domestic and international dual circulation, which ensured a good start for the 14th Five-Year plan. Meanwhile, changes in the pandemic, capital, technology, model and business flow structure have also brought huge challenges to the logistics industry. The transformation and upgrading of emerging technologies will greatly change the pattern of the logistics industry. In 2021, the value of social logistics in China totaled RMB335.2 trillion, a year-on-year increase of 9.2% based on comparable prices, and an average growth rate of 6.2% in the two years. The total revenue of the logistics industry reached RMB11.9 trillion, a year-on-year increase of 15.1%; the average annual growth rate for two years was more than 8.5%; and the market size was steadily expanding. The average logistics prosperity index was 53.4%, an increase of 1.7 percentage points over the previous year. The logistics industry achieved rapid development and the market vitality was further enhanced.

Trend chart of total logistics amounts

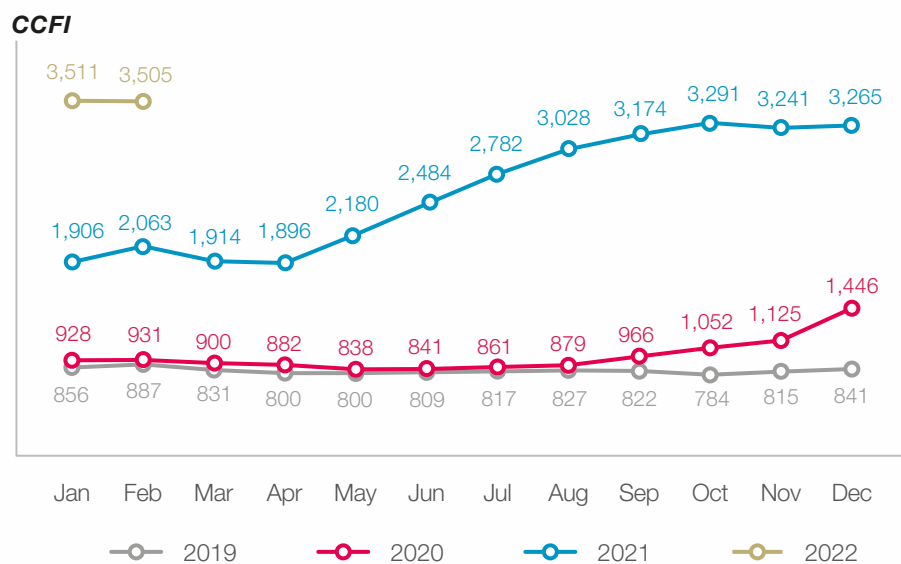


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4. The shipping capacity continued to be in short supply, and the export container freight rate increased significantly

In 2021, due to the continuous recurrence of the COVID-19 pandemic, congestion of shipping ports and poor container turnover, the comprehensive on-time rate index of global trunk routes dropped significantly (as low as 17.04% in October 2021). The efficiency of shipping utilization was suppressed, leading to a tight capacity. Meanwhile, with the gradual recovery of the global economy, the demand for transportation has rebounded sharply, resulting in a shortage of supply in the shipping market. According to data from the Shanghai Shipping Exchange, as of 31 December 2021, the CCFI (China Export Container Freight Index) reached 3,344.24 points, the average of CCFI reached 2,615.54 points, a year-on-year increase of 165.69%, all of them reaching a record high.

In 2021, China's port container throughput was 282.72 million TEUs, representing a year-on-year growth of 7.0%; and China's port cargo throughput was 15.54534 billion tons, representing a year-on-year growth of 6.8%.



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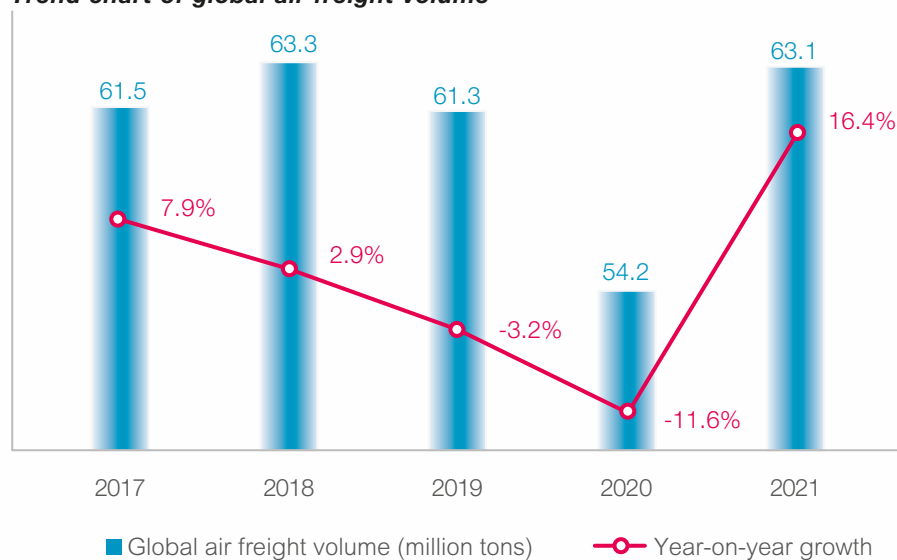
(Report of the Board)

5. Global freight demand grew strongly, and air freight capacity was in short supply

Air freight demand was strong in 2021, but capacity was constrained, according to the International Air Transport Association (IATA). In 2021, global air freight demand increased by 6.9% compared with 2019 (of which international demand increased by 7.4%), and 18.7% compared with 2020. This was the second-biggest improvement in year-on-year demand since IATA began monitoring freight performance in 1990, after a 20.6% increase in 2010. In 2021, global air freight capacity increased by 12.4% year-on-year compared to 2020, but it was still down 10.9% compared to 2019 (12.8% for international business). Important hubs have encountered bottlenecks, resulting in limited capacity. Air freight capacity was in short supply, and freight rates continued to run at high levels. The IATA predicted that in 2021, global air freight volume would be 63.10 million tons, increased by 16.4%.

According to statistics from the Civil Aviation Administration of China, in 2021, the global air cargo market was seen a buoyant demand, posting an annual industry-wide cargo and mail transportation volume of 7.318 million tons, representing a year-on-year increase of 8.2%. International traffic recovered significantly, global air cargo and mail transportation volume reached 2.667 million tons, representing a year-on-year increase of 19.6%.

Trend chart of global air freight volume

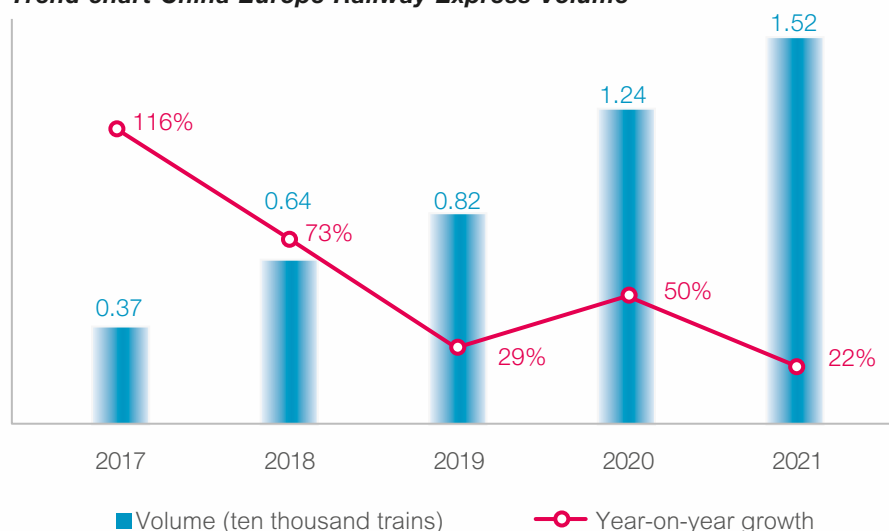


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6. China Europe Railway Express played a role as a strategic channel, and the operation quality was steadily improved

Since the brand was unified in 2016, the advantages of China Europe Railway Express, including fast transportation, high cost performance, safety and reliability, and environmental protection, have been given full play. After years of market cultivation, China Europe Railway Express have achieved normalized and large-scale operation, and especially during the pandemic period, they have become a “passage of life” for countries to jointly fight the pandemic. In 2021, 15,000 China Europe Railway Express were operated, a year-on-year increase of 22%, and 1.46 million TEUs was transported, a year-on-year increase of 29%, making positive contributions to ensuring a stable and smooth operation of the international industrial chain and supply chain, and building a new development pattern. With the increase in quantity, the quality of operation was also continuously improved. In 2021, the comprehensive heavy container rate of China Europe Railway Express increased from 77.2% in 2016 to 98.1%, and the ratio of return trains to outbound trains increased from 50.6% in 2016 to 81.5%.

Trend chart China Europe Railway Express Volume



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

In respect of the development of global cross-border e-commerce, the overall market size has maintained a rapid growth momentum and the global online shopping penetration rate has improved to 66.2%. According to the reports of 100EC.cn, the cross-border e-commerce volume was approximately RMB10.5 trillion in 2019 and RMB12.5 trillion in 2020. With the increase in the number of cross-border e-commerce comprehensive experimental zones, the scale of the cross-border e-commerce market will further increase, and it is expected that the cross-border e-commerce value will reach RMB14.6 trillion in 2021. Thus, with the estimation of 20%, the scale of China’s cross-border e-commerce logistics market is expected to reach RMB2.92 trillion in 2021.

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III. THE BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

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

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

1. Logistics

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

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

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

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Chemical logistics mainly serves refined chemical industry customers, and provides supply chain solutions and logistics services to customers, which mainly include warehousing, transportation and distribution, international freight forwarding and multimodal transportation of hazardous chemicals and general packaged chemicals. The Company has a set of integrated service system for warehousing, transportation (including liquid tank container), freight forwarding, multimodal transport and bonded logistics, and forms a whole-network layout focusing on East China, North China and Southwest regions, and synergizing public resources in Northeast China and South China. In addition to being affected by the prosperity of the chemical industry, chemical logistics is also closely related to industry policies and safety supervision regulations.

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

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

2. Forwarding and related business

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

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

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In respect of **air freight forwarding**, Sinotrans mainly provides professional air freight forwarding services such as pick-up and dispatch, customs declaration and inspection, warehousing, packaging, booking and handling, trunk air line freight forwarding and trucking transit services. As a leading air freight forwarding company in China, Sinotrans has accumulated extensive industrial experience and established stable strategic cooperative relationship with major domestic and international airlines (eg. China Southern Airlines, Deutsche Lufthansa AG, Emirates Airline, Air China, Korean Air Lines, Air France-KLM), core overseas agents and domestic logistics service providers. Through the layout of air channels, we can centrally control the capacity resources of 48 European lines, American lines, and Asian lines and controlled overseas access, to facilitate the capability to provide customers with full-process, visualized and standardized whole supply chain air related logistics services.

In terms of **railway freight forwarding**, Sinotrans is a leading railway freight forwarding service provider in China. It is able to provide customers with railway freight forwarding and information services in bulk cargo, containers and in a variety of ways, including integrated whole supply chain service like domestic railway freight forwarding, international railway freight forwarding (including transit railway freight forwarding) and sea-rail multi modal transportation. So far, self-operated cross-border railway express platform of the Company covers over 40 routes (including 14 routine weekly routes) from Changsha, Dongguan, Shenzhen, Shenyang, Xinxiang, Xi'an Deyang and other places. By the end of 2021, the Company has dispatched over 6,500 international trains, including more than 5,300 China Europe Railway Express trains.

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

In terms of **storage and terminal services**, Sinotrans provides customers with services such as storage, container consolidating and devanning, cargo loading and unloading, dispatching and distribution, etc. Sinotrans has rich resources of warehouses and container yards, and 11 self-operated river terminals in Guangdong province and Guangxi province, which are important base for the Company to provide high-quality and efficient freight forwarding and integrated logistics services.

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

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

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3. E-commerce business

Sinotrans' e-commerce business includes cross-border e-commerce logistics, logistics e-commerce platform and logistics equipment sharing platform. **The cross-border e-commerce logistics business** mainly refers to the whole-chain and partial chain logistics service provided to e-commerce customers. The products and services cover Europe, America, the Middle East, Japan, Korea, Southeast Asia and other regions. The scope of services includes door-to-door collection, domestic (bonded) warehouse management, import and export customs clearance, international transportation, overseas warehouse management, last mile distribution, etc. The cross-border e-commerce logistics business is mainly affected by factors such as the trading scale of cross-border e-commerce, and customs policy. **Logistics e-commerce platform** refers to the provision of various online public services and digital whole-chain services by the Company to the platform customers through the unified online logistics e-commerce platform, namely Y2T. Public services cover freight rate inquiry, visual order tracking, online payment, etc. The whole-chain service area covers China, Japan, South Korea, Southeast Asia, etc. **Logistics equipment sharing platform** refers to the Company providing logistics equipment leasing Service, including containers and mobile fridge containers, tracking and monitoring services.

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

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable

1. Well-established Service Network and Abundant Logistics Resources

The Group has an extensive and comprehensive domestic and overseas service network. The domestic service network covers 32 provinces, autonomous regions, municipalities and special administrative areas in China. The Group has more than 10 million sq.m. of land resource in mainland China, more than 4 million sq.m. of warehouses, over 2 million sq.m. of yards and 11 river terminals with more than 4,000 meters of coastal line, while also operates approximately 3 million sq.m. of rented warehouses. The self-owned overseas network of the Group covers 40 countries and regions with 66 self-owned organizations worldwide. Meanwhile, the Group also implements industry-finance integration and cross-industry synergies with China Merchants Group's financial, trading, industrial park development, shipping and port business segments around the world to provide customers with access to global logistics services.

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2. A clear and definite strategic path was set, and a network-wide operation system was built with strong customers, strong products, and strong operations

The Company has formulated the implementation plan of the “14th Five Year” plan, and clarified “to form a digital, networked and intelligent development mode with the driving force of data as the core, platform-based ecology as the support, and network-wide operation as the main line”. The Company strives to be the leader of smart logistics, the builder of supply chain ecology, and the promoter of China’s high-quality logistics industry. Under the strategic guidance, and with the goal of building a strong headquarters, the Company has vigorously promoted organizational reform and mechanism innovation. It optimized and adjusted the headquarters organization by strengthening customers, products and operations so as to enhance the overall business management capability of the headquarters. In terms of mechanism innovation, the Company has promoted the “open competition mechanism to select the best candidates”, and has gradually established a working mechanism that drives the overall development with key tasks. Such efforts have provided systematic ideas and methods for breaking through the pain points and difficulties that restrict the development of the Company for a long time. The Company implemented the “Stars Plan” to further enrich talent reserve, strengthened the cultivation of overseas and innovative talents, and promoted talent exchanges and the construction of supporting mechanisms. The Company improved the market-based remuneration distribution mechanism, and promoted the share option scheme of Sinotrans to comprehensively release management efficiency.

3. Strong Logistics Solution Capabilities

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

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4. Leading Supply Chain Logistics Service Model

Following the development trend of the industry and in response to the changes in customer demand, Sinotrans keeps innovating its logistics service model by the reorganisation of forwarding and related business products to improve product research, development and design capability. It focuses on six product systems, namely full container load, less than container load, railway express, air freight, bulk cargo logistics and carrier integrated logistics services, increases the channels construction of sea, land, air, trucking and multimodal transport channels and is capable of providing end-to-end one-stop whole supply chain logistics service to domestic and international enterprises and satisfying comprehensive logistics demands of customers in a fast and high-efficient manner. Especially for the air transportation channel, Sinotrans adapts various measures including chartered planes and BSA (block space agreement), and makes full use of the synergistic advantages of heavy cargo of air freight forwarding and light cargo of e-commerce logistics to achieve the optimization of operational efficiency and profitability.

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

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

6. Increasing Efforts in Application of Innovative Technologies in All Scenarios to Promote Digital Transformation and Develop Smart Logistics

Sinotrans vigorously develops smart, green logistics, focuses on and continuously follows the cutting-edge technologies suitable for application in the logistics industry, and deeply cultivates new scenarios in the upstream and downstream supply chain of industrial customers. Continuous efforts have been made in large-scale applications of “scenario + technology” and “customer + technology”. And the Group has released a number of “Series Smart” and “Series Digital” products and solutions. As at the end of the Reporting Period, the members of the research and development team of the Group increased to 696. The Group declared 104 new invention patents and 214 software copyrights, and received 19 awards for innovation granted by the government at all levels (above the provincial and ministerial level) and organizations in the industry. Substantive progresses have been made in the technology application such as container inspection system, tire industry visual sorting solutions, hazardous chemical gas monitoring sensor and autonomous driving.

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- 1) Smart • Container Inspection System (Visual Recognition + Container Yard):** By virtue of industrial-grade 2D vision + 3D laser sensor scanning imaging and machine vision deep learning algorithm, it can rapidly and accurately locates container damage, and enables quantitative measurement of damage degree for various container damages, with the accuracy of locating and measurement being over 99%, and realizes express inspect of 1 TEU per minute. Benefiting from the rich operation scenarios of Sinotrans, the algorithm has been tested by more than six-digit samples of container damage.

Business value: It is currently the leading smart container inspection system in the domestic logistics industry, which can effectively speed up the efficiency of container inspection, reduce the workload of container inspectors by 10%, and provide general, convenient container inspection services for customers including shipping companies. It is able to significantly reduce the turnaround time of empty containers, and shorten the circulation cycle of empty containers so as to help customers optimize their business models, and thereby increase customer stickiness. The technology was officially launched in the pilot unit in January 2021. As at the end of December, the number of containers processed exceeded 53,000 TEU. It will be promoted inside and outside the Group in the future.

- 2) Smart • Tire Industry Visual Sorting Solutions (Visual Recognition + Warehousing):** Through visual recognition technology, a combination of software and hardware sensing equipment is developed to realize comprehensive identification and review of tire DOT (production batch), OE (dynamic balance) point, tread line and barcode.

Business value: The Company is the only logistics company in China that applies visual recognition technology to provide customers in the tire industry with integrated all-in solutions including in-warehouse quality inspection. This solution realizes an integrated outbound and loading production line covering fully automatic tire identification, picking, cleaning, and truck loading to effectively improve the operation efficiency and accuracy, and save a lot of space in the temporary storage area for tire outbound operations. The technology was developed in November 2021, and was officially launched at the Michelin logistics center in Shenyang in January 2022. The outbound loading time was shortened from 120 minutes/truck to 80 minutes/truck, and the outbound efficiency was increased by more than 30%. The outbound operation was changed from manual operation to a single assembly line, with an outbound efficiency of 960 pieces/hour and a recognition accuracy rate of over 99%. The solution is an important innovation in the tire logistics industry and has been highly recognized by industry customers. The Company will promote it to other customers in tire industry in the future, and plans to connect the warehousing, transportation and order systems to further enhance the integrated logistics service capabilities and strengthen the Company's core competitiveness.

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- 3) **Smart • Hazardous Chemical Gas Monitoring Sensor (Internet of Things + Warehousing):** Based on the new MEMS semiconductor gas sensor array method, it enables the composite monitoring of a variety of toxic and harmful gases, low-concentration flammable gases and temperature and humidity. It uses the latest Narrow Band Internet of Thing (“NB-IOT”) wireless communication technology to achieve wireless transmission, real-time notification, platform statistics and other functions.

Business value: We are the first in China to successfully develop a composite gas monitoring sensor, which can replace a variety of traditional single gas detectors, significantly reduce the cost of equipment use, and solve the problem that traditional electrochemical sensors cannot accurately test toxic and harmful gases and flammable gases in trace environments to ensure security of warehouses, especially those storing hazardous chemicals. The equipment was officially launched in May 2021 and has been put into use in 15 chemical logistics warehouses of the Company. It is used to monitor the gas and temperature and humidity in the warehouses to further improve the safety management efficiency of the Company and enhance the trust of customers such as Covestro and BASF.

- 4) **Smart • Self-Driving (Self-Driving + Transportation):** Based on L4 (highly self-driving) self-driving technology and Sinotrans’ highway trunk line logistics business, we piloted the demonstration operation project of self-driving long-distance trunk line freight truck.

Business value: Sinotrans is the first domestic logistics company to conduct long-distance pilot projects for high-level unmanned trucking of cargo transportation. The Company established a joint venture to build a mixed-capacity freight service provider with smart driving as the mainstay and other driving modes as a supplement so as to provide more safe, more stable, and more efficient technology-driven capacity services and freight solutions with lower cost. In August 2021, the Company launched a demonstration operation project of self-driving truck, and verified the commercial application scenario of the first long-distance self-driving trunk line in China; by the end of 2021, the punctuality rate of delivery tasks performed by the self-driving trucks was 100%; the total mileage of loaded heavy-duty transportation exceeded 45,000 kilometers; and the verified self-driving mileage on high-speed roads achieved 35,000 kilometers with the automatic driving rate of the line reaching 96%. The Company will initially deploy a fleet of more than 100 smart heavy trucks, and will continue to expand the scale to build a leading smart-driving heavy-duty truck fleet in China.

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V. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD

(I) Analysis on Principal Businesses

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

Unit: RMB

Item	Amount for the current period	Amount for the same period of last year	Change (%)
Operating income	124,345,530,849.64	84,536,841,379.12	47.09
Operating cost	118,717,656,334.85	79,595,940,834.17	49.15
Selling expenses	973,490,694.74	806,339,597.85	20.73
Administrative expenses	3,126,455,868.41	2,735,273,675.53	14.30
Finance costs	399,582,293.77	625,170,299.30	-36.08
Research and development expenses	171,595,536.54	149,205,749.71	15.01
Net cash flows from operating activities	4,164,899,744.50	3,956,385,015.00	5.27
Net cash flows from investment activities	472,788,316.37	-1,341,620,965.80	N/A
Net cash flows from financing activities	-1,608,606,792.71	-1,548,921,167.75	N/A

The change in operating income and cost was primarily due to the fact that the revenue and the cost of three major business segments increased as compared to last year as a result of the increase of business volume and freight rates.

The change in selling expenses was primarily due to the fact that the operating results greatly increased, and the provision of sales performance related bonus increased accordingly; at the same time, there was social insurance reducing policy last year which led to a lower comparable base of remuneration expense.

The change in administrative expenses was primarily due to the fact that the operating results greatly increased, and bonus accrued increased accordingly; at the same time, there was policy related social insurance reducing policy last year which led to a lower comparable base of remuneration expense.

The change in finance costs was primarily due to the fact that the decline in borrowing interest rates led to a year-on-year decrease in interest expenses. Meanwhile, the Company recorded significant foreign exchange losses due to the sharp depreciation of the Belarusian Ruble and appreciation of Renminbi in 2020, but the impact on foreign exchange rate was not that significant in 2021.

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

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The change in net cash flows from operating activities was primarily due to the increase of businesses volume and the acceleration of turnover of the accounts receivable this year.

The change in net cash flows from investment activities was primarily due to the fact that the increase in the amount of dividends received this year driven by the increase in operating results of joint ventures and associates; meanwhile, the payment for acquisition of KLG Group's equity was paid last year, and there was no such matter this year.

The change in net cash flows from financing activities was primarily due to the year-on-year increase in the outflow of rents from payment of right-of-use assets this year.

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

Applicable Not applicable

2. Income and Cost Analysis

Applicable Applicable

(1) Principal Businesses by Sector, Product

Unit: RMB

Principal businesses by sector

By sector	Operating income	Operating cost	Gross margin (%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/ decrease in gross margin over last year (%)
Logistics industry	124,345,530,849.64	118,717,656,334.85	4.53	47.09	49.15	Decrease by 1.32 percentage points

Principal businesses by product

By product	Operating income	Operating cost	Gross margin (%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/ decrease in gross margin over last year (%)
Logistics	24,183,318,054.67	22,076,949,134.09	8.71	23.48	25.60	Decrease by 1.55 percentage points
Forwarding and related business	85,909,358,661.26	82,467,498,243.19	4.01	48.69	49.59	Decrease by 0.57 percentage point
E-commerce business	14,252,854,133.71	14,173,208,957.57	0.56	98.62	105.71	Decrease by 3.43 percentage points

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Description of Principal Businesses by Sector, Product

The year-on-year increase in revenue and operating costs of freight forwarding and related businesses was mainly influenced by the increase of the volume and freight rates.

The year-on-year increase in revenue and operating costs of E-commerce business was mainly influenced by the year-on-year increase in business volume of cross-border e-commerce logistics and the air freight rates.

(2) *Analysis Statement of Production and Sales*

Applicable Not applicable

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

Applicable Not applicable

Performance of signed material sales contracts during the Reporting Period

Applicable Not applicable

Performance of signed material procurement contracts during the Reporting Period

Applicable Not applicable

(4) *Statement of Cost Analysis*

Unit: RMB

By sector

By sector	Cost components	Amount for the current period	Percentage of total cost for current period (%)	Amount for the corresponding period of last year	Percentage of total cost for the corresponding period of last year (%)	Percentage of change in amount for the current period as compared with the corresponding period last year (%)	Explanations
Logistics industry	Transportation and relevant expense	110,021,305,933.13	92.67	72,472,732,387.14	91.05	51.81	The increase of transportation cost driven by the rising freight rates
Logistics industry	Labor cost	4,413,554,690.63	3.72	3,598,711,554.05	4.52	22.64	
Logistics industry	Depreciation and amortization	1,706,710,818.92	1.44	1,371,172,983.74	1.72	24.47	
Logistics industry	Rental cost	630,120,225.36	0.53	405,423,202.15	0.51	55.42	Rental cost increased due to business demand
Logistics industry	Fuel expense	370,480,417.42	0.31	361,146,231.85	0.45	2.58	
Logistics industry	Repair and maintenance expense	121,510,792.57	0.10	95,318,285.86	0.12	27.48	
Logistics industry	Safe production expense	83,547,580.14	0.07	76,011,388.15	0.10	9.91	
Logistics industry	Other operating expenses	1,370,425,876.68	1.15	1,215,424,801.23	1.53	12.75	

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By product

By product	Amount for the current period	Percentage of total cost for current period (%)	Amount for the corresponding period of last year	Percentage of total cost for the corresponding period of last year (%)	Percentage of change in amount for the current period as compared with the corresponding period last year (%)	Explanations
Logistics	22,076,949,134.09	18.60	17,576,824,014.17	22.08	25.60	
Forwarding and related business	82,467,498,243.19	69.47	55,129,259,034.68	69.26	49.59	
E-commerce business	14,173,208,957.57	11.94	6,889,857,785.32	8.66	105.71	

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

Applicable Not applicable

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

Applicable Not applicable

(7) *Key Customers and Key Suppliers*

A. Key customers of the Company

Total sales to top five customers amounted to RMB15,573.362 million, accounting for 12.52% of the total sales in the year; there is no related party among the top five sales customers.

Unit: ten thousand Currency: RMB

Customer	Total sales	Percentage of total sales of the year	Related party or not
Customer 1	1,063,380.32	8.55%	No
Customer 2	217,369.98	1.75%	No
Customer 3	116,068.82	0.93%	No
Customer 4	86,219.15	0.69%	No
Customer 5	74,297.93	0.60%	No
Total	1,557,336.20	12.52%	/

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

Applicable Not applicable

B. Key Suppliers of the Company

Total purchases from top five suppliers amounted to RMB28,997.308 million, accounting for 24.43% of the total purchases in the year; there was no related party among the top five purchases suppliers.

Unit: ten thousand Currency: RMB

Purchaser	Total purchases	Percentage of total purchases of the year	Related party or not
Supplier 1	801,187.17	6.75%	No
Supplier 2	798,351.72	6.72%	No
Supplier 3	642,941.77	5.42%	No
Supplier 4	340,223.10	2.87%	No
Supplier 5	317,021.04	2.67%	No
Total	2,899,730.80	24.43%	/

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

Applicable Not applicable

Other Matters

- (i) During the year ended 31 December 2021, none of the Directors, Supervisors, their close associates and any shareholders (who to the knowledge of the Board owns more than 5% of the share capital of the Company) of the Company had any interests in the top five customers or the top five suppliers of the Group.

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(ii) Relationship with Customers

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

(iii) Relationship with Suppliers

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

3. Expense

Applicable Not applicable

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

4. R&D Investment

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

Applicable Not applicable

Unit: RMB

Expensed R&D investment for the Reporting Period	171,595,536.54
Capitalized R&D investment for the Reporting Period	100,300,007.85
Total R&D investment	271,895,544.39
Total R&D investment as a percentage of operating income (%)	0.22
Capitalized R&D investment as a percentage of total R&D investment (%)	36.89

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(2) *Statement of R&D employees*

Applicable Not applicable

Number of R&D employees in the Company	696
R&D employees as a percentage of total employees of the Company (%)	2.06

Educational background structure of R&D employees

Degree	Number
Doctoral candidate	5
Master degree	125
Bachelor degree	486
Associate degree	70
High school and below	10

Age of R&D employees

Age	Number
Under 30 years old (30 years old exclusive)	254
30-40 years old (30 years old inclusive, 40 years old exclusive)	306
40-50 years old (40 years old inclusive, 50 years old exclusive)	113
50-60 years old (50 years old inclusive, 60 years old exclusive)	23
60 years old and above	0

(3) *Explanation*

Applicable Not applicable

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

Applicable Not applicable

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5. Cash Flow

Applicable Not applicable

	For the year ended 31 December	
	2021 RMB million	2020 RMB million
Net cash flow generated from operating activities	4,164.90	3,956.39
Net cash flow generated from investment activities	472.79	-1,341.62
Net cash flow generated from financing activities	-1,608.61	-1,548.92
Effect of changes in exchange rate on cash and cash equivalents	-111.79	-163.32
Net increase in cash and cash equivalents	2,917.29	902.53
Balance of cash and cash equivalents at the end of the period	14,209.73	11,292.44

Operating Activities

During the year ended 31 December 2021, the net cash inflow from operating activities was RMB4,165 million, representing an increase of RMB209 million or 5.27% as compared with RMB3,956 million for the corresponding period of last year, which was mainly due to the following factors, the Group received cash for the sale of products and provision of services of approximately RMB129,873 million (2020: RMB84,212 million), and it paid cash for the purchase of goods and receipt of services of RMB118,395 million (2020: RMB73,728 million), so the net cash was RMB11,477 million (corresponding period of last year: RMB10,484 million), representing an increase of RMB994 million compared with the corresponding period of last year; cash paid to and on behalf of employees by the Group increased by RMB1,030 million as compared with the corresponding period of last year, while other cash outflow related to operating activities for the current period decreased by RMB390 million compared with the corresponding period of last year.

Investment Activities

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

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

Financing Activities

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

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

6. Other Matters

(1) *Tax*

Details of the Group's taxes as at 31 December 2021 are set out in Note VII to the financial statements under "Chapter 11 Financial Report" of this Report.

(2) *Income Tax*

The Group's income tax expense was RMB800 million, representing an increase of 20.57% as compared with RMB663 million last year, mainly due to the increase of operating results of the Group this year.

(3) *Fixed Assets*

The details of changes in fixed assets of the Group as of 31 December 2021 are set out in Note IX. 16 to the financial statements under "Chapter 11 Financial Report" of this Report.

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(4) *Capital Expenditure*

For the year ended 31 December 2021, the Group's capital expenditure was RMB1,491 million, mainly including RMB820 million used for the construction of infrastructure, port and terminals facilities and other projects, RMB121 million used for the purchase of land and software, RMB472 million used for the purchase of machineries and equipment, containers and vehicles, and RMB78 million used for asset improvement.

(5) *Securities Investment*

As at 31 December 2021, the listed equity investments held by the Group was RMB26 million, the details of which are set out in Note IX. 13 to the financial statements under "Chapter 11 Financial Report" of this Report.

(6) *Contingent Liabilities and Guarantees*

As at 31 December 2021, contingent liabilities mainly comprised pending lawsuits of the Group arising from its ordinary course of business amounting to RMB58 million (as at 31 December 2020: RMB66 million).

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

(7) *Borrowings and Bonds*

As at 31 December 2021, the Group's total borrowings amounted to RMB8,640 million (as at 31 December 2020: RMB8,989 million), among which, RMB1,148 million shall be settled in Renminbi, RMB335 million in U.S. dollars, RMB1,601 million in EUR and RMB5,556 million in Hong Kong dollars. Of the above borrowings, RMB239 million was bank borrowings payable within a year.

As at 31 December 2021, the Group's total bonds payable amounted to RMB4,063 million (as at 31 December 2020: RMB3,421 million). Of the above bonds, RMB67 million shall be payable within a year.

The details of the Group's borrowing and bonds for the year ended 31 December 2021 are set out in Notes 27, 36 and 37 to the financial statements under "Chapter 11 Financial Report" of this Report.

(8) *Bank Loans*

The details of the Company's and the Group's bank loans are set out in Notes IX. 27 and 36 to the financial statements under "Chapter 11 Financial Report" of this Report.

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(9) *Secured and Guaranteed Borrowings*

For details, please refer to “2. Restriction on Material Assets as of the End of the Reporting Period” in “V. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD (III) Analysis of Assets and Liabilities” under “Chapter 4 Management Discussion and Analysis (Report of the Board)” and “XIII. MATERIAL CONTRACTS AND PERFORMANCE (II) Guarantees” under “Chapter 7 Significant Matters” in this Report.

(10) *Special Reserve*

As at 31 December 2021, the special reserve of the Group was approximately RMB82.3859 million.

(11) *Distributable Reserves*

Distributable reserves of the Company as at 31 December 2021 amounted to approximately RMB4.523 billion.

(12) *Debt-to-Asset Ratio*

As at 31 December 2021, the debt-to-asset ratio of the Group was 52.83% (as at 31 December 2020: 51.00%), which was calculated by dividing total liabilities by total assets of the Group as at 31 December 2021.

(13) *Material Litigation and Contingent Liabilities*

Details of the Group’s litigation and contingent liabilities as at 31 December 2021 are set out in Note XII. to the financial statements under “Chapter 11 Financial Report” of this Report.

(14) *Foreign Exchange Risk*

The Group’s turnover and transportation and related expenses are partially settled in foreign currencies. The Group’s expose to foreign exchange risk is mainly from the exchange rate fluctuation of foreign currencies, such as U.S. dollars and Hong Kong dollars. Details are set out in Note XI. to the financial statements under “Chapter 11 Financial Report” of this Report.

(15) *Government Subsidy*

During the year ended 31 December 2021, the Group received government subsidies related to income totaling RMB1,810 million, details of which are set out in Note IX. 62 to the financial statements under “Chapter 11 Financial Report” of this Report.

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(16) Pension Schemes

All the full-time employees of the Group are covered by the basic pension insurance which is operated by the government pursuant to national policies. For the year ended 31 December 2021, the Group makes basic pension insurance to the local social insurance agencies every month, at the applicable benchmarks and rates stipulated by the government for the benefits of its employees. After the employees retire, the local human resources and social security department has obligations to pay them the basic pension. When an employee has rendered service to the Group during an accounting period, the Group shall recognise the accrued amount according to the above social security provisions as a liability and charge to profit or loss in the current period or to the cost of the related assets. Apart from the above monthly payment, the Group bears no longer further payment obligation. Corresponding expenses are recorded in the profit or loss in the current period or the cost of the related assets when incurred. In addition, the Group has established an enterprise annuity scheme. Fees required for the enterprise annuity plan shall be jointly paid by the enterprise and its employees. Employees may elect to join or not to join the enterprise annuity plan on voluntary basis. The total enterprise annuity expense of the Group for the year ended 31 December 2021 was approximately RMB183 million (2020: RMB167 million). The corresponding expenses are included in the profit or loss in the current period or the cost of the related assets when incurred.

As at 31 December 2021, the Group had no forfeited contributions from retirement scheme. For the year ended 31 December 2021, the Group did not have any defined benefit plan.

Details of the Group's pension schemes for the year ended 31 December 2021 are set out in Note IX. 31 to the financial statements under "Chapter 11 Financial Report" of this Report.

(17) Donations

During the Reporting Period, the Group made charitable and other donations amounted to approximately RMB7.0981 million.

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

Applicable Not applicable

1. The accumulated amount of asset impairment loss in the Reporting Period was RMB227.1645 million, representing an increase of RMB172.8066 million compared with RMB54.3579 million of 2020, mainly due to the provision of fixed assets impairment loss of RMB135.9304 million and goodwill impairment loss of RMB79.6216 million by subsidiaries of the Group this year.
2. The accumulated amount of income from asset disposal in the Reporting Period was RMB116.9884 million, representing an increase of RMB81.9752 million compared with RMB35.0132 million of 2020, mainly due to the income from reconstruction projects of “Three Old” of the Group’s subsidiary in Shantou Nandun of RMB57.5742 million and the non-current assets disposal income generated from the early termination of the lease contracts this year.
3. The accumulated amount of non-operating income in the Reporting Period was RMB78.8289 million, representing a decrease of RMB116.7122 million compared with RMB195.5411 million of 2020, mainly due to the fact that the Group’s subsidiary received compensation for demolition last year, and there is no such matter this year.
4. The accumulated amount of non-operating expenses in the Reporting Period was RMB213.8360 million, representing an increase of RMB174.4866 million compared with RMB39.3494 million of 2020, mainly due to the increased estimated liabilities of the Group due to pending litigations this year.

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(III) Analysis of Assets and Liabilities

✓Applicable □Not applicable

1. Assets and Liabilities

Unit: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of total asset (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of total assets (%)	Year-on-year change (%)
Held-for-trading financial assets	794,623.45	0.00	303,292,565.44	0.46	-99.74
Prepayments	4,776,033,268.93	6.43	2,708,263,877.18	4.11	76.35
Construction in progress	1,070,736,580.52	1.44	2,678,713,748.77	4.07	-60.03
Other non-current assets	350,443,237.65	0.47	258,945,064.36	0.39	35.33
Bills payable	59,800,000.00	0.08	25,717,690.68	0.04	132.52
Contract liabilities	4,312,329,147.26	5.80	2,787,963,766.90	4.24	54.68
Non-current liabilities due within one year	946,334,185.61	1.27	6,251,548,647.08	9.50	-84.86
Other current liabilities	317,808,684.84	0.43	205,522,931.03	0.31	54.63
Long-term payables	117,923,603.36	0.16	196,455,630.50	0.30	-39.97
Bonds payable	3,996,465,534.26	5.38	-	-	N/A
Estimated liabilities	313,130,896.83	0.42	231,187,267.06	0.35	35.44
Other non-current liabilities	269,904,394.78	0.36	196,349,994.80	0.30	37.46

- (1) The change in held-for-trading financial assets was primarily due to the fact that the structural deposits of RMB300 million increased last year have expired at the end of this year.
- (2) The change in prepayments was primarily due to the sound development of all the business segments this year, and the prepayments increased in each business segment, particularly the increase in prepayment of chartered planes, as affected by comprehensive factors of external market and transport capacity.
- (3) The change in construction in progress was primarily due to the fact that the construction projects in progress of subsidiaries were completed and transformed into fixed assets this year.

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- (4) The change in other non-current assets was primarily due to the new compensation for demolition and relocation from the government in respect of the Lanshi Port project, an entrusted asset under the management of the Group this year.
- (5) The change in bills payable was primarily due to the fact that the settlement of bills of some subsidiaries has increased this year.
- (6) The change in contract liabilities was primarily due to the sound development of businesses and the increase of advances from customers.
- (7) The change in non-current liabilities due within one year was primarily due to the fact that the Group paid maturing corporate bonds of RMB3.35 billion this year, while part of the long-term borrowings in Hong Kong dollars were rolled over after maturity.
- (8) The change in other current liabilities was primarily due to the increase of advances from customers resulting in an increase of pending output VAT.
- (9) The change in long-term payables was primarily due to the fact that part of the liabilities due within one year were reclassified to non-current liabilities due within one year at the end of this year.
- (10) The change in bonds payable was primarily due to the fact that the Group newly issued medium-term notes and corporate bonds this year.
- (11) The change in estimated liabilities was primarily due to the provision of the estimated compensation loss due to pending lawsuit this year.
- (12) The change in other non-current liabilities was primarily due to the increase of additional compensation for demolition and relocation from the government of Lanshi Port project, a trusted asset under the management of the Group.

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2. Overseas Assets

Applicable Not applicable

(1) *Asset Size*

Including: overseas assets of RMB19,277,844,647.80, accounting for 25.94% of total assets (2020: RMB19,047,065,981.52, accounting for 28.94%).

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

Applicable Not applicable

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

Applicable Not applicable

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

The capital in the accounts of the subsidiaries of the Group, which was under supervision and with limited right of use, amounted to RMB285.5033 million at the end of the period, primarily deposited in the regulatory account of acquisition of RMB170.0000 million and interest receivable of unexpired bank deposits of RMB77.5689 million and the guaranteed deposit of RMB14.2055 million.

To finance the building of the logistics center under “Project Tsing Yi 181”, Global Traffic Limited (hereinafter, “Global Traffic”), a subsidiary of the Group, entered into a facility agreement with China Development Bank for the facilities of HK\$2.9 billion. China Merchants Holdings (Hong Kong) Company Limited, a related party of the Group, provided a full guarantee. Meanwhile, Global Traffic entered into a debenture with China Development Bank on 26 June 2015, under which the Global Traffic was the charger. As of 31 December 2021, the restricted assets with limited right of use were accounted in investment properties and intangible assets.

Sinotrans Chemical International Logistics Co., Ltd., a subsidiary of the Group, used fixed assets with a carrying amount of RMB49.1629 million and intangible assets with a carrying amount of RMB30.1409 million as collateral for long-term loans of Nantong Sinotrans Chemical Logistics Co., Ltd., and secured the fixed assets with a carrying amount of RMB40.5217 million and the intangible assets with a carrying amount of RMB16.0474 million as the collateral for the short-term loans of Sinotrans Chemical International Logistics Co., Ltd.

4. Other Description

Applicable Not applicable

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(IV) Analysis of the Industry Operation Information

Applicable Not applicable

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

(V) Analysis of Investments

Overall Analysis of External Equity Investments

Applicable Not applicable

The Group’s long-term equity investment at the end of the Reporting Period amounted to RMB8.412 billion, representing an increase of RMB0.661 billion as compared to RMB7.752 billion at the beginning of the year, representing a year-on-year increase of 8.52%, primarily due to the increase of RMB771 million from the profit or loss adjustment of DHL-Sinotrans International Air Courier Ltd and decrease of RMB126 million from the equity adjustment of Loscam International for the Reporting Period.

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

Unit: RMB

Item/Company name	Source of funds	Cost at the beginning of the year	Acquisition during the Reporting Period	Disposal during the Reporting Period	Addition	Cost at the end of the Reporting Period	Change in fair value - At the beginning of the Reporting Period	Change in fair value - At the end of the Reporting Period	Investment income
China Southern Air Logistics Company Limited	Self-financing	223,636,365.50	-	-	-	223,636,365.50	-	-	44,239,920.06
Nanjing Port Longtan Container Co., Ltd.	Self-financing	177,335,730.80	-	-	-	177,335,730.80	14,342,510.79	-42,240,558.52	9,323,084.00
China Merchants Logistics Synergy Limited Partnership	Self-financing	165,458,129.82	-	-	-4,718,387.73	160,739,742.09	20,250,924.68	56,092,955.76	-
Ouyeel Cloud Business Co., Ltd.* (歐冶雲商股份有限公司)	Self-financing	147,747,600.00	-	-	-	147,747,600.00	-	-	-
China United Tally Co., Ltd.	Self-financing	91,441,143.61	-	91,441,143.61	-	-	-50,481,143.61	-	314,281.97
SINO-BLR Industrial Investment Fund	Self-financing	46,890,242.29	17,318,757.81	-	-	64,209,000.10	-14,616,171.92	-11,188,812.50	3,253,429.80
Shenyang Airport Logistics Co., Ltd.	Self-financing	33,730,000.00	-	-	-	33,730,000.00	-	-18,800,000.00	-

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Item/Company name	Source of funds	Cost at the beginning of the year	Acquisition during the Reporting Period	Disposal during the Reporting Period	Addition	Cost at the end of the Reporting Period	Change in fair value - At the beginning of the Reporting Period	Change in fair value - At the end of the Reporting Period	Investment income
China International Exhibition and Transportation Co., Ltd.	Self-financing	8,122,321.98	-	-	-8,122,321.98	-	-	-	-
Air China Limited	Self-financing	8,076,871.60	-	-	-	8,076,871.60	13,528,759.93	18,259,499.01	-
Pingze Container Port Co., Ltd.	Self-financing	2,915,905.46	-	-	-309,726.82	2,606,178.64	-	-	145,800.00
Pankorea Yingkou Ferry Co., Ltd.	Self-financing	2,896,775.00	-	-	-	2,896,775.00	-	-	-
Guangdong Waiyun Automobile Fitting Factory* (廣東外運汽車服務有限公司)	Self-financing	805,325.00	-	-	-	805,325.00	-	-	-
Antong Holdings	Self-financing	666,498.09	-	-	-	666,498.09	-	-33,251.80	-
Chengdu Rongjie Technology Co., Ltd.	Self-financing	400,000.00	-	400,000.00	-	-	-	-	408,122.46
Sichuan Tianhua Co., Ltd.	Self-financing	134,680.92	-	-	-	134,680.92	-	-	-
China Ferry Terminal Limited	Self-financing	123,831.36	-	-	-3,531.31	120,300.05	-123,831.36	-120,300.05	-
Shaanxi Sinotrans Sanyuan Coal Co., Ltd.	Self-financing	100,000.00	-	-	-	100,000.00	-	-	-
Taizhou Yiyu Shipping Agency Co., Ltd.	Self-financing	100,000.00	-	-	-	100,000.00	-	-	1,060,000.00
Beijing BITEMC Electronic Co., Ltd.	Self-financing	46,500.00	-	-	-	46,500.00	-	-	-
China Merchants Port Holdings Company Limited	Self-financing	7,250.64	-	-	-22.00	7,228.64	18,816.71	33,312.80	-
HNA Group Co., Ltd.	Self-financing	-	21,955.92	-	-	21,955.92	-	-1,120.20	-
China Sinotrans Tashkent Co., LTD (中國外運塔什干有限公司)	Self-financing	-	12,678.05	-	-	12,678.05	-	-	-
Structural deposit	Self-financing	300,000,000.00	-	300,000,000.00	-	-	-	-	2,522,465.75
"20 Sinotrans ABN001 Preference" Targeted Asset Backed Notes	Self-financing	2,500,000.00	-	2,500,000.00	-	-	-	-	155,956.52
Total		1,213,135,172.07	17,353,391.78	394,341,143.61	-13,153,989.84	822,993,430.40	-17,081,134.78	2,001,724.50	61,423,060.56

4. *The specific progress of material asset restructuring during the Reporting Period*
 Applicable Not applicable

(VI) Disposal of Major Assets and Equity

- Applicable Not applicable

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

Applicable Not applicable

1. Major Subsidiaries Controlled by the Company

Company Name	Nature of business	Registered Capital (RMB)	Shareholding (%)	Total assets (RMB: ten thousand)	Net assets (RMB: ten thousand)	Operating income (RMB: ten thousand)	Net profit (RMB: ten thousand)
Sinotrans Logistics Co., Ltd.	Logistics	1,444,000,000.00	100	2,081,527.27	734,054.42	1,628,262.78	39,068.47
Sinotrans Air Transportation Development Co., Ltd.	Air freight forwarding and express services	905,481,720.00	100	1,148,119.90	788,083.07	2,148,899.04	123,299.83
Sinotrans South China Co., Ltd.	Freight forwarding, logistics, and storage and terminal services	1,349,668,931.90	100	994,746.09	420,081.71	1,081,224.30	30,424.45
Sinotrans Eastern Company Limited	Freight forwarding, logistics, and storage and terminal services	1,120,503,439.18	100	809,249.98	276,853.15	2,890,236.30	39,993.48
Sinotrans Central China Co., Ltd.	Freight forwarding and logistics	645,339,941.77	100	634,731.17	180,829.12	1,486,780.80	19,895.56

2. Major Subsidiaries Invested in by the Company

Company Name	Nature of business	Registered capital	Shareholding (%)	Total assets (RMB: ten thousand)	Net assets (RMB: ten thousand)	Operating income (RMB: ten thousand)	Net profit (RMB: ten thousand)
DHL-Sinotrans International Air Courier Ltd.	International express	US\$14.50 million	50	806,860.97	457,264.74	2,162,913.76	397,327.77
China Merchants Loscam International Co., Ltd.	Pallet leasing	US\$101	45	759,711.33	350,761.74	186,192.21	39,300.01
Wuhan Port Container Co., Ltd.	Containers handling and freight forwarding	RMB400 million	30	75,800.60	59,563.86	15,196.97	6,306.43

Details of the financial information of the material associates and joint ventures of the Group are set out in “Note IX. 12” to “Chapter 11 the Financial Report”.

(VIII) Structured Entities Controlled by the Company

Applicable Not applicable

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

(I) Industrial Layout and Trend

Applicable Not applicable

From the perspective of the global macro situation, as the unprecedented changes in a century are coupled with the COVID-19 pandemic, the global economic environment is increasingly complex, and the overall economic and trade growth rate has slowed down. The IMF cut the prediction for global economic growth rate to 4.4% in 2022. Meanwhile, repeated pandemics, slowing economic recovery, supply chain bottlenecks, geopolitical factors, and difficulties in the international multilateral trading system will increase the uncertainties in global trade. Relevant data from the World Trade Organization shows that after global trade in goods rebounded strongly in 2021, with an expected growth of 10.8%, it will slow down in 2022, with an expected growth of 4.7%, returning to the pre-pandemic trend. In addition, regional economic and trade cooperation has become closer, and the trend of globalization to regionalization has become increasingly evident. The official entry into force of the Regional Comprehensive Economic Partnership (RCEP) will bring new opportunities for the development of the economy and logistics in Asia-Pacific region.

From the perspective of the domestic macro situation, China's economic growth is facing pressures from demand contraction, supply shock and expected weakening. Under the strategic guidance of dual circulation and emission peaking and carbon neutrality goals, a new round of optimization of demand structure will be launched to maintain high-quality, stable and reasonable growth. In 2022, the GDP is expected to grow by about 5.5%. In terms of foreign trade, if the pandemic in major economies around the world is well controlled, and the production capacity continues to recover in 2022, exports are expected to gradually return to normal development, and the overall foreign trade growth rate will be under pressure.

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From the overall situation of the logistics industry, Firstly, as affected by the pandemic, the global shipping and air transportation capacity continues to be tight, and the logistics turnover efficiency in certain area declines; the sea freight rate is expected to maintain at a relatively high level in the first half of 2022; the air freight demand is anticipated to maintain a good momentum, and the price of air freight is expected to remain high. Thus, the ability to master core capacity resources becomes the key. Moreover, the complex and changeable international situation coupled with the pandemic also makes strategic customers pay more attention to the safety and stability of industrial chain, and supply chain, and certainty of logistics services. **Secondly**, “Made in China” has entered a new stage of bringing the brand overseas. New consumption modes such as new retail and cross-border e-commerce are promoting the logistics services into supply chain management. The structural changes in business flow have led to changes in the global logistics landscape. As a major country in foreign trade, China’s demand for overseas logistics is increasing. Especially in cross-border e-commerce export services, Chinese sellers have more right to choose logistics services. This has brought more opportunities for Chinese logistics companies that have already built overseas networks to participate in the global supply chain. **Thirdly**, the Ministry of Transport issued some policies such as the 14th Five-Year Development Plan for Green Transportation (《綠色交通“十四五”發展規劃》). Emerging and logistics technologies represented by “artificial intelligence and automation, self-driving, and green energy technologies” will profoundly change the future of the logistics industry. **Fourthly**, with the restructuring of the global industrial chain and the reshaping of the supply chain, China’s logistics market will change from an incremental one to a stock one upon rapid growth. Market competition gradually intensifies, which accelerates the integration and reorganization of the logistics industry, and cross-border integration becomes increasingly fierce.

In the above trend, opportunities and challenges coexist in logistics industry. As a leading integrated logistics service provider and integrator in China, Sinotrans has an extensive service network at home and abroad. It will focus on a network-based operation, and seize the strategic opportunities of industrial chain reconstruction and supply chain reshaping, and the development opportunities of technological innovation, and emission peak and carbon neutrality to continuously improve quality and efficiency and optimize the process. It will further strengthen overseas network building, and continuously improve the end-to-end supply chain service capabilities in the whole process to create value for customers and shareholders, and make the contribution of ensuring the smooth operation of global industrial and supply chains.

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(II) Development Strategy of the Company

Applicable Not applicable

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

During the “14th Five Year” Plan period, the Company will realize a operating system of digitalized products, network organizations, smart operation, platform-based ecology and systematic management with whole network operation as the main line and channels construction, product construction, platform and ecosystem construction, overseas development, innovation and digital construction, strategic support as six pillars. At the same time, the Company will continue to dynamically adjust and improve specific strategies and measures, further enrich and improve the strategic action plan with “three focus (operation system, product construction, ‘Zhenghe’ project), four enhancement (headquarters capacity, digital capability, merger and acquisition, industry competition and cooperation), and one optimization (green logistics)”.

(III) Operating Plans

Applicable Not applicable

In 2022, confronting the complicated and changeable international situation, the obvious downward global economic trend, the inconstant pandemic, and the triple pressures of domestic demand contraction, supply shock and weakening expectation, the Company will stick to the keystone of “making progress while ensuring stability”, stay “realistic and pragmatic, not being distracted from our intended purpose”, seize the strategic opportunities of industrial chain reconstruction and supply chain remodeling and the development opportunities of scientific and technological innovation and “carbon peaking and carbon neutrality”, coordinate the general and key points, organize the stock and increment, actively serve and practice the national strategy, unswervingly push forward the implementation of the strategy, and promote the high-quality development of the Company.

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Management Discussion and Analysis

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1. Regarding stability as the priority, making progress while ensuring stability, improving the resilience of high-quality development

Firstly, regard stability as the priority, and activate the energy of all-round development with stable growth. Under the external conditions of weak growth, the Company will increase its business from the stock market and benefit from operation, and make greater breakthroughs in the following two aspects. **On the one hand**, the Company will surmount in the import business. In 2022, the Company will expand the scale of import business in sea, land and air transportation. **On the other hand**, the Company will make a substantial breakthrough in overseas business. The Company will boost the core hub construction and capacity building of air channel in Europe, North America, South America and other regions. The Company will continue to promote more effective collaboration between KLG Group's road transport network and China-Europe freight trains, air transport and cross-border e-commerce logistics, contract logistics and other businesses.

Secondly, make progress, improve quality and efficiency, comprehensively elevate operational efficiency. **The first** is to lift the profit margin level. Each business segment will focus on improving its ability to control core resources and integrate all links in the supply chain, and strive to realize that the profit margin of each business segment is better than that of 2021. **The second** is to lift the cash flow level. The Company will further speed up the turnover of business capital, reasonably control the scale of accounts receivable and interest-bearing liabilities. **The third** is to improve the efficiency of asset operation. The Company will sustain to the separation of light and heavy assets and improve the efficiency of resource allocation.

2. Highlighting problems, solving difficulties, and ushering a breakthrough for effective strategy implementation

Firstly, establish “Four-Enhancement System”, realize digital empowerment. **The first is the enhancement of customers**, which refers to building a resilient supply chain network with customers to achieve sustained growth. **The second is the enhancement of products**, which refers to building a standardized product system. Strategic channel products will be the core, shaping regional and standardized products, and developing “industry-level” and “customized” solutions. **The third is the enhancement of operation**, which refers to building a high-quality operation system. In light of the four respects of customer, product, operation and resource management, the operation management system and decision support system will be reconstructed. **The fourth is the enhancement of science and technology**, which refers to creating an enabling innovation system. The top-level design will be accelerated and improved, and the implementation of the main system integration scheme will be continuously promoted. The management and incentive guarantee system will be established, and the application of smart logistics scenarios will be accelerated.

Secondly, target “Three Highlights”, serve the national strategy. **The first is the highlight of “industry chain and supply chain” and “dual circulation”**, which is to improve the service capacity of industry chain and supply chain. With regard to serving international dual circulation, the Company will improve the ability to control the core capacity resources and the integration ability of multiple links in the supply chain, and gradually build independent and controllable key channels. **Sea transportation channel** will

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focus on new controllable shipping capacity to key areas such as Southeast Asia. Guided by market-oriented and normal operation, the **railway transportation channel** will focus on strengthening the operation and maintenance capacity of overseas sections, and striving for the double promotion of train shipment volume and market share during the year. The **air transportation channel** will unswervingly build the business model of “freight forwarder + carrier”, and form a stable route and capacity plan by building the main operation base. On the basis of consolidating European and American routes, the Company will seek a breakthrough in Southeast Asia routes. With regard to the **overseas trucking channel**, KLG Group will be the main body to improve the European land transportation channel; the cross-border road transportation channel of Indo-China Peninsula will be built in Southeast Asia; and the road transportation channel from Dubai to Gulf countries will be formed in the Middle East. In terms of the service of “domestic circulation”, the trucking capacity pool of the **contract logistics sector** will strive to further improve online-dispatched vehicles. Efforts will be made to replicate and promote high-quality industry solutions, and the core of the industrial chain will be embedded deeper through “technology + mode”. **The second is the highlight of strategy of “emission peak and carbon neutrality”**, which is to launch the special plan of green logistics. The working organization of “emission peak and carbon neutrality” project will be established, and the Company’s emission peak action plan will be worked out and the “emission peak and carbon neutrality” action road map will be released. **The third is the highlight of high-quality development of the “Belt and Road” initiative.** Under the strategy of “**deeply cultivating Hong Kong and intensively cultivating Southeast Asia**”, the Company will firmly seize the opportunity of RCEP, and launch the integration with the goal of building an integrated operation and management platform in Hong Kong and building an efficient and convenient integrated logistics network in Greater Bay Area. To build the influential overseas exclusive development zone of Sinotrans, a hierarchical logistics network will be formed. Via organic growth and M&A, “supplementing the network and strengthening the capacity” will be realized, and the capacity and effect of the business growth in Southeast Asia will be achieved.

3. Adjusting, vitalizing, and comprehensively reinforcing the capacity building of headquarters

In the respect of organizational effectiveness, the Company will promote the construction of sharing center, optimize the performance appraisal system, and finally translate it into the growth of enterprise benefits. **In the respect of talent efficiency**, the Company will put the talent team, especially the echelon construction, in a more prominent position, and strengthen the normal selection and training of outstanding young officers. **In the respect of risk management and control**, based on notion of Macro-super vision, the Company will enhance the construction of risk control compliance system for overseas enterprises, improve the refined level of contract management and insurance management, maintain the supervision of operation and management, and reduce risk losses.

Under the influence of uncertain factors including macro-economy, industry development status, market demand and pandemic, it is estimated that the operating income for 2022 will be RMB128.7 billion, which does not constitute a performance commitment or profit forecast made to the investors.

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Management Discussion and Analysis (Report of the Board)

(IV) Potential Risks

Applicable Not applicable

(1) **Macro-economy risk**

Due to the complex and changeable international political and economic situation, and impacted by the pandemic prevention and quarantine measures in different countries and areas, the economic growth trend of the world and China may slow down. Due to the decreased efficiency of logistics turnover and the lack of capacity supply, the global shipping freight rate and air freight rate maintained at a high level, and the safety and security of supply chain were facing significant challenges, which might adversely affect the operations of the Group. Meanwhile, international and regional frictions and conflicts will also bring some risks to the Group's business.

Counter measures: The Company strengthens the research and analysis of the macroeconomic situation, industrial policies, monetary and fiscal policies of the major economies involved in its business. To operate in accordance with the domestic and international dual circulation, the Company continuously optimizes the allocation of resources at home and abroad. It dynamically adjusts the resource layout and business structure to build a system of "strong customer, strong product, and strong operation". It will continue to take advantage of trains and cross-border charter plane business, and to strengthen the logistics service capabilities in the industries including of consumer goods and automobiles, etc. Meanwhile, the Company comprehensively promotes digital transformation, and coordinates regional and overseas entities to build end-to-end service capabilities to empower whole network operations. In addition, the Company will pay close attention to and timely analyze the impact of international and regional frictions and conflicts on the Company's business, establish a dynamic monitoring mechanism, and actively take effective measures to reduce risks.

(2) **Market competition risk**

Driven by the pandemic, policies and markets, various logistics sub-segments are showing a trend of increasing concentration. Meanwhile, cross-industry competitors such as e-commerce companies and shipping companies continue to enter the market, the mergers and acquisitions of logistics enterprises are accelerating, and investment in smart logistics technology applications is also increasing, resulting in more intense market competition. Inadequate innovation capabilities, underperformance in the integration of new product design, research and development, and platform, and failure to control key resources, improve product structure and utilize logistics technology support to improve service quality to achieve differentiated operations may result in the failure of the Group to form core competitive edge and lead to the risk of declining business volume and market share.

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Counter measures: The Group strengthens the research on changes in the market competition and industry trends. It accurately identifies changes, and proactively responds to changes so as to get a profound insight into the pressures and opportunities in various businesses including freight forwarding and related businesses, logistics, and e-commerce businesses. It keeps improving logistics solution capabilities by developing a differentiated advantage of “network + product + platform + model”. By doing this, the Company builds an operation system of digital products, networked organization, smart operation, platform-based ecology and systematic management with focus on specialized products to maintain its competitiveness.

(3) Operational risk

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

Counter measures: The headquarters of the Company, together with its business lines and digital teams, have increased the research on services links, and through the effective integration of domestic and overseas networks and on line and off line networks, connect all processes, systems and data and strengthen business order management and operation process digitization. With the help of information technologies, the Company manages and controls key nodes of internal control in major business, and gives full play to the actual effectiveness of internal control. It establishes risk control organizations to deepen the work in this regard, strengthens the building of risk control and compliance systems for overseas entities, and improves the efficiency of contract management and refined management of insurances as a whole.

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(4) Procurement management risk

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

Counter measures: The Group strengthens research and guidance policies on supplier management in a unified manner, plans to establish a procurement sharing center at the headquarters, and comprehensively enhances the coordination between internal platforms and various business segments as a way to improve business and service capabilities. The Group standardizes the pre-regulation and review of major procurement to prevent significant process risks; shares supplier resources, strengthens inspection, analysis and evaluation of supplier's contract performance information, and improves the quality of subsequent procurement; increases analysis and forecast of business and customers and improves the utilization rate of procurement resources to prevent significant risks of procurement cost.

(5) Credit control and accounts receivable risk

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

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

(IV) Other Disclosures

Applicable Not applicable

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

Applicable Not applicable

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

(I) Principal Business

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

(II) Final Dividend and Book Closure Periods

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

(III) Employee, Major Customers and Suppliers

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

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

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

(IV) Issuance of Shares and Debentures

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

(V) Sufficiency of Public Float

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

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(VI) Equity-Linked Agreement

During the year ended 31 December 2021, as far as the Directors of the Company were aware, the Company was not involved in any equity-linked agreement.

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

So far as known to the Directors of the Company, there was no purchase, sale or redemption of its listed securities by any member of the Group during the year ended 31 December 2021.

(VIII) Tax Relief and Exemption

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

(IX) Pre-Emptive Rights

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

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

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

(XI) Material Contracts with Connected Parties

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

(XII) Management Contracts

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

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Management Discussion and Analysis (Report of the Board)

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

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

(XIV) Environmental and Social Responsibilities

The Group pays great attention to environmental and social responsibility, and believes that active performance of social responsibilities represents an essential quality for a good enterprise, which is very important in terms of both the community's future and the sustainable development of the Company. The Company built an environmental, social and governance structure at the "governance level – management level – executive level during the Reporting Period and has set up the ESG committee to promote the ESG work plan and fulfilment of the performance targets". As the highest decision-making body, the Board was fully responsible for evaluating and supervising the environmental, social and governance operations of the Company. Meanwhile, the Company set clear and definite vision and goals of medium- and long-term sustainable development in addressing climate change and the use of energy resources to progress toward carbon neutrality in 2060. For more information on the Group's performance of environmental and social responsibilities in 2021, please refer to the "2021 Social Responsibility and ESG Report" to be published by the Company subsequently.

(XV) Important Events After the Reporting Period

After being approved by the 2022 first extraordinary general meeting of the Company held on 24 January 2022, the Company adopted a share option incentive scheme. The source of the incentive shares will be the ordinary A shares repurchased by the Company. The Company granted 73,925,800 A share options to 186 participants on 25 January 2022 (as the grant date), with the exercise price being RMB4.29 per share. The registration of the share option grant has been completed on 1 March 2022. For details of this matter, please see "XIV. The Company's Equity Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentives and the Impact Thereof" under "Chapter 5 Corporate Governance (Corporate Governance Report)" in this Report.

Save as disclosed above, the Group had no other important events after 31 December 2021.

Chapter 5

Corporate Governance (Corporate Governance Report)

I. RELEVANT INFORMATION OF CORPORATE GOVERNANCE

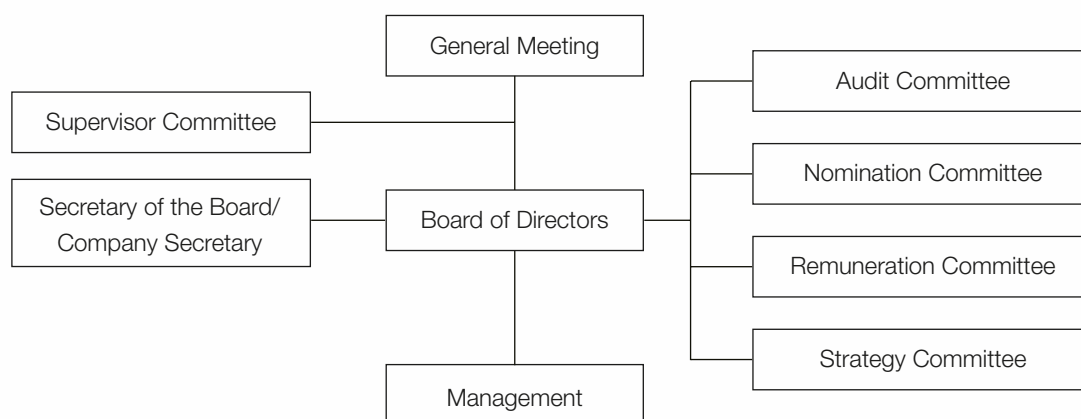
Applicable Not applicable

During the period from 1 January 2021 to 31 December 2021, the Company strictly abided by the Company Law, Securities Law, and the Code of Corporate Governance for Listed Companies decreed by the CSRC and other applicable laws and regulations, as well as the requirements on corporate governance by the SSE and the SEHK, and adopted the principles and provisions of the Corporate Governance Code as set out in Appendix 14 of the SEHK Listing Rules. The Company has complied with all code provisions set out in the CG Code for the year ended 31 December 2021, and continued to strengthen and improve corporate governance.

(I) Standardized Operation of Corporate Governance

The Company has built a corporate governance structure with the general meeting, the Board of Directors, the Supervisor Committee, and the management (“3+1”) as the entities with effective performance of duties. The Company formulated and continuously improved a series of rules and regulations such as the Procedural Rules for General Meetings of the Company, the Procedural Rules for the Board, the Procedural Rules for the Special Committees, the Procedural Rules for the Supervisory Committee, the Procedural Rules for General Manager of the Company, etc., which ensured all the governance entities of the Company operate smoothly, perform their respective duties, and effectively safeguard the interests of shareholders and the Company.

The corporate governance structure of the Company is as below:



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

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The Board is the operational decision-making authority of the Company, answers to the General Meeting and conscientiously implements the resolutions of the general meetings. The Board has four special committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee, which fully play their roles of pre-approval. During the Reporting Period, the Company convened 9 Board meetings, 5 meetings of the Audit Committee, 3 meetings of the Nomination Committee and 2 meetings of the Remuneration Committee. For details, please refer to “VIII. THE PERFORMANCE OF DIRECTORS’ DUTIES” and “IX. SPECIAL COMMITTEES UNDER THE BOARD” in this chapter.

The Supervisory Committee, as the Company’s supervisory organization, is responsible for reviewing and supervising the Company’s finance, auditing, and the legal compliance of performance of duties of the Directors and senior management. During the Reporting Period, the Company convened 7 meetings of the Supervisory Committee. For details, please refer to “X. SUPERVISORY COMMITTEE” in this chapter.

The management, as the Company’s executive agency, answers to the Board. In accordance with the Articles of Association and the authorization of the Board, the management convened the president’s working meetings to discuss material matters of the Company, strictly implemented the resolutions of the Board and the General Meeting, and reported the operation and management to the Board.

(II) Information Disclosure

In accordance with regulatory provisions including the Listing Rules in Listing Places, adhering to the principle of combining statutory disclosure and voluntary disclosure, we highlighted the key points based on the investor requirements and the actual situation of the Company, so as to continuously improve the transparency of information disclosure and the quality of information disclosure by the Company. During the Reporting Period, we revised and issued the Policies on Information Disclosure, and conducted online and offline communication and training on insider trading, listing compliance matters and code of conduct of controlling shareholder, to further enhance the awareness of listing compliance of the controlling shareholder, the Directors, Supervisors, senior management and employees of the Company, and effectively ensure the truthfulness, accuracy, completeness and timeliness of information disclosure. In 2021, we disclosed 122 documents on the SSE and 222 documents in both Chinese and English on the SEHK, and were rated Class A in the 2020-2021 information disclosure evaluation conducted by the SSE.

(III) Investor Relations

Since listing, the Company has been actively communicating with investors and highly valued the opinions of investors. The Company maintains high frequency, all-dimensional and effective communication with domestic and overseas investors through post-results conferences, SSE e-interactions, roadshows and reverse roadshows, reception of investor visits, and participation in investment conferences, investor hotlines, and mailboxes, etc to ensure that the investors, especially minority shareholders, can get information of the Company in a fair, just and timely manner.

Chapter 5

Corporate Governance (Corporate Governance Report)

During the Reporting Period, we further strengthened value dissemination, and enhanced the recognition and transparency in the capital market. We held 2020 annual and 2021 interim results briefings, and participated in 7 results roadshows (including online and on-site), 18 annual conferences of major brokers at home and abroad (more than 30 interviews), investor reception day and other activities, which improved the attention of the capital market to the Company. Meanwhile, it strengthened information transmission internally by building a two-way bridge of communication between investors and the Company's management investor relation department sent reviews and analysis of capital market performance to the management and relevant departments monthly to sort out the key issues that investors were concerned about, and put forward suggestions for management improvement as a way to establish a channel for feeding back capital market opinions to the Company. In 2021, we won the New Fortune "Best IR of HK-Listed Company" in 2020-2021, which showed that investor relations management of Sinotrans had been highly recognized by the capital market, and the influence and reputation of the Company in the capital market further improved.

(IV) Financial Report, Risk Management and Internal Control

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

1. *Financial report*

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

Chapter 5 Corporate Governance (Corporate Governance Report)

2. *Risk management and internal monitoring system*

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

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

Based on ISO9001:2015, ISO14001:2015 and ISO45001:2018 standards, the Company has established a comprehensive management system including quality management, environmental management, and occupational health and safety management, which not only regulates the Company's basic management activities and work processes, but also provides practical operating standards for freight forwarding and shipping agency business and improves market competitiveness. In 2021, internal audits were conducted on the compliance, adequacy and effectiveness of the Company's comprehensive management system which also passed external audits. Major projects including finance, operations and compliance were monitored, covering various key tasks within the system, based on documents about the Company's comprehensive management system, relevant laws, regulations and contracts.

Chapter 5

Corporate Governance (Corporate Governance Report)

3. Identification, evaluation and management of significant risks

Based on the current management status and external environment, the Company updates and improves the risk database every year, evaluates and determines the Company's top ten key risks, and regularly tracks risk factors and the implementation of response plans and measures, to ensure that various measures are effectively implemented. In 2021, in light of its own management needs and practical operation, the Company promoted the application of established risk alert models, set 5 cap indicators of overseas project risk and 15 cap indicators of credit risk, used risk preference management tools to dynamically check the rationality and accuracy of indicator thresholds, focused on the analysis and response of over-limit indicators, and monitored various indicators on a quarterly basis to ensure the stable development of the Company's operations. In addition, the Company carried out special risk assessment and prevention for risks of key posts, deeply implemented the requirements of internal control, standardized the operation of rights and prevented integrity risks. During the Reporting Period, the risk situation was generally stable, with no new major risk events occurring throughout the year.

4. Internal control evaluation and internal audit

In response to the requirements of SASAC on central enterprises, the Company has completed the full-coverage construction of internal control system. No material managing defects were found in the construction and implementation of the existing internal control system in the evaluation. In 2021, the Company started the cross evaluation of internal control of some end units in the Group to improve the evaluation of internal control, strengthened the construction and implementation of internal control of funds, and improved the quality of daily implementation and evaluation of internal control, carried out a special inspection of credit risks of major subsidiaries, and put forward problems and corresponding improvement suggestions from the aspects of credit approval, early alert and monitoring, customer access and the use of credit control system, so as to strengthen credit risk control and prevent risks of accounts receivable.

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

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

The Company has formulated and kept improving the Administration Policies on Insiders of Inside Information of the Company and the Administration Policies on Information Disclosure of the Company in accordance with the requirements of the Securities Law, the SFO and the Listing Rules in Listing Places, to clarify the scope of inside information and insiders of inside information, and stipulate the responsibilities of reporting, registration, confidentiality and disclosure of inside information. During the Reporting Period, the Company strengthened insider information training for the controlling shareholder, Directors, Supervisors, senior

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management and employees of the Company, which further ensured the effective implementation of relevant systems. In addition, the Company has strictly registered and managed insiders of regular financial reports, share options incentives and other important matters. During the Reporting Period, there is no insider trading before the disclosure of material and sensitive information related to stock prices, or situation of being punished by the supervisory authority.

Explanation on Significant Deficiencies in Internal Control During the Reporting Period

Applicable Applicable

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

Applicable Not applicable

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

Applicable Not applicable

Due to the merge by absorption through share swap of Sinoair by the Company and the realization of the Company's A share listing, in addition to the Company and its subsidiaries, Sinotrans & CSC has some subsidiaries that are engaged in integrated logistics business (the "Excluded Companies"), which compete with the Company to a certain extent. In this regard, Sinotrans & CSC issued the Statement and Commitment on Matters Relating to the Avoidance of Peer Competition (《關於避免同業競爭相關事宜的聲明和承諾》) (the "Letter of Commitment") in April 2018.

During the effective term of the Letter of Commitment, Sinotrans & CSC continued to entrust the Company to manage the Excluded Companies, and gradually standardized the entities with substantial peer competition by leased asset, withdrawing from the integrated logistics business, liquidation and cancellation according to the requirement of the Letter of Commitment. However, due to the large number of subsidiaries involved in the integrated logistics business, the transfer of business and personnel, the approval process of equity transfer requiring a long time, and other historical problems still needing to be further solved, it is expected that no more than 10 subsidiaries of Sinotrans & CSC are unable to completely solve the substantive peer competition before the expiry date of the Letter of Commitment. The above companies are not located in the core business areas of Sinotrans, and the scale of logistics business is small.

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As a result, Sinotrans & CSC issued the Supplemental Commitment Letter on Further Avoiding Peer Competition (《關於進一步避免同業競爭的補充承諾函》) in October 2021, and asked for extending the commitment period in relation to thoroughly resolving the horizontal competition in substance with Sinotrans & CSC and its subsidiaries for three years and has undertaken that “Sinotrans & CSC will continue to reduce the scale and area of the integrated logistics business of those entities that have horizontal competition in substance, and through ways of transfer of equity, asset restructure, asset divestment and optimizing the entrusted management model for Sinotrans, Sinotrans & CSC shall thoroughly resolve the horizontal competition in substance with Sinotrans and its subsidiaries before 17 January 2025”. The above-mentioned has been considered and approved by the Company’s 2021 second extraordinary general meeting. For details, please refer to the relevant announcements of the Company dated 27 October 2021, 11 November 2021 and 30 November 2021 disclosed on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkex.com.hk).

III. BRIEF INTRODUCTION OF SHAREHOLDERS’ GENERAL MEETING

Sessions of meeting	Date	Inquiry index of designated website for publication of the resolutions	Disclosure date of the publication of the resolutions	Conference resolutions
2020 annual general meeting 2021 first H Shareholders’ class meeting 2021 first A Shareholders’ class meeting	10 June 2021	The websites of SSE (www.sse.com.cn), and SEHK (www.hkex.com.hk)	11 June 2021	All deliberated resolutions were passed
2021 first extraordinary general meeting	2 November 2021	The websites of SSE (www.sse.com.cn), and SEHK (www.hkex.com.hk)	3 November 2021	All deliberated resolutions were passed
2021 second extraordinary general meeting	30 November 2021	The websites of SSE (www.sse.com.cn), and SEHK (www.hkex.com.hk)	1 December 2021	All deliberated resolutions were passed

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

Applicable Not applicable

Explanations of general meetings

Applicable Not applicable

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1. The Company has successively convened 2020 Annual General Meeting, 2021 First H Shareholders' Class Meeting and 2021 First A Shareholders' Class Meeting (the "Class Meetings") on 10 June 2021.

2020 Annual General Meeting has considered and approved the following proposals: (1) the resolution in relation to the Work Report of the Board for the year 2020; (2) the resolution in relation to the Work Report of the Supervisory Committee for the year 2020; (3) the resolution in relation to debriefing the Work Report of the Independent Non-executive Directors for the year 2020; (4) the resolution in relation to the Final Financial Accounts Report of the Company for the year 2020; (5) the resolution in relation to the Annual Report of the Company and its summary for the year 2020; (6) the resolution in relation to the financial budget of the Company for the year 2021; (7) the resolution in relation to the profit distribution plan of the Company for the year 2020; (8) the resolution in relation to the re-appointment of auditor for the year 2021; (9) the resolution in relation to the Directors' remuneration for the year 2020; (10) the resolution in relation to the renewal of Liability Insurance for Directors, Supervisors and Senior Management members of the Company; (11) the resolution in relation to the adjustment of business scope; (12) the resolution in relation to the amendment to the Articles of Association; (13) the resolution in relation to the general mandate to issue, allot and deal with Shares; (14) the resolution in relation to the general mandate to repurchase H Shares; (15) the resolution in relation to the Updated Mandate of the issue of Debt Financing Instruments; (16) the resolution in relation to the estimated guarantees of the Company for the year 2021; (17) the election of the persons as executive Directors and non-executive Directors of the Company; (18) the election of the persons as independent non-executive Directors of the Company; (19) the re-appointment of Supervisors of the Company. Among them, the Resolution No.14 has also been approved by the Class Meetings.

2. The Company has convened 2021 First Extraordinary General Meeting on 2 November 2021, which has considered and approved the proposal of the election of the non-executive Directors of the Company.
3. The Company has convened 2021 Second Extraordinary General Meeting on 30 November 2021, which has considered and approved the proposals of the Extending the Commitment Period of the Controlling Shareholder of the Company to Avoid Horizontal Competition and the election of Supervisors of the Company.

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IV. SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

2. Pursuant to Article 124 of the Articles of Association, shareholders may request to convene a class meeting in accordance with the following procedures:
 - (1) Two or more shareholders holding in aggregate 10 percent (inclusive) or more of the shares with voting rights at a meeting may request the Board of Directors to convene a class meeting by signing and submitting to the Board of Directors one or more counterpart written request(s). The written request(s) must state the matters to be considered at that meeting. The Board of Directors shall convene the class meeting as soon as possible after receiving such written request(s). The shareholdings referred to above shall be calculated as at the date of delivery of the written request(s) submitted by the shareholders.

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

(II) Shareholders' Right to Put Forward Provisional Proposals

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

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

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

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V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Applicable Not applicable

Unit: shares

Name	Position (Note)	Gender	Age	Date of term commencement	Date of term expiration	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares during the Reporting Period	Reasons for Change	Total pre-tax remuneration received from the Company during the Reporting Period (RMB10,000 yuan)	Whether to get remuneration from related parties of the Company
Wang Hong	Chairman, Non-executive Director	Male	59	2 November 2021	9 June 2024	0	0	0	/	0	Y
Song Dexing	Vice Chairman	Male	58	1 June 2018	9 June 2024	0	0	0	/	0	Y
	Executive Director			15 December 2016	10 June 2021						
	Non-executive Director			10 June 2021	9 June 2024						
Song Rong	Executive Director	Male	49	1 June 2018	9 June 2024	0	0	0	/	165.98	N
	President			22 April 2019	9 June 2024						
Liu Weiwu	Non-executive Director	Male	57	10 June 2021	9 June 2024	0	0	0	/	0	Y
Deng Weidong	Non-executive Director	Male	54	2 November 2021	9 June 2024	0	0	0	/	0	Y
Jiang Jian	Non-executive Director	Male	57	5 June 2019	9 June 2024	0	0	0	/	0	Y
Jerry Hsu	Non-executive Director	Male	71	18 June 2003	9 June 2024	0	0	0	/	0	N
Wang Taiwen	Independent non-executive Director	Male	75	28 December 2017	9 June 2024	0	0	0	/	16.62	N
Meng Yan	Independent non-executive Director	Male	66	1 June 2018	9 June 2024	0	0	0	/	16.62	N
Song Haiqing	Independent non-executive Director	Male	43	1 June 2018	9 June 2024	0	0	0	/	16.62	N
Li Qian	Independent non-executive Director	Female	53	1 June 2018	9 June 2024	0	0	0	/	16.62	N
Huang Bilie	Chairman of Supervisory Committee, Supervisor	Male	56	28 September 2021	9 June 2024	0	0	0	/	32.10	N
Kou Suiqi	Supervisor	Male	55	30 November 2021	9 June 2024	0	0	0	/	0	Y
Zhou Fangsheng	Independent Supervisor	Male	72	30 December 2011	9 June 2024	0	0	0	/	10.74	N
Fan Zhaoping	Independent Supervisor	Male	67	1 June 2018	9 June 2024	0	0	0	/	10.74	N

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Name	Position (Note)	Gender	Age	Date of term commencement	Date of term expiration	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares amount during the Reporting Period	Reasons for Change	Total pre-tax remuneration received from the Company during the Reporting Period	Whether to get remuneration from related parties of the Company
										(RMB10,000 yuan)	
Wang Shengyun	Staff representative Supervisor	Male	57	25 September 2020	9 June 2024	0	0	0	/	93.96	N
Chen Xianmin	Vice President	Male	57	16 May 2018		0	0	0	/	128.81	N
Tian Lei	Vice President	Male	56	10 May 2018						114.64	N
	General Counsel			27 August 2020							
Wang Jiuyun	Chief Financial Officer	Male	55	20 December 2016		0	0	0	/	108.12	N
Li Shichu	Vice President	Male	51	23 February 2022		0	0	0	/	108.12	N
	Secretary of the Board			28 December 2016							
	Company Secretary			27 December 2019							
Gao Xiang	Vice President	Male	49	23 February 2022		0	0	0	/	123.97	N
	Chief Digital Officer			14 September 2016							
Li Guanpeng	Chairman	Male	55	26 February 2019	25 August 2021	0	0	0	/	102.16	N
(Resigned)	Executive Director			31 March 2014	25 August 2021						
Su Jian	Non-executive Director	Male	49	5 June 2019	28 April 2021	0	0	0	/	0	N
(Resigned)											
Xiong Xianliang	Non-executive Director	Male	54	5 June 2019	13 October 2021	0	0	0	/	0	Y
(Resigned)											
Liu Yingjie	Chairman of Supervisory Committee	Male	49	12 June 2019	25 August 2021	0	0	0	/	0	Y
(Resigned)											
	Supervisor			5 June 2019	25 August 2021						
Mao Zheng	Staff representative Supervisor	Female	55	14 March 2019	28 September 2021	0	0	0	/	89.34	N
(Resigned)											
Wu Xueming	Vice President	Male	58	4 August 2010	16 December 2021	0	0	0	/	131.90	N
(Resigned)											
Chen Hairong	Vice President	Male	58	10 May 2018	11 November 2021	0	0	0	/	114.64	N
(Resigned)											
Total	/	/	/	/	/	0	0	0	/	1,401.68	/

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Name	Major work experience
Wang Hong	<p>Born in 1962, is the Chairman of the Company, the chairman of the Strategy Committee and a member of the Nomination Committee of the Board. He graduated from Dalian Maritime University with a major in Marine Engineering, and then obtained a master degree in Business Administration from Graduate School of University of Science and Technology Beijing and a PhD in Management from Graduate School of China Academy of Social Science, respectively. Mr. Wang successively served as General Manager of Shipping Department, General Manager of Finance and Accounting Department and Vice President of China Communications Import & Export Corp., Managing Director of Hoi Tung Marine Machinery Suppliers Ltd., General Manager of Performance Evaluation Department, Human Resources Department, Strategic and Research Department and Strategic Planning Department and Chief Economist of China Merchants Group Limited, as well as the Chairman of the Supervisory Committee of China Merchants Energy Shipping Company Limited, the Chairman of China Merchants Holdings (Pacific) Limited, the Director of China Merchants Property Development Company Limited, the Director of China Merchants Port Holdings Company Limited, etc. From December 2015 to January 2022, Mr. Wang was appointed as the Vice President of China Merchants. From December 2015 to August 2020, Mr. Wang was appointed as the Chairman of China International Marine Containers (Group) Co., Ltd., (stock code: SZ000039 and HK02039). From June 2018 to February 2019, Mr. Wang was the Chairman of the Board of the Company. In August 2021, he was appointed as the Chairman of China Merchants Industry Holdings Co., Ltd. Since November 2021, Mr. Wang was appointed as the non-executive Director and Chairman of the Board. In January 2022, he was appointed as the Director of China Merchants.</p>

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

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Name	Major work experience
Song Rong	<p>Born in 1972, is the executive Director and President of the Company and also the member of the Strategy Committee of the Board. Mr. Song graduated from University of International Business and Economics with a bachelor degree in economics, and then obtained an MBA degree from Olin Business School of Washington University. Mr. Song joined China National Foreign Trade Transportation (Group) Corporation in 1995 and worked in liner shipping department I. In 2000, Mr. Song was appointed as the Manager of Sinotrans Canada Company. In August 2006, Mr. Song served as Deputy General Manager of Sinotrans Container Lines Co., Ltd. In January 2008, Mr. Song served as General Manager of operation department of the Company. In June 2012, Mr. Song was appointed as the General Manager of Sinotrans Shandong Co., Ltd. Mr. Song was appointed as the Vice President and Secretary of the Communist Party Committee of the Company in December 2015. From September 2017 to August 2018, Mr. Song served as the General Manager and Vice Secretary of the Communist Party Committee of Sinotrans Logistics. Mr. Song served as the Chairman of China Ocean Shipping Agency Shenzhen Co., Ltd. in July 2018, and then also served as the Chairman of Sinotrans Logistics in August 2018. Mr. Song has served as Secretary of the Communist Party Committee from August 2018 to May 2019. Mr. Song was re-appointed as the Vice President and Vice Secretary of the Communist Party Committee of the Company in May 2018. Mr. Song was appointed as the executive Director of the Company in June 2018. Mr. Song also served as the Chairman of Sinotrans Chemical International Logistics Co., Ltd. from November 2018 to June 2020. Mr. Song was appointed as the President of the Company in April 2019. Mr. Song was also appointed as Chairman of SE Netherlands Logistics Holding B.V. in December 2019.</p>
Liu Weiwu	<p>Born in 1964, is the non-executive Director of the Company. Mr. Liu obtained the intermediate accountant qualification. Mr. Liu graduated from the Economics Department of Xi'an Highway Institute with a Bachelor's Degree in Engineering. He obtained a Master Degree of Business Administration from Macau University of Science and Technology. He previously served as the Head of Treasury Division of Financial Department of Guangzhou Ocean Shipping Company, the Manager of Financial Department of Hong Kong Ming Wah Shipping Company Limited, the Deputy General Manager of the Finance Department of China Merchants Group Limited, and the Chief Financial Officer, the Deputy General Manager and the Director of China Merchants Energy Shipping Co., Ltd. (Stock Code: SH601872). In December 2020, he was appointed as the Head of the Finance Department (Property Rights Department) of China Merchants. He is also currently an Independent Non-executive Director of AviChina Industry & Technology Company Limited (Stock Code: HK02357), the Executive Director of China Merchants Port Holdings Co., Ltd. (Stock Code:HK00144), the Director of China Merchants Port Group Co., Ltd. (Stock Code: SZ001872), the Director of China Merchants Expressway Network & Technology Holdings Co., Ltd. (Stock Code: SZ001965), and the Director of China Merchants Securities Co., Ltd. (Stock Code: SH600999 and HK06099). Mr. Liu was appointed as the non-executive Director of the Company in June 2021.</p>

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Name	Major work experience
Deng Weidong	<p>Born in 1967, is the non-executive Director of the Company, a member of the Strategy Committee of the Board. He graduated from Nanjing University with a PhD in Physical Geography in 1994, and graduated from Department of Marine Management of Dalhousie University in Canada with a master degree. He worked at Hainan Yangpu Economic Development Zone Administration Bureau, and successively served as the Deputy General Manager and General Manager of Research & Development Department of China Nanshan Development (Group) Inc., the Deputy General Manager of Chiwan Container Terminal Co., Ltd. and the General Manager of Shenzhen Mawan Godown & Wharf Co., Ltd. In July 2009, he joined China Merchants Holdings (International) Company Limited (renamed as China Merchants Port Holdings Company Limited in 2016), and successively served as the Assistant to General Manager and General Manager of Planning and Commerce Department and the Deputy General Manager. From February 2015 to August 2021, he served as the Head of the Capital Investment & Management Department of China Merchants Group Limited. Since August 2021, he was appointed as the Head of the Strategic and Development Department/ Technological Innovation Department of China Merchants. From March 2020 to August 2021, he served as the General Manager of China Merchants Investment Development Co., Ltd. He served as a Director of China Merchants Property Operation & Service Co., Ltd. (Stock Code: SZ001914) from December 2019 to April 2021; a Director of SF Holding Co., Ltd. (Stock Code: SZ002352) since April 2019; a Director of China Merchants Energy Shipping Co., Ltd. (Stock Code: SH601872) since April 2019; a Director of China International Marine Containers (Group) Co., Ltd. (Stock Code: SZ000039 and HK02039) since October 2020; a Director of China Merchants Shekou Industrial Zone Holdings Co.,Ltd (Stock Code: SZ001979) since October 2021; the Director of China Merchants Port Holdings Co., Ltd. (Stock Code:HK00144) since October 2021. In November 2021, he was appointed as the non-executive Director of the Company.</p>

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

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

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Corporate Governance (Corporate Governance Report)

Name	Major work experience
Wang Taiwen	<p>Born in 1946, is the independent non-executive Director of the Company and the Chairman of Nomination Committee and the member of the Audit Committee and the Remuneration Committee of the Board. Mr. Wang started his career in Ziyang Internal Combustion Locomotive Co., Ltd. of China Ministry of Railway and worked successively as an engineer, Branch Factory Manager, General Manger and the Secretary of Communist Party Committee. Then he acted as President, Chairman and Secretary of Communist Party Committee of China Railway Locomotive and Rolling Stock Industry Corporation, and later as Chairman and Secretary of Communist Party Committee of China Southern Locomotive and Rolling Stock Industry (Group) Corporation. He also acted as an independent non-executive director in China Railway Group Limited, an external director of China National Foreign Trade Transportation (Group) Corporation and an external director of SINOTRANS & CSC., and an independent non-executive director of China Automation Group Limited. Since March 2016, Mr. Wang has been appointed as the independent director of Guangdong Huatie Tongda High Speed Railway Equipment Corporation (Stock Code: SZ000976). Mr. Wang was appointed as the independent non-executive Director of the Company in December 2017.</p>
Meng Yan	<p>Born in 1955, is the independent non-executive Director of the Company and the Chairman of the Audit Committee and the member of the Remuneration Committee and the Nomination Committee of the Board. Mr. Meng graduated from the Institute of Financial Science under Ministry of Finance with a PhD in economics (accounting). Mr. Meng is the professor and PhD supervisor of the School of Accountancy in the Central University of Finance and Economics. From 2003 to 2015, Mr. Meng served as the dean of the School of Accountancy in the Central University of Finance and Economics. In 1993, Mr. Meng was awarded the National Prominent Teacher and then obtained the special government allowance of the State Council in 1997. In 2000, Mr. Meng was awarded the Outstanding Worker in Beijing. Mr. Meng served as an independent non-executive director of Jolimark Holdings Limited (Stock Code: HK2028) from March 2005 to May 2020, an independent non-executive director of China Longyuan Power Group Corporation Limited (Stock Code: HK916) from July 2009 to November 2021. Currently, Mr. Meng serves as an independent director of Beijing Capital Co., Ltd. (Stock Code: SH600008), an independent director of Beijing Bashi Media Co., Ltd. (Stock Code: SH600386), an independent director of Qi An Xin Technology Group Inc. (Stock Code: SH688561, which was listed on the Science and Technology Innovation Board in July 2020), and an independent director of Changchun Engley Automobile Industry Co., Ltd. (Stock Code: SH601279, which was listed on SSE in April 2021). Mr. Meng was appointed as the independent non-executive Director of the Company in June 2018.</p>

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Corporate Governance (Corporate Governance Report)

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

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Corporate Governance (Corporate Governance Report)

Name	Major work experience
Huang Bilie	<p>Born in 1965, Chairman of the Supervisory Committee of the Company. He obtained a bachelor degree from East China Normal University, a master degree from the American Studies Center of Beijing Foreign Studies University, and a master degree of Investment Management from CASS Business School of City University of London, successively. Mr. Huang held the Research Fellow Title certified by State-owned Assets Supervision and Administration Commission of the State Council. Mr. Huang successively served as the General Manager of Entrusted Asset Management Headquarter of Beijing International Trust CO., LTD., the Assistant to the Chairman of the Board of Directors, and Chief Financial Officer of Hong Kong Wide Code Investments (Group) Limited. From December 2003 to September 2016, he successively served as the Vice President of China National Foreign Trade Transportation (Group) Corporation, the Vice President, Chief Financial Officer and member of Communist Party Committee of Sinotrans & CSC Holdings Co., Ltd., and the Deputy Head of Integrated Logistics Department of China Merchants Group Limited. From September 2016 to March 2017, he served as the Chairman of the Board of Directors and Secretary of the Communist Party Committee of China Merchants Group Finance Co., Ltd. From March 2017 to August 2021, he served as CEO and the Secretary of the Communist Party Committee of China Merchants Group Finance Co., Ltd. In August 2021, Mr. Huang was employed as a staff of the Company. In September 2021, Mr. Huang was appointed as the staff representative supervisor and Chairman of the Supervisory Committee of the Company.</p>
Kou Suiqi	<p>Born in 1966, the Supervisor of the Company. Mr. Kou graduated from Henan University with a bachelor degree in science in July 1987, and then he obtained a master degree in economics from Zhongnan University of Economics and Law in July 1993. Mr. Kou successively served as the Section Staff and Section Chief of the Finance Department of Shekou Industrial Zone of China Merchants Group, the Head of Finance Department of Shenzhen West Port and Shipping Development Co., Ltd. (深圳市西部港航開發有限公司) and Shenzhen Pingfang Automobile Park Co., Ltd. (深圳市平方汽車園區有限公司) from July 1993 to May 2005. From May 2005 to October 2021, Mr. Kou has successively served as Manager, Senior Manager, Assistant General Manager and Deputy General Manager of Audit Department, Deputy Head of Risk Management Department, Deputy Director of Audit Center. Since October 2021, he was appointed as Deputy Head of Audit Department of China Merchants Group Co., Ltd. He was appointed as the Supervisor of the Company since November 2021.</p>

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Corporate Governance (Corporate Governance Report)

Name	Major work experience
Zhou Fangsheng	<p>Born in 1949, is the independent Supervisor of the Company. Mr. Zhou graduated from Hunan University majoring in engineering management in 1985 and completed post graduate course from the Renmin University of China in Enterprise Management of Industrial Economics Department in 1996. Mr. Zhou obtained rich enterprise practice during his long-term service in enterprises. From 1991 to 1997, Mr. Zhou served as Deputy Division Director and Division Director in the State-owned Assets Administration Bureau, and Deputy Director in the Stated-owned Assets Administration Research Institute. From 1997 to 2001, Mr. Zhou worked as Deputy Director in difficulty relief working office for stated-owned enterprises of the State Economic and Trade Commission. From 2001 to 2003, Mr. Zhou served as Director in Stated-owned Assets Administration Research Section of Research Institute for Fiscal Science of Ministry of Finance. From 2003 to 2009, Mr. Zhou worked as Vice Counsel in the Enterprise Reform Bureau of the State-owned Assets Supervision and Administration Commission of the State Council. Currently, Mr. Zhou serves as an independent non-executive director of Hengan International Group Company Limited (Stock Code: HK01044), an independent non-executive director of China National Building Material Co., Ltd. (Stock Code: HK03323), and an independent director of Chenguang Biotech Group Co., Ltd. (Stock Code: SZ300138). Mr. Zhou was appointed as the independent Supervisor of the Company in December 2011.</p>
Fan Zhaoping	<p>Born in 1954, is the independent Supervisor of the Company. Mr. Fan graduated from the Institute of Financial Science under the Ministry of Finance with a master degree in Economics. Mr. Fan served as the assistant manager and manager of the finance department of Shenzhen Chiwan Petroleum Supply Base Company Limited, manager of the finance department and financial investment department in and assistant general manager of China Nanshan Development (Group) Incorporation. From 1998 to 2014, Mr. Fan served as vice president of China Nanshan Development (Group) Incorporation and has now retired from such position. Mr. Fan also served as CFO and director of Shenzhen Chiwan Wharf Holdings Limited, supervisor and chairman of Shenzhen Chiwan Petroleum Supply Base Company Limited, chairman of Shenzhen BLOGIS Holdings Limited, vice-chairman of China Association of Warehouses and Storage, chairman of Shenzhen Chiwan Oriental Logistics Company Limited, chairman of Hefei Baowan International Company Limited and the chairman of executive committee of the board and vice-chairman of Shenzhen Chiwan Sembawang Engineering Co., Ltd. Mr. Fan was appointed as an independent director of CIMC Vehicles (Group) Co., Ltd. (Stock Code: HK01839) in June 2019. Mr. Fan was appointed as the independent Supervisor of the Company in June 2018.</p>

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Corporate Governance (Corporate Governance Report)

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

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Corporate Governance (Corporate Governance Report)

Name	Major work experience
Tian Lei	<p>Born in 1965, is the Vice President and General Counsel of the Company. Mr. Tian graduated from Tsinghua University with a bachelor's degree in mechanical design and manufacturing in 1988, and graduated from the School of Economics and Management of Tsinghua University in 1994 with a master's degree in engineering. From 1995 to December 1997, he served as Minister of Investment of Economic Development Office and Assistant to the Director of Business Room in China Merchants Shekou Industrial Zone Holdings Co., Ltd. From January 1998 to August 2001, served as Assistant General Manager of Shenzhen China Merchants Petrochemical Co., Ltd. From September 2001 to December 2010, he served as Director of Business Management Department, General Manager of Development Research Department, General Manager of Corporate Planning Department of Sinotrans Logistics, and Chairman and General Manager of Shenzhen- Hong Kong District Corporation. From December 2010 to March 2014, he served as the Assistant General Manager of Sinotrans Logistics and from June 2011, served as the General Legal Counsel. From April 2014 to August 2018, Mr. Tian was appointed as the Deputy General Manager and General Counsel of Sinotrans Logistics. In May 2018, Mr. Tian was appointed as the Vice President of the Company. He was appointed as the General Counsel of the Company in June 2019.</p>
Wang Jiuyun	<p>Born in 1966, is the Chief Financial Officer of the Company. Mr. Wang graduated from Renmin University of China with a bachelor's degree in management. Mr. Wang began his career in the China National Foreign Trade Transportation (Group) Corporation in 1986. From 1988 to December 2001, Mr. Wang served in TNT Skypak-Sinotrans Int'l Express Company as the National Accounting & Finance Manager, Manager of the Accounting & Finance Department of New Asia Ltd., the F&A Manager of International United Shipping Agency (Hong Kong) Co., Ltd., Manager of Overseas Section of Financing and Accounting Department of China National Foreign Trade Transportation (Group) Corporation. From January 2002 to April 2004, Mr. Wang was appointed as Chief Financial Officer of North China Region of Sinotrans Air Transportation Development Co., Ltd. From May 2004 to August 2006, Mr. Wang was appointed as the General Manager of the Financing and Accounting Department of Sinoair. From August 2006 to April 2013, Mr. Wang was appointed as the Deputy General Manager of Sinoair. From November 2010 to April 2013, Mr. Wang held a concurrent post as the Chief Financial Officer of Sinoair. From April 2013 to December 2017, Mr. Wang was appointed as the General Manager of the Accounting & Financial Department of the Company. Mr. Wang was appointed as a director of DHL Sinotrans International Air Courier Ltd in December 2015. In December 2016, Mr. Wang was appointed as the Chief Financial Officer of the Company.</p>

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Corporate Governance (Corporate Governance Report)

Name	Major work experience
Li Shichu	<p>Born in 1970, is the Vice President and Board Secretary/Company Secretary of the Company. Mr. Li obtained his bachelor degree in economics from University of International Business and Economics, and graduated with an EMBA degree from Cheung Kong Graduate School of Business. Mr. Li joined China National Foreign Trade Transportation (Group) Corporation in 1993. From 1993 to 2000, Mr. Li was under the employment of China Marine Shipping Agency Co., Ltd. and President Office of China National Foreign Trade Transportation (Group) Corporation. From 2000 to 2002, Mr. Li acted as the Deputy Director of President Office of China National Foreign Trade Transportation (Group) Corporation. From April 2002 to December 2002, Mr. Li acted as the Head of Integrated Group of Listing Office of China National Foreign Trade Transportation (Group) Corporation. From 2002 to 2008, Mr. Li acted as the General Manager of Securities & Legal Affairs Department of the Company. From 2008 to 2012, Mr. Li acted as the General Manager of Sinotrans Anhui Company. From 2012 to 2017, Mr. Li was the General Manager of the Developing & Planning Department of the Company. In December 2016, Mr. Li was appointed as the Board Secretary. In August 2019, Mr. Li was appointed as a director of DHL-Sinotrans International Air Courier Ltd. In February 2022, Mr. Li was appointed as the Vice President of the Company.</p>
Gao Xiang	<p>Born in 1972, is the Vice President and Chief Digital Officer of the Company. Mr. Gao graduated from Nankai University in 1995. From the year of 1995 to the year of 2016, Mr. Gao was employed by TravelSky Technology Limited with experience as Engineer, Executive Manager of marketing division, General Manager of aviation business division and General Manager and Secretary of the party committee of research and development center. In September 2016, Mr. Gao was appointed as the Chief Digital Officer of the Company. In February 2022, Mr. Gao was appointed as the Vice President of the Company.</p>

Other information

Applicable Not applicable

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Corporate Governance (Corporate Governance Report)

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

1. Position in the Shareholder's Entity

Applicable Not applicable

Name of officer	Name of Shareholder's entity	Position in the shareholder's entity	Date of term commencement	Date of term expiration
Wang Hong	China Merchants Group Limited	Vice President	December 2015	January 2022
	China Merchants Group Limited	Director	January 2022	
Song Dexing	China Merchants Group Limited	Business director of Transportation and Logistics	May 2019	
	China Merchants Group Limited	Head of Transportation and Logistics Division/Head of Beijing Headquarter of China Merchants	September 2018	
Liu Weiwu	Sinotrans & CSC Holdings Co., Ltd.	General Manager	June 2016	
	Sinotrans & CSC Holdings Co., Ltd.	Executive Director	September 2016	
	China Merchants Group Limited	Head of Finance Department (Property Department)	December 2020	
Deng Weidong	China Merchants Group Limited	Head of the Capital Investment & Management Department	February 2015	August 2021
	China Merchants Group Limited	Head of the Strategic and Development Department/ Technological Innovation Department	August 2021	
Jiang Jian	China Merchants Group Limited	Head of Disciplinary Committee Office	July 2016	
	China Merchants Group Limited	Deputy Secretary of Disciplinary Committee, Head of Supervision Department	November 2016	
Kou Suiqi	China Merchants Group Limited	Deputy Director of Audit Center	August 2018	October 2021
	China Merchants Group Limited	Deputy Head of Audit Department	October 2021	
Xiong Xianliang (Resigned)	China Merchants Group Limited	Head of Strategy and Development Department	March 2015	August 2021
	China Merchants Group Limited	Head of Development and Research Center	August 2021	
Liu Yingjie (Resigned)	China Merchants Group Limited	Head of the Risk Management Department/Legal Compliance Department and Head of the Audit Center	September 2018	July 2021
Explanation on position in the shareholder's entity	N/A			

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2. Position in Other Entities

✓Applicable Not applicable

Name of officer	Name of the other entities	Position in the other entities	Date of term commencement	Date of term expiration
Song Dexing	China Merchants Energy Shipping Company Limited	Vice Chairman	August 2018	
	China Merchants Port Group Co., Ltd.	Director	December 2018	
	Liaoning Port Group Limited (遼寧港口集團有限公司)	Director	September 2019	
Song Rong	Loscam International Holdings Co., Ltd.	Chairman	December 2018	
Liu Weiwu	China Merchants Port Holdings Co., Ltd.	Executive Director	March 2021	
	China Merchants Port Group Co., Ltd.	Director	May 2021	
	China Merchants Expressway Network & Technology Holdings Co., Ltd.	Director	April 2021	
	China Merchants Securities Co., Ltd.	Director	June 2021	
	China Merchants Life Insurance Co., Ltd.	Non-executive Director	June 2021	
	China Merchants Investment Development Co., Ltd.	Director	June 2021	
	Liaoning Port Group Co., Ltd.	Director	March 2021	
	Nanjing Tanker Corporation	Chairman of the Supervisory Committee	April 2021	October 2021
	China Merchants Sharing Service Co., Ltd. (招商局共享服務有限公司)	Executive Director	April 2021	
	China Merchants Chongqing Communications Technology Research & Design Institute Co., Ltd.	Director	March 2021	
	China Merchants Taipingwan Development & Investment Co., Ltd.	Director	March 2021	
	China Merchants International Finance Co., Ltd.	Director	March 2021	
	China Merchants Industry Holdings Co., Ltd.	Director	March 2021	
	China Merchants Union(BVI) Limited	Director	October 2021	
	AviChina Industry & Technology Co., Ltd.	Independent Non-executive Director	June 2018	
	China Merchants Testing Technology Holdings Company Limited	Director	November 2021	
Deng Weidong	China Merchants Investment Development Co., Ltd.	President	March 2020	August 2021
	China Merchants Property Operation & Service Co., Ltd.	Director	December 2019	April 2021
	SF Holding Co., Ltd.	Director	April 2019	
	China Merchants Energy Shipping Co., Ltd.	Director	April 2019	
	China International Marine Containers (Group) Co., Ltd.	Director	October 2020	
	China Merchants Shekou Industrial Zone Holdings Co., Ltd	Director	October 2021	

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Name of officer	Name of the other entities	Position in the other entities	Date of term commencement	Date of term expiration
Jiang Jian	China Merchants Port Holdings Co., Ltd.	Director	October 2021	
	China Merchants Group (Beijing) Limited	Supervisor	April 2020	May 2021
	China Merchants Steam Navigation Company Limited	Supervisor	August 2020	May 2021
Jerry Hsu	DHL-Sinotrans International Air Courier Ltd.	Vice Chairman	November 2002	
Wang Taiwen	Guangdong Huatie Tongda High-speed Railway Equipment Corporation	Independent Director	March 2016	
Meng Yan	Beijing Huansheng Technology Co., Ltd. (北京寰升科技有限公司)	Chairman	June 2018	
	Central University of Finance and Economics	Professor, PhD Supervisor	September 1997	
	China Longyuan Power Group Corporation Limited	Independent Non-executive Director	July 2009	November 2021
Song Haiqing	Beijing Bashi Media Co., Ltd.	Independent Director	April 2016	
	Beijing Capital Co., Ltd.	Independent Director	December 2017	
	Qi An Xin Technology Group Inc.	Independent Director	May 2019	
	Changchun Engley Automobile Industry Co., Ltd.	Independent Director	July 2018	
Li Qian	Sun Yat-Sen University	Professor, PhD Supervisor	January 2011	
Zhou Fangsheng	Beijing HYLANDS Law Firm Shanghai Branch	Partner	January 2019	
Fan Zhaoping	Hengan International Group Company Limited	Independent Non-executive Director	January 2013	
	China National Building Material Company Limited	Independent Non-executive Director	May 2016	
	ChenGuang Biotechnology Group Co., Ltd.	Independent Director	January 2016	
Chen Xianmin	CIMC Vehicles (Group) Co., Ltd.	Independent Director	June 2019	
Wang Jiuyun	Silk Road E-Merchants Information Technologies Co., LTD.	Director	January 2019	
	Juzhongzhi Investment (Shenzhen) Co., Ltd. (聚眾智投資(深圳)有限公司)	Director	December 2018	
	China Ocean Shipping Tally Shenzhen CO., Ltd.	Chairman	May 2018	
	China United Tally Co., Ltd. Shenzhen	Chairman	April 2020	
Li Shichu	DHL-Sinotrans International Air Courier Ltd.	Director	December 2015	
	China Merchants Hainan Investment Development Co., Ltd. (招商局海南投資開發有限公司)	Director	December 2018	
Li Guanpeng (Resigned)	DHL-Sinotrans International Air Courier Ltd.	Director	August 2019	
	China Merchants Hoi Tung Trading Company Limited	President	August 2021	

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Name of officer	Name of the other entities	Position in the other entities	Date of term commencement	Date of term expiration
Su Jian (Resigned)	DHL-Sinotrans International Air Courier Ltd.	Chairman	January 2019	
	COFCO Corporation	CFO	December 2020	
Xiong Xianliang (Resigned)	China Merchants Securities Co., Ltd.	Director	December 2014	January 2022
	China Merchants Port Holdings Company Limited	Director	June 2018	October 2021
	China Merchants Innovation Investment Management Co., Ltd.	Director	August 2018	January 2022
	Institute of Science, Technology and Innovation, China Merchants Group	Dean	August 2021	
Liu Yingjie (Resigned)	China Merchants Port Holdings Company Limited	Chairman of the Supervisory Committee	December 2018	August 2021
	China Merchants Testing Technology Holdings Company Limited	Director	November 2021	
	China Merchants Testing Technology Holdings Company Limited	President	July 2021	
Wu Xueming (Resigned)	Nissin-SinoTrans International Logistics Co., Ltd.	Chairman	April 2015	
Chen Hairong (Resigned)	China Merchants Yingkai Investment Development (Shenzhen) Co., Ltd. (招商盈凱投資發展(深圳)有限公司)	Executive Director, President	May 2019	
Explanation on position in other entities	The above positions do not include those of Directors, Supervisors and senior management in Sinotrans and its subsidiaries and shareholders' entities.			

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

Applicable Not applicable

Decision-making process of remuneration of Directors, Supervisors and senior management	The Remuneration Committee of the Board makes recommendations to the Board on the remuneration policy and structure of Directors and senior management of the Company, formulates remuneration packages for senior management, and makes recommendations to the Board on the remuneration of Directors. The remuneration of senior management is determined by the Board. The remuneration of directors and supervisors who are non-employee representative are determined by the general meeting.
Basis for determining the remuneration of Directors, Supervisors and senior management	The remuneration of Directors, Supervisors and senior management are determined in accordance with the Articles of Association and the Rules of Procedure of the Remuneration Committee of the Board of Directors of Sinotrans and their respective assessment results.
Actual payment of remuneration of Directors, Supervisors and senior management	For the remuneration payable to Directors, Supervisors and senior management who are currently serving or have served during the Reporting Period, please refer to the “V. (I) Changes in Shareholding and Remuneration of Present Directors, Supervisors and Senior Management and the Ones Resigned During the Reporting Period” of this section.
Total payment of remuneration before tax to Directors, Supervisors and senior management as at the end of the Reporting Period	During the Reporting Period, the remuneration amount payable to Directors, Supervisors and senior management who receive payment from the Company is RMB14.0168 million.

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

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

Applicable Not applicable

Name	Position	Changes	Reasons for Changes
Wang Hong	Chairman, Non-executive Director	Elected	Director Change
Song Dexing	Non-executive Director	Re-designated	Re-designated
Liu Weiwu	Non-executive Director	Elected	Director Change
Deng Weidong	Non-executive Director	Elected	Director Change
Huang Billie	Chairman of the Supervisory Committee, Staff Representative Supervisor	Elected	Supervisor Change
Kou Suiqi	Supervisor	Elected	Supervisor Change
Li Shichu	Vice President	Appointed	Management Change
Gao Xiang	Vice President	Appointed	Management Change
Li Guangpeng	Chairman, Executive Director	Resigned	Work Adjustment
Su Jian	Non-executive Director	Resigned	Work Adjustment
Xiong Xianliang	Non-executive Director	Resigned	Work Adjustment
Liu Yingjie	Chairman of the Supervisory Committee, Supervisor	Resigned	Work Adjustment
Mao Zheng	Staff Representative Supervisor	Resigned	Retirement
Wu Xueming	Vice President	Resigned	Work Adjustment
Chen Hairong	Vice President	Resigned	Work Adjustment

1. On 28 April 2021, the Board received the resignation letter of Mr. Su Jian, a non-executive Director of the Company, regarding his resignation as a Director due to work re-allocation with effect from 28 April 2021.
2. The 2020 Annual General Meeting convened on 10 June 2021 considered and approved the Resolution of Election of Non-independent Directors of the Company, to elect Mr. Liu Weiwu as a non-executive Director of the Company, and elect Mr. Song Dexing, former executive Director as a non-executive Director of the Company, with effect from the date of approval at the general meeting until the conclusion of the third session of the Board.
3. On 24 August 2021, the Board received the resignation letter of Mr. Li Guanpeng, the Chairman and executive Director, regarding his resignation as the Chairman and the executive Director of the Company with effect from 25 August 2021 due to his work re-allocation.
4. On 24 August 2021, the Supervisory Committee received the resignation letter of Mr. Liu Yingjie, the chairman of the Supervisory Committee, regarding his resignation as the Chairman of the Supervisory Committee and the Supervisor of the Company with effect from 25 August 2021 due to his work re-allocation.

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5. On 28 September 2021, the Supervisory Committee received the letter of resignation from the staff representative Supervisor of the Company, Ms. Mao Zheng, who was about to reach the statutory retirement age. She has tendered her resignation as a staff representative Supervisor of the Company with effect from 28 September 2021. At the same day, Mr. Huang Bilie was elected as the staff representative Supervisor of the Company at the staff representative meeting with effect from 28 September 2021 until the conclusion of the third session of the Board. On 13 October 2021, the Company held the fifth meeting of the Supervisory Committee in 2021 to consider and approve the “Proposal on Election of Mr. Huang Bilie as the Chairman of the Supervisory Committee of the Company”, electing Mr. Huang Bilie as the Chairman of the Supervisory Committee with effect from 28 September 2021 until the conclusion of the third session of the Board.
6. On 13 October 2021, the Board received the resignation letter of Mr. Xiong Xianliang, a non-executive Director of the Company, regarding his resignation as a Director due to work re-allocation with effect from 13 October 2021.
7. On 2 November 2021, the Company held the 2021 first extraordinary general meeting to consider and approve the “Proposal on Election of Directors of the Company”, electing Mr. Wang Hong and Mr. Deng Weidong as non-executive Directors, with effect from the date of general meeting until the conclusion of the third session of the Board. On 3 November 2021, the Company held the fifth meeting of the third session of the Board to considered and approved the “Proposal on election of Mr. Wang Hong as the chairman of the Board (legal representative) of the Company”, electing Mr. Wang Hong as the chairman of Board with effected from 2 November 2021 until the conclusion of the third session of the Board.
8. On 30 November 2021, Company held the 2021 second extraordinary general meeting to consider and approve the “Proposal on Election of Supervisor”, electing Mr. Kou Suiqi as the Supervisor, with effect from the date of general meeting until the conclusion of the third session of the Board.
9. On 11 November 2021, the Board received the resignation letter of Mr. Chen Hairong, the Vice President of the Company, regarding his resignation as the Vice President due to work re-allocation with effect from 11 November 2021.
10. On 16 December 2021, the Board received the resignation letter of Mr. Wu Xueming, the Vice President of the Company, regarding his resignation as the Vice President due to work re-allocation with effect from 16 December 2021.
11. On 23 February 2022, the Company held the 9th meeting of the third session of the Board, considered and approved the “Proposal on the Appointment of Vice President of the Company”, appointing Mr. Li Shichu and Mr. Gao Xiang as the Vice Presidents of the Company.

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

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

Applicable Not applicable

(VI) Others

Applicable Not applicable

1. **Directors' and Supervisors' Service Contracts and Remuneration**

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

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

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

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

2. **Directors' and Supervisors' Interests in Shares**

As at 31 December 2021, none of the Directors, President, Supervisors or their associates had any interests in any shares, underlying shares or debentures of the Company or its associated corporations (as defined under Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are considered or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be recorded in the register kept by the Company referred to therein, or which were notifiable to the Company and the Stock Exchange pursuant to the Model Code.

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

For the year ended 31 December 2021, none of the Directors or Supervisors or any entities connected with such Directors and Supervisors had any material interests directly or indirectly in any new or existing transactions, arrangements or contracts of the Company to which the Company, its subsidiaries, its ultimate holding company or its fellow subsidiaries was a party.

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

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4. *Interests of Directors and Supervisors in Competing Businesses*

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

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

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

At no time during the year ended 31 December 2021 was the Company, its subsidiaries, its ultimate holding company or its fellow subsidiaries a party to any arrangements or existing arrangements which would enable the Company's Directors or Supervisors to acquire benefits by means of the acquisition of shares in or bonds of the Company or of any other legal entities.

6. *Model Code for Securities Transactions by Directors and Supervisors*

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

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VI. BOARD OF DIRECTORS

(I) Duties and Operations of the Board

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

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

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

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(II) Composition of the Board

In 2021, the Board has completed the general election and change of Directors. As at 31 December 2021, the Board of the Company comprised 11 Directors, including six non-executive Directors (the Chairman Mr. Wang Hong, Vice Chairman Mr. Song Dexing, non-executive Directors Mr. Liu Weiwu, Mr. Deng Weidong, Mr. Jiang Jian and Mr. Jerry Hsu), 1 Executive Director Mr. Song Rong, and 4 independent non-executive Directors Mr. Wang Taiwen, Mr. Meng Yan, Mr. Song Haiqing and Ms. Li Qian. The number of independent non-executive Directors reached more than one-third of the number of the board members, and the constitution of the Board has complied with relevant requirements under the Listing Rules in Listing Places. Among them, the non-executive Directors (including independent non-executive Directors) have appropriate professional qualifications and experience, and have experts in finance, law, logistics, management, etc., with complementary knowledge structure and experience. Some non-executive Directors were invited to serve as the members of the Strategy Committee, Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. They can provide professional and independent opinions in the Company's daily operation management and development planning, and have influence on the decisions of the Board, which ensure the scientificity of the decision-making of the Board.

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

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

(III) Independent Non-executive Directors

The Nomination Committee of the Board has assessed the independence of four re-elected independent non-executive Directors, and the Company has also explained the independence of each independent non-executive Director in the circular of the general meetings. Independent non-executive Directors of the Company were not involved in the daily management of the Company and there were no relationships or circumstances which would constitute intervention to their practice of providing independent judgments. The Company has received annual confirmation letter of independence from all independent non-executive Directors and considers all independent non-executive Directors independent. The Company's independent non-executive Directors serve as members of the Audit Committee, Remuneration Committee, Nomination Committee and Strategy Committee, and all the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee are independent non-executive Directors. They can provide professional advice on major issues while performing the pre-procedures of each committee, and issue prior approval opinions or independent opinions on matters, such as connected transactions, external guarantees, equity incentives, election of directors, appointment of senior management, internal control evaluation, profit distribution, appointment of accounting firms. At the same time, according to regulatory requirements, the independent non-executive Directors solicited voting rights from Shareholders before the general meeting to consider proposals related to equity incentives to further safeguard Shareholders' rights and interests.

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(IV) Responsibilities of the Board and Senior Management

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

(V) Chairman and President

The positions of the Chairman and the President of the Company are held by different people, and have clear division of power and authority. As at 31 December 2021, Mr. Wang Hong was the Chairman, and Mr. Song Rong was the President of the Company. The Chairman is responsible for preside over the shareholders’ meeting, the management of the Board’s operation, and ensure that the Company formulates sound corporate governance practices and procedures, while the President is responsible for the business management of the Company and implementation of board resolutions. Details of their respective duties and responsibilities are set out in the Articles of Association and the Procedural Rules of the President.

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

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

During the Reporting Period, the Company held 9 Board meetings and reviewed and approved 44 proposals, which are as follows:

Sessions of meeting	Date	Conference Resolutions
The 24th Meeting of the Second Session of the Board	30 March 2021	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to the Work Report of the President for the Year 2020; 2. Resolution in Relation to the Final Financial Accounts Report of the Company for the Year 2020; 3. Resolution in Relation to the Profit Distribution Plan of the Company for the Year 2020; 4. Resolution in Relation to the Financial Budget of the Company for the Year 2021; 5. Resolution in Relation to the Re-appointment of Auditor for the Year 2021; 6. Resolution in Relation to the Updated Mandate of the issue of Debt Financing Instruments; 7. Resolution in relation to the Annual Report of the Company and Its Summary for the Year 2020; 8. Resolution in relation to the Work Report of the Board for the Year 2020; ; 9. Resolution in Relation to Debriefing the Work Report of the Independent Non-executive Directors for the Year 2020; 10. Resolution in Relation to 2020 Social Responsibility Report (ESG Report); 11. Resolution in Relation to the General Mandate to Issue, Allot and Deal with Shares and Repurchase the Shares; 12. Resolution in Relation to the Renewal of Liability Insurance for Directors, Supervisors and Senior Management Members of the Company; 13. the Resolution in Relation to the Estimated Guarantees of the Company for the Year 2021; 14. Resolution in Relation to the 2020 Assessment Report of Internal Control and the 2021 Plan of Assessment; 15. Resolution in Relation to the Directors' and Senior Management's Performance Appraisal and Remuneration Distribution for the Year 2020; 16. Resolution in Relation to Convened 2020 Annual General Meeting, A Shareholders' Class Meeting and H Shareholders' Class Meeting
The 25th Meeting of the Second Session of the Board	28 April 2021	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to the Company's First Quarterly Report of 2021; 2. Resolution in Relation to Board General Election of the Company; 3. Resolution in Relation to the Increase of Estimated Guarantees of the Company for the Year 2021; 4. Resolution in Relation to the Adjustment of Business Scope; 5. Resolution in Relation to the Amendment to the Articles of Association

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Sessions of meeting	Date	Conference Resolutions
The 1st Meeting of the Third Session of the Board	11 June 2021	All of the following resolutions were considered and approved, including: 1. Resolution on the Related Party Transaction in relation to the Establishment of Investment Fund jointly with CMI; 2. Resolution in Relation to the “14th Five-Year” Plan of the Company; 3. Resolution for Election of the Company’s Chairman and Vice-Chairman; 4. Resolution for Election of the Members of Special Committees under the Board
The 2nd Meeting of the Third Session of the Board	24 August 2021	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to 2021 Interim Report of the Company; 2. Resolution in Relation to the Adjustment of the Annual Caps for the Continuing Connected Transaction between the Company and Y2T; 3. Resolution in Relation to the Adjustment of the Internal Structure; 4. Resolution in Relation to the Re-appointment of the Company’s the President; 5. Resolution in Relation to the Amendment of the Company’s Administration Policies on Information Disclosure and the Company’s Administrative Rules for Insider Management
The 3rd Meeting of the Third Session of the Board	13 October 2021	All of the following resolutions were considered and approved, including: 1. Resolution for Election of the Company’s Directors; 2. Resolution on the Convening of the Company’s First Extraordinary General Meeting of 2021
The 4th Meeting of the Third Session of the Board	27 October 2021	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to the Company’s Third Quarterly Report of 2021; 2. Resolution in Relation to the Extension of the Commitment Period by the Controlling Shareholder of the Company to Avoid Horizontal Competition; 3. Resolution in Relation to the ESG Governance and Management Improvement Scheme; 4. Resolution on the Convening of the Company’s 2021 Second Extraordinary General Meeting
The 5th Meeting of the Third Session of the Board	3 November 2021	All of the following resolutions were considered and approved, including: 1. Resolution for Election of Mr. Wang Hong as the Chairman of the Company (Legal Representative); 2. Resolution in Relation to the Adjustment of the Members of Special Committees under the Board; 3. Resolution in Relation to the Change of Authorized Representative of the SEHK

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Sessions of meeting	Date	Conference Resolutions
The 6th Meeting of the Third Session of the Board	29 November 2021	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to the Share Option Incentive Scheme of the Company (Draft) and a Summary thereof; 2. Resolution in Relation to the Appraisal Measures for Implementation of the Share Option Incentive Scheme of the Company; 3. Resolution in Relation to the Grant of a Mandate to the Board of Directors by the General Meeting to deal with Matters regarding the Share Option Incentive Scheme of the Company; 4. Resolution on the Convening of the Company's Extraordinary General Meeting
The 7th Meeting of the Third Session of the Board	9 December 2021	Resolution in Relation to the Optimization and Adjustment of the Organization of the Company's Headquarters was considered and approved

VIII. THE PERFORMANCE OF DIRECTORS' DUTIES

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

Name	Independent Director or not	Attendance at Board meetings						Two consecutive Board meetings not attended in person or not	Attendance at general meetings	No. of general meetings attended/No. of general meetings to be attended
		Number of Board meetings to be attended this year	No. of meetings attended in person	No. of meetings attended by way of telecommunication	Number of meetings attended by proxy	Number of Absence	Attendance rate			
Wang Hong	N	3	3	3	0	0	100%	N	1/1	
Song Dexing	N	9	8	8	1	0	89%	N	2/5	
Song Rong	N	9	8	8	1	0	89%	N	1/5	
Liu Weiwu	N	7	6	6	1	0	86%	N	0/2	
Deng Weidong	N	3	3	3	0	0	100%	N	0/1	
Jiang Jian	N	9	8	8	1	0	89%	N	5/5	
Jerry Hsu	N	9	9	9	0	0	100%	N	0/5	
Wang Taiwen	Y	9	9	9	0	0	100%	N	5/5	
Meng Yan	Y	9	9	9	0	0	100%	N	4/5	
Song Haiqing	Y	9	8	8	1	0	89%	N	5/5	
Li Qian	Y	9	9	9	0	0	100%	N	5/5	
Li Guanpeng (Resigned)	N	4	3	3	1	0	75%	N	3/3	
Su Jian (Resigned)	N	1	0	0	1	0	0%	N	0/0	
Xiong Xianliang (Resigned)	N	4	3	3	1	0	75%	N	3/3	

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

Applicable Not applicable

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

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

Applicable Not applicable

(III) Training of Directors

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

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

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IX. SPECIAL COMMITTEES UNDER THE BOARD

Applicable Not applicable

(I) Composition of Special Committees under the Board

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

Note: Mr. Li Guanpeng no longer served as the Company's executive Director, Chairman, member of the Nomination Committee and chairman of the Strategy Committee since 25 August 2021; Mr. Xiong Xianliang no longer served as the non-executive Director and member of the Strategy Committee of the Company from 13 October 2021; Mr. Wang Hong served as a member of the Company's Nomination Committee and Chairman of the Strategy Committee from 3 November 2021; Mr. Deng Weidong served as a member of the Company's Strategy Committee from 3 November 2021.

(II) Audit Committee

1. Composition

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

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2. *Main duties*

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

3. *Meetings and attendance*

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

Date	Meeting Content
11 January 2021	Considered/Debriefed 2 proposals including the Company's 2020 annual operating performance report and the external auditor's report on the Company's 2020 annual audit plan and pre-audit work arrangement
26 March 2021	Reviewed 6 proposals including the Company's 2020 financial final accounts report, re-appointment of 2021 external auditor, 2020 internal control evaluation report and 2021 evaluation plan, 2020 internal control audit report, the list of related parties, the related work of 2020 annual risk control, internal audit and compliance and 2021 annual plan
26 April 2021	Reviewed the 2021 first quarterly report
20 August 2021	Considered/Debriefed 2 proposals including the 2021 interim report and the external auditor's review of the Company's 2021 interim report
26 October 2021	Reviewed the 2021 third quarterly report

During the Reporting Period, the Audit Committee carried out its work in strict accordance with laws, regulations and other relevant systems, performed its duties diligently, provided effective opinions and suggestions on operation and management, internal control and risk control, and agreed to submit relevant resolutions to the Board for consideration. For the specific performance of the Audit Committee, please refer to the 2021 Performance Report of the Audit Committee of the Board disclosed by the Company on the SSE website (www.sse.com.cn). The Audit Committee reviewed the Company's 2021 annual results on 25 March 2022.

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

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

(III) Nomination Committee

1. Main duties

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

2. Policies for the diversity of the composition of the Board and the nomination of Directors

To meet the latest regulatory requirements and as the criteria of supervision and assessment of the diversity of the composition of the Board, the Rules of Procedure of the Nomination Committee of the Board clearly set out the policies for the diversity of the composition of the Board and the nomination of Directors.

In assessing the diversity of the Board composition, the Nomination Committee would take into account various aspects, including but not limited to gender, age, cultural background, educational background, races, professional qualifications, experience, skills, knowledge and length of service. In practice, the Company has been adhering to the principle of diversity of the Board. In combination with the Company's own business model and specific needs and the Directors' own advantages, and after comprehensive consideration of relevant factors, the candidates for director will be considered based on their strengths and their contribution to the Board. The Board members have appropriate business and management experience, abilities and skills. There are experts in the transportation and logistics industries, as well as experts and senior academics in accounting and law, etc.. The Board members' knowledge and experience complement each other, while their points of view maintain independence and diversity, which ensures that the decision making process of the Board is scientific.

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Policies on the nomination of Directors are as follows: 1. The Nomination Committee shall conduct researches on the demands of the Company on the Directors and form written materials, other departments shall cooperate with the Nomination Committee; 2. seek candidates in or outside the Company; 3. collect basic information of candidates and form written materials; 4. ask for opinions of the candidates towards the nomination; 5. convene meeting of the Nomination Committee to review the qualification of candidates; 6. advise the Board on the selection of candidates and provide relevant materials; 7. carry out follow-up work based on the Board's resolutions and feedback.

3. Meetings and attendance

During the Reporting Period, the Nomination Committee of the Company held 3 meetings in total, which are as follows:

Date	Meeting Content
26 April 2021	Reviewed the proposal for the general election of the Board
20 August 2021	Reviewed the proposal to reappoint the President of the Company
12 October 2021	Reviewed the proposal to nominate Directors

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

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

Name	Number of meetings to be attended	Number of meetings attended		Number of Absence
		Number of meetings attended in person	Number of Meetings attended by proxy	
Mr. Wang Taiwen	3	3	0	0
Mr. Wang Hong	0	0	0	0
Mr. Meng Yan	3	3	0	0
Mr. Song Haiqing	3	3	0	0
Ms. Li Qian	3	3	0	0
Mr. Li Guanpeng (resigned)	2	1	1	0

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(IV) Remuneration Committee

1. Main Duties

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

2. Meetings and attendance

During the Reporting Period, the Remuneration Committee of the Company held 2 meetings in total, which are as follows:

Date	Meeting Content
26 March 2021	Reviewed the proposal for the Directors' and Senior Management's Performance Appraisal and Remuneration Distribution for the Year 2020
17 November 2021	Reviewed the 2 proposals of the Share Option Incentive Scheme of the Company (Revised Draft) and the Appraisal Measures for Implementation of the Share Option Incentive Scheme of the Company

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

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

Name	Number of meetings to be attended	Number of meetings attended		Number of Absence
		Number of meetings attended in person	Number of Meetings attended by proxy	
Ms. Li Qian	2	2	0	0
Mr. Wang Taiwen	2	2	0	0
Mr. Meng Yan	2	2	0	0
Mr. Song Haiqing	2	2	0	0

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(V) Strategy Committee

1. Main Duties

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

2. During the Reporting Period, the Company did not hold any meeting of Strategy Committee, but proposed relevant resolutions in relation to the strategic development plan.

(VI) The Specific Circumstances of the Objection

Applicable Not applicable

X. SUPERVISORY COMMITTEE

1. Members

In 2021, the Company has completed the change of Supervisors. As at 31 December 2021, the Supervisory Committee comprised one shareholder Supervisor, two independent Supervisors and two staff-representative Supervisors, namely Mr. Huang Bilie, Mr. Kou Suiqi, Mr. Zhou Fangsheng, Mr. Fan Zhaoping and Mr. Wang Shengyun, with Mr. Huang Bilie serving as the chairman of the Supervisory Committee.

2. Main Duties

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

The Supervisory Committee is of the opinion that the Company had a normal and disciplined operation and the Directors and the senior management had observed the laws and regulations as well as the Articles of Association of the Company in performing their duties, and that the information included in the annual results for the year ended 31 December 2021 truly reflected the operating result and financial position of the Company for 2021. All Supervisors signed the written confirmation of the 2021 Annual Report.

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3. Meetings

During the Reporting Period, the Supervisory Committee of the Company convened 7 meetings, approving 17 proposals including the Company's periodic reports, reports of the Supervisory Committee, the financial account report, reappointment of auditors, internal control evaluation reports, and share options incentives plan draft. All the Supervisory signed the written confirmation of the periodic reports, and issued verification opinions on the share options incentive plan and the list of participants, etc.

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

Applicable Not applicable

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

XII. EMPLOYEES OF THE COMPANY AND MAIN SUBSIDIARIES

(I) Employees

Number of employees of the Company	345
Number of employees of main subsidiaries	33,449
Total number of employees	33,794
Retired employees for whom the Company and main subsidiaries need to bear costs	184

Professions

Type of professions	Number of employees
Production	22,488
Sales	1,733
Technical	677
Financial	2,045
Administrative	1,335
Other functional staff	1,668
Management	3,848
Total	33,794

Status of education

Type of level of education	Number of employees
Master's degree or above	1,515
Bachelor	13,161
College	9,529
Senior high school	6,435
Junior high school or below	3,154
Total	33,794

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(II) Remuneration Policy

Applicable Not applicable

A remuneration and benefit management system that matches the Company's characteristics has been established by the Group pursuant to the Labour Contract Law and relevant laws and regulations, to formalize remuneration management. The principles of "payment to post, payment to performance and payment to people" are adhered to, and the remuneration standards and adjustment plans are determined based on marketing information and within the Company's cost and budget management. Set key performance, strategy and other assessment indicators for senior management, and the assessment results are linked to performance bonuses. The Remuneration Committee and the Board of the Company determine the incentive standards for senior management personnel of the year in accordance with the relevant performance and remuneration management measures, combined with the assessment results. According to the Group's "14th Five-Year" human resources plan,

(III) Training Program

Applicable Not applicable

In 2021, the on-site training of the Group accumulated to 871,827 hours, while 706,914 online courses were completed (514,138 learning hours in total). The training program of the Group includes the Party and government quality improvement training such as spirit-focused training of the Fifth and Sixth Plenary Sessions of the 19th Central Committee, special study of party history, the training of grass-roots party organization secretaries, basis working skills, business knowledge, elevation of management techniques and leadership, new employee orientation, self-study skill, etc. According to the Group's "14th Five-Year" human resources plan, the Group takes improving the ability of "accurate identification, systematic training, scientific evaluation, stimulating vitality" as the starting point, provides talent guarantee and intellectual support for the strategic vision of becoming a world-class intelligent logistics platform enterprise, and creates a development environment for the healthy and scientific growth of outstanding talents.

(IV) Labor Outsourcing

Applicable Not applicable

Total outsourcing hours	958,000
Total payment for labor outsourcing	RMB48.4326 million

Chapter 5 Corporate Governance (Corporate Governance Report)

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

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

Applicable Not applicable

1. Formulation of and adjustment to profit distribution policy:

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

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

Please refer to Article 216 of the Articles of Association disclosed on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkex.com.hk) on 11 June 2021 for details.

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

The 2020 profit distribution plan of the Company adopted dividends distribution in cash. According to the Proposal in Relation to the Profit Distribution Plan for the Year 2020 considered and approved at 2020 Annual General Meeting convened on 10 June 2021, an annual dividend of RMB0.12 per share (tax included), totaling RMB888,096,465.00 (tax included), shall be distributed for the year 2020. The dividend distribution of the Company for the year 2020 was completed on 28 July 2021. For further details of A share dividend distribution, please refer to the Announcement on the Implementation of A Share Equity Distribution for the Year 2020 (Lin No.2021-028) disclosed by the Company on the website of the SSE (www.sse.com.cn).

4. Matters related to the profit distribution for the year 2021

According to the profit distribution policy stipulated in the Articles of Association and in combination of the Company's actual situation, the Resolution in Relation to Profit Distribution Proposal for the Year 2021 was considered and approved at the 10th meeting of the Third session of the Board, the particulars of which are as follows: The proposed annual dividend for 2021 is RMB1.8 per 10 shares (tax included) (i.e. RMB0.18 per share, tax included) based on the total share capital registered on the record date of equity distribution. As at 31 December 2021, the total share capital was 7,400,803,875 shares, based on which, the total dividend allotment will be RMB1,332,144,697.50 (tax included), which accounting for 36% of the net profit attributable to the Company in 2021, the remaining profit shall be recognized as retained earnings, and no shares shall be distributed and no capital reserve shall be converted into share capital. For the details, please refer to the Announcement of the Company on the Profit Distribution Proposal for the Year 2021 (Lin No. 2022-013) disclosed by the Company on the website of the SSE (www.sse.com.cn).

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Independent Directors of the Company have expressed their independent opinions in agreement with the above-mentioned resolution, which is still subject to the approval by the shareholders at the 2021 Annual General Meeting of the Company. The 2021 Annual General Meeting of the Company will be convened by way of the combination of on-site voting and online voting, to provide minority shareholders with the opportunity to fully express their opinions and demands, fully safeguarding the legitimate rights and interests of minority shareholders. After the resolution is considered and approved at the general meeting, it is expected that the Company will pay the cash dividend on or before 28 July 2022. The Company will make further announcement(s) on the closure of books for holders of H shares or record date for A shares and the expected date of payment in relation to the payment of cash dividend in the notice of the general meeting or after the convening of the general meeting.

Pursuant to the Articles of Association of the Company, dividends payable to the holders of A Shares of the Company shall be paid in RMB, and dividends payable to the holders of H Shares of the Company shall be calculated and declared in RMB, and paid in HK\$. The exchange rate for dividends payable in HK\$ is the average exchange rate of RMB to HK\$ published by the People's Bank of China during the week (22 March 2022 to 28 March 2022) preceding the date of recommendation of the 2021 annual dividend by the Board. The average exchange rate of RMB to HK\$ for the said week was HK\$1=RMB0.8135. Accordingly, the amount of 2021 annual dividend for each H Share of the Company is approximately HK\$0.2213.

(II) Special Explanation of Cash Dividend Policy

Applicable Not applicable

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

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

Applicable Not applicable

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

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

Applicable Not applicable

Summary of Events

Enquiry Index

On 29 November 2021, the 6th meeting of the third session of the Board was convened, at which the proposal in relation to the Share Option Incentive Scheme of the Company (Draft) and a Summary thereof, and the Appraisal Measures for Implementation of the Share Option Incentive Scheme of the Company, and the Grant of a Mandate to the Board of Directors by the General Meeting to deal with Matters regarding the Share Option Incentive Scheme of the Company, etc. were considered and approved.

For details, please refer to the announcements of the Company dated 29 November 2021 on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkex.com.hk).

On 21 January 2022, the Company has received the related notice that the SASAC has approved in principle the implementation of the share option incentive scheme.

For details, please refer to the announcements of the Company dated 21 January 2022 on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkex.com.hk).

On 24 January 2022, the Company has convened 2022 first extraordinary general meeting to consider and approve the relevant proposals in relation to the share option incentive scheme.

For details, please refer to the announcements of the Company dated 24 January 2022 on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkex.com.hk).

On 25 January 2022, the 8th meeting of the third session of the Board was convened, at which the proposal in relation to the Granting Share Options to Participants of the Company's Share Option Incentive Plan (Phase 1), the grant date has been determined to be 25 January 2022, on which 73,925,800 A share options in aggregate have been granted to the 186 Participants.

For details, please refer to the announcements of the Company dated 25 January 2022 on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkex.com.hk).

On 1 March 2022, the Company has completed the grant registration of the share option incentive scheme (Phase 1), the number of registered share option is 73.9258 million, and the number of registered participants is 186.

For details, please refer to the announcements of the Company dated 2 March 2022 on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkex.com.hk).

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

Equity incentives

Applicable Not applicable

Other explanations

Applicable Not applicable

Employee stock ownership scheme

Applicable Not applicable

Other incentives

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

In 2021, the Company continued to improve the long-term incentive and restraint mechanism and the Company's salary assessment system, linked the interests of shareholders and Directors, senior management and core backbone employees closely, and researched and formulated an share option incentive scheme, in order to promote the maximization of shareholder value and the sustainable development of the Company. So far, the share option incentive scheme (phase 1) has been reviewed and approved by the general meeting, and the granting related registration has been completed.

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

Applicable Not applicable

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

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

Explanation on Significant Deficiencies in Internal Control During the Reporting Period

Applicable Not applicable

For the internal control assessment, please refer to the 2021 Assessment Report of Internal Control on the website of SSE (www.sse.com.cn).

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

Applicable Not applicable

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

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XVII. INFORMATION ON AUDIT REPORT OF INTERNAL CONTROL

Applicable Not applicable

ShineWing Certified Public Accountants LLP has audited the effectiveness of internal control in the 2021 financial report of the Company and issued standard unqualified opinions. For details, please refer to the 2021 Audit Report of Internal Control disclosed on the website of SSE (www.sse.com.cn) by the Company.

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

Types of opinion on internal control audit report: Standard unqualified opinions

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

No

XIX. OTHERS

Applicable Not applicable

(I) Auditor's Remuneration

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

(II) Company Secretary

During the Reporting Period, Mr. Li Shichu served as the company secretary and possessed corresponding professional knowledge and experience. For relevant resume information, please refer to "V. Directors, Supervisors and Senior Management" in this chapter. In 2021, Mr. Li Shichu has completed the relevant career training for more than 15 hours.

(III) Amendments to the Articles of Association

On 10 June 2021, the Company convened the 2020 annual general meeting, which considered and approved the Resolution on Amendments to the Articles of Association, to adjust the Company's business scope. For details, please refer to the general meeting materials and the circular dated 11 May 2021 on the website of SSE (www.sse.com.cn) and the website of SEHK (www.hkex.com.hk) published by the Company, respectively.

Chapter 6 Environment and Social Responsibility

I. ENVIRONMENTAL INFORMATION

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

During the Reporting Period, the Company strictly complied with laws and regulations related to air pollution, sewage discharge, energy consumption and waste disposal, strictly controlled pollutant emission to prevent environmental pollution. At the same time, the Company earnestly carried out the rectification of prominent ecological environmental protection problems and centralized rectification of ship pollution problems, comprehensively combed the pollution prevention management system, conscientiously checked the pollution prevention and control facilities and equipment, and established the rectification ledger of risks and hidden dangers and made timely rectification. In addition, the Company implemented standard discharge of pollutants and total amount control of pollutants, and standardized sewage discharge and waste treatment methods. No ecological environmental accidents occurred in the Company in 2021.

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

Applicable Not applicable

Chapter 6 Environment and Social Responsibility

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

Applicable Not applicable

During the Reporting Period, the Company enhanced the efficiency of resource use and promoted high-quality sustainable development by improving the governance structure and system of energy conservation and emission reduction, strengthening daily management and control, optimizing processes, removing the old and deploying the new, improving technology, and integrating resources.

Firstly, improve governance structure and system construction. During the Reporting Period, the Company has established a three-level energy conservation and emission reduction governance structure, namely “Board as the governing level – the leading group of energy conservation and emission reduction as the management level – all relevant departments and subsidiaries as the executive level”, and published “Energy Conservation and Environmental Protection Management Regulations of Sinotrans Limited” (《中國外運股份有限公司節能環保管理規定》) and the “Comprehensive Emergency Response Plan for Urgent Environmental Incidents of Sinotrans Limited” (《中國外運股份有限公司突發環境事件應急預案》) and other regulations to promote the systematization, institutionalization and standardization of energy conservation and environmental protection.

Secondly, promote green development with smart logistics. Actively apply digital operation platform, namely Y2T, optimize loading, operation and scheduling modes, reduce the waste of transportation resources, and reduce the empty load rate; promote the digital and smart upgrading of logistics parks in Yangluo, Wuhan, and Zhapu, Jiaying, and expand the smart green warehouse code in Jiangmen and Shanghe, install and apply smart logistics system, smart sorting and storage system, cold storage information management system and outage system, so as to improve operation and energy efficiency and reduce carbon emissions.

Thirdly, continue to optimize the energy consumption structure. In 2021, we disposed of a total of 8 aged vessels, 229 fuel transport vehicles, 15 energy-intensive and high-emission front cranes, 24 aged government vehicles and business service vehicles, and 2 aged diesel generators, which greatly reduced energy costs and maintenance costs, and reduced pollutant emissions. In 2021, the Group purchased 15 natural gas carriers, 44 electric panel vans and 6 electric forklifts, carried out the transformation of 3 empty container cranes from oil to electricity, and newly purchased 70 transport vehicles of China VI emission standards, which further improved the proportion of non-fossil energy consumption.

Chapter 6

Environment and Social Responsibility

Fourthly, optimize the operation plan and control the key links. In terms of terminals and station businesses, strengthen communication, accurately grasp dynamics and information of customers, carry out scientific planning, stack goods in a reasonable and orderly manner, reduce repeated operations and reduce the rate of container turnover; in terms of warehouse businesses, continue to promote the transformation of energy-saving lamps, and steadily increase the use of LED lamps and solar lamps; in terms of cold chain businesses, carry out the transformation of ammonia to fluorine and the transformation of the cold supply reservoir and parallel refrigeration units to achieve the flexible start-up and shutdown of the refrigeration system according to the state of a single reservoir, and carry out the action of off-peak power consumption, reasonably adjust the start-up time of the refrigerator, so as to significantly reduce the energy consumption and use cost.

Fifthly, practiced green office. In order to implement the concept of green development, the Company issued a proposal to all employees: be austere, conserve energy and protect environment, start from me, start from now, start from the side, start from small things, and start from a piece of paper. Please adhere to the principle of non-essential printing out the documents, non-essential color printing out the documents. If needed, as many pages of double-sided black and white printing as possible to the greatest extent to save paper and conserve energy and protect environment; strictly manage and control all kinds of meetings, improve the utilization rate of teleconference system and conference room; propagandize and guide: save energy as we can, turn off the lights when leaving, use ladder within three floors, and not forget where it comes from when you drink water, Clear Your Plate Campaign. We call on everyone to be the propagandist of energy conservation and environmental protection, the follower of low-carbon office, and the advocator of saving economy.

Energy consumption data

	Amount Generated (2021)	Amount Generated (2020)	Year-on- year change in amount generated (2021/2020)
Energy consumption			
Total energy consumption (ton of standard coal)	80,708.00	84,896	-4.93%
Total electricity consumption (10,000 kilowatt hour)	16,551.54	14,211.90	16.46%
Total gasoline consumption (ton)	4,320.65	3,886.07	11.18%
Total diesel consumption (ton)	30,254.90	37,232.97	-18.74%
Total natural gas consumption (cubic meter)	4,724,229.01	4,626,997.92	2.10%
Total coal consumption (ton of standard coal)	100.00	256.00	-60.94%
Water consumption (ton)	3,098,249.06	3,765,099.99	-17.71%

Chapter 6 Environment and Social Responsibility

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

Applicable Not applicable

The Company has actively practiced the national “two carbon” strategy, incorporated “green logistics” into the “14th Five-Year” Plan for the first time, and made the clear target strategy: achieving carbon neutrality Before 2060; achieving peak of greenhouse gas emissions Before 2030; non-fossil energy use ratio increased by 10% in 2030; electric forklift use ratio increased to 90% in 2035; replacing all light trucks with electric vehicles in 2035; the comprehensive energy consumption per RMB10,000 business revenue in 2025 decreased by 5% compared with 2020.

Meanwhile, The Company actively faced the opportunities and challenges brought by the implementation of carbon peak and carbon neutrality strategy, organized the subsidiaries of the Company to sort out business profile and process, analyzed energy consumption structure and carbon emission status, summarized and made statistics on energy consumption and carbon emission of existing vehicles and ships operated by companies in the Group, and accelerated the formation of green and low-carbon operation mode.

Emissions Data

Main emissions	Emission (2021)	Emission (2020)	Year-on- year change in emission (2021/2020)
Sulfur dioxide emission (ton)	9.77	99.88	-90.22%
Oxynitride emission (ton)	60.57	69.93	-13.38%
Total direct emission of greenhouse gas (carbon dioxide) (ton)	119,167.92	133,738.28	-10.89%
Total indirect emission of greenhouse gas (carbon dioxide) (ton)	130,904.00	-	-
General emission of waste (sewage) (ton)	1,644,724.05	-	-

Note: The Company started to collect indirect emission data of greenhouse gas and the sewage discharge from 2021, so the relevant date of 2020 is not filled in.

II. WORKING SITUATION FOR FULFILLING SOCIAL RESPONSIBILITIES

Applicable Not applicable

For details, please refer to the 2021 Social Responsibilities and ESG Report disclosed on the website of SSE (www.sse.com.cn) and the website of the SEHK (www.hkex.com.hk).

Chapter 6 Environment and Social Responsibility

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

Applicable Not applicable

(I) Annual Planning

2021 was the first year for the full implementation of the rural revitalization strategy. Taking the China Merchants Foundation as a professional unified public welfare platform, Sinotrans closely focuses on the rural revitalization strategy, and takes assistance measures of building a batch of strong team of talents and develop a batch of rural revitalization demonstration sites, and cultivating a batch of industrial clusters for regional development. Our goal is to stabilize organizations, services, and employment, and revitalize talents, industries, and governance. During the five-year transition period, we have maintained stable assistance policies and measures, and helped designated counties including Weining in Guizhou, Qichun in Hubei, and Yecheng in Xinjiang to consolidate the achievements of poverty alleviation and link them up with rural revitalization.

(II) Work Progress for the Year

During the Reporting Period, Sinotrans donated RMB9 million through the China Merchants Foundation for rural revitalization projects in 2021, which was planned and implemented by the China Merchants Foundation. Meanwhile, the headquarters of the Company signed the Responsibility Letter of Consumption for Poverty Alleviation of Sinotrans (《中國外運消費扶貧責任書》) with its subordinate companies to actively expand the channels of consumption for poverty alleviation, including benefits for the labor union and cooperation with 27° agricultural public welfare products to customize products. The total consumption for poverty alleviation throughout the year exceeded RMB6.3 million.

In 2021, the projects for rural revitalization that Sinotrans participated in are as follows:

- **Xinjiang Yecheng Basic Medical Improvement Project.** The transportation in remote mountainous towns and relocation sites for poverty alleviation in Yecheng County is inconvenient, the overall medical service level in such areas is low, and the current medical facilities and equipment are not sufficient to meet the medical needs of the people. In order to ensure that people in remote villages and towns enjoy timely and convenient basic medical services and improve the operation capacity of township hospitals for emergency patients, we purchased 10 ambulances for 8 remote mountainous towns and relocation sites for poverty alleviation in Yecheng County.
- **Xinjiang “Making Visit, Delivering Benefits and Gathering Morale (訪惠聚)” Village Assistance Project.** We supported the construction of a two-story village-level clinic with an area of 225 square meters in Youleigunjiayi (8) Village, Tieti Township, Yecheng County, and purchased beds, electrocardiogram and blood routine examination equipment; and supported 9 and 10 Village, Boxireke Township to expand the walnut processing plants, including construction of new staff dormitories, staff homes, toilets and other ancillary facilities, and acquisition of related equipment, aiming to improve the quality of employment, which benefited more than 3,300 people.

Chapter 6 Environment and Social Responsibility

- **Comprehensive Community Development Project in Yongren County, Chuxiong Prefecture, Yunnan Province.** The project continued to provide care and services to rural children in distress and disadvantaged groups, and promoted sustainable rural development by introducing and supporting professional social service organizations and improving the capabilities of grassroots cadres.
- **Rural Revitalization Project in Qichun, Hubei.** The personnel of the Company is stationed in Qichun as a deputy county magistrate to support the building of a beautiful rural demonstration site. (1) In terms of supporting facilities of demonstration sites, we built and improved auxiliary and supporting facilities and equipment for rural revitalization (including paving asphalt roads, building squares, laying two bridges, installing comprehensive control and monitoring equipment) to provide a solid foundation for industrial prosperity. (2) In terms of social services at the demonstration sites, we supported social work organizations in Qichun to cultivate and enhance the local awareness and strength of participating in public affairs, and mobilized villagers to extensively take part in rural civilization. The project included the training of grass-roots Party members and cadres, serving the people in need, and exchanging experience.
- **Rural Revitalization (Community Capacity Building) Project in Weining, Guizhou.** We supported Jinzhong Town in Weining to build an irrigation system from the perspective of community capacity building, and mobilized local villagers to participate in and improve self-management capabilities in the community so as to achieve sustainable operation and effective management. The project was organically combined with the industrial projects of Jinzhong Town. With specialized community work, such efforts encouraged villagers to set up management groups and jointly formulate management systems so as to achieve sustainable resource management and lay an organizational foundation for the development of industries.

(III) Subsequent Plans

In the future, Sinotrans will continue to closely focus on the national strategy of rural revitalization, give full play to the business advantages of Sinotrans, and actively participate in rural revitalization and consumer assistance to help build a rural revitalization brand.

Chapter 7 Significant Matters

I. EXERCISE OF COMMITMENTS

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

✓Applicable □Not applicable

Commitment background	Commitment type	Commitment party	Summary of the commitment	Time and term of the commitment	Is there a term for fulfilment	Is there timely and strict fulfilment
Commitments related to material asset restructuring	Shares lock-up	Sinotrans & CSC China Merchants	Within thirty-six months from the listing date of A shares of the Company, the covenantor shall not transfer or entrust other to manage the shares issued prior to the merger by absorption held directly or indirectly by itself (excluding H shares) and the Company shall not repurchase such shares. Within six months from the listing date of A shares of the Company, if the closing prices of the A shares for 20 consecutive trading days are below the issue price, or the closing price as at the end of the six-month period after listing is below the issue price, the lockup period will be automatically extended for another six months.	Time of the commitment: 28 February 2018; Term of the commitment: 18 January 2019 – 17 July 2022	Yes	Yes
	Others	Sinotrans & CSC China Merchants	The covenantor shall maintain mutual independence in terms of personnel, finance, asset, business and organization in accordance with the provisions of the relevant law, regulation and normative documents.	Time of commitment: 28 February 2018; Effective permanently	No	Yes
	Reduction of related-party transaction	Sinotrans & CSC China Merchants	The covenantor undertakes to avoid and reduce related-party transaction with the Company. For related-party transactions that are unavoidable or where there are sufficient reasons, the covenantor shall sign a standard and formal related-party transaction agreement, shall perform the transaction in accordance with a fair and reasonable market price and shall fulfil the related-party transaction decision-making process and information disclosure obligation; the covenantor shall not prejudice the legitimate interests of the Company and other non-related shareholders through related-party transaction. The covenantor undertakes to procure corporates under its control (except the Company) to comply with the aforementioned commitment.	Time of commitment: 28 February 2018; Effective permanently	No	Yes

Chapter 7 Significant Matters

Commitment background	Commitment type	Commitment party	Summary of the commitment	Time and term of the commitment	Is there a term for fulfilment	Is there timely and strict fulfilment
	Others	The Company	The covenantor undertakes to accelerate the development of the principal business of the Company; to boost the profitability of the Company; to enhance the internal management of the Company and cost control; to continuously improve corporate governance so as to provide institutional safeguard for the development of the Company; to further improve the profit distribution system and strengthen the investor return mechanism.	Time of commitment: 13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC China Merchants	The covenantor undertakes to not go beyond its power and interfere the operation management activities of the company and to not impair the interests of the company.	Time of commitment: 13 April 2018; Effective permanently	No	Yes
	Others	All Directors, Supervisors and senior management of the Company	The covenantors undertake to perform their duties faithfully and diligently to protect lawful interests of the Company and all shareholders; not to transfer benefits to other entities or individuals without compensation or on unfair terms; to constrain the consumption if it is business-related; not to invest with or spend the Company's assets outside the performance of their duties; that the Board shall formulate salary system which is in line with the implementation of the return remedial measures; that if a shareholding incentive policy shall be implemented, the conditions for exercising the option under the policy to be announced shall be in line with the implementation of the return remedial measures; that if the CSRC promulgates new rules for regulating return remedial measures and their commitments, the covenantors shall issue supplementary commitments.	Time of commitment: 13 April 2018; Effective permanently	No	Yes

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Commitment background	Commitment type	Commitment party	Summary of the commitment	Time and term of the commitment	Is there a term for fulfilment	Is there timely and strict fulfilment
	Others	Sinotrans & CSC The Company All Directors, and Senior Management of the Company	Within three years from the listing date of A shares of the Company, if the closing prices of the A shares for 20 consecutive trading days are below the latest audited net assets per share of the Company other than due to force majeure and malicious speculation of a third party, subject to law, regulation, normative documents and the listing rules of the place of listing and under the premise that the shareholding will be in compliance with the listing requirement, measures including but not limited to increase in shareholding of the A share by Sinotrans & CSC Group and repurchase of the A share by the Company will be taken legally to stabilize the share price of the Company's A shares.	Time of commitment: 13 April 2018; Term of the commitment: 18 January 2019 – 17 January 2022	Yes	Yes
	Others	The Company	Except in the case of special circumstances, the Company may distribute dividend in cash, provided that the Company is profitable in that year and the aggregate undistributed profit is positive. The profits distributed in cash for each year shall not be less than 10% of the distributable realized profit in that year. In connection with the dividend payment, the Board shall put forward a policy of differentiated cash dividend distribution according to the circumstances, pursuant to the procedures set forth in the Articles of Association. In 2018 to 2020, subject to the satisfaction of cash dividend payment conditions, the profits distributed in cash by the Company in any three consecutive years in aggregate shall not be less than 30% of the average distributable profits in such three years.	Time of commitment: 13 April 2018; Effective permanently	No	Yes

Chapter 7 Significant Matters

Commitment background	Commitment type	Commitment party	Summary of the commitment	Time and term of the commitment	Is there a term for fulfilment	Is there timely and strict fulfilment
	Avoiding horizontal competition	Sinotrans & CSC	<p>The covenantor shall take effective measures to avoid horizontal competition. The covenantor has some subsidiaries that are engaged in integrated logistics business (the "Excluded Companies"). As of the date of this letter of commitment, the Excluded Companies have blemishes in terms of their asset ownership, subject qualification, profitability and other aspects, and, therefore, do not meet the requirement for injection to the Company. The covenantor has signed and fulfilled the entrusted management agreement with the Company, pursuant to which all the Excluded Companies are entrusted to the Company for management, so as to ensure that there is no substantial horizontal competition between the covenantor and the Company and its subsidiaries. The covenantor undertakes to gradually realize the withdrawal of the Excluded Companies from integrated logistics business operation within three years from the listing date of A shares of the Company so as to thoroughly resolve the issue of substantial competition.</p> <p>Except for the companies entrusted to the Company, there is no competition between the covenantor and other companies under its control and the Company. The covenantor and other companies under its control do not, directly or indirectly, engage in any business or activity, in any form, that competes with or may compete with the principal business of the Company. During the period when the covenantor is the controlling shareholder of the Company, if the regulatory authority or the Company believes that there is substantial competition between the covenantor and the Company, the covenantor shall offer the Company the right of first refusal.</p>	Time of commitment: 13 April 2018; Effective permanently	No	Yes (Note 2)

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

Chapter 7 Significant Matters

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

Note 1: Please refer to section "Material commitments made by each parties involved in this transaction" of "Report on the merger by absorption through share swap of Sinoair by Sinotrans Limited and related-party transaction (revised)" dated 3 November 2018 published by Sinoair on the SSE website (www.sse.com.cn) for the full text of the commitments listed above.

Note 2: The commitment of the controlling shareholder, Sinotrans & CSC, to gradually realize the withdrawal of the Excluded Companies from integrated logistics business operation within three years from the listing date of A shares of the Company so as to thoroughly resolve the issue of substantial competition has been postponed until 17 January 2025, which has been approved by the general meeting. For details, please refer to II. of "Chapter 5 Corporate Governance (Corporate Governance Report)" and the relevant announcements of the Company dated 27 October 2021, 11 November 2021 and 30 November 2021 disclosed on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkex.com.hk).

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

Meet Not Meet Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

III. IRREGULAR OF GUARANTEES

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

Chapter 7 Significant Matters

1. **Changes of Accounting Policies and Effects**

The Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 14 (Cai Kuai [2021] No. 1) on 26 January 2021, which regulates the accounting treatment of social capital parties to government and social capital cooperation (PPP) project contracts and the accounting treatment of changes in the basis for determining the relevant contractual cash flows as a result of the reform of the benchmark interest rate. The Group has adopted the above interpretations and provisions for the preparation of the financial statements for the year ended 31 December 2021. The Interpretation of Accounting Standards for Business Enterprises No. 14 has no significant impact on the Group and the Company.

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

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

Applicable Not applicable

(III) Communication with Former Accounting Firms

Applicable Not applicable

(IV) Other notes

Applicable Not applicable

Chapter 7 Significant Matters

VI. APPOINTMENT AND DISMISSAL OF AUDITORS

Unit: Yuan Currency: RMB

Current appointment

Name of the onshore accounting firm	ShineWing Certified Public Accountants LLP
Remuneration for the onshore accounting firm	8,600,000.00
Term of audit by the onshore accounting firm	4

	Name	Remuneration
Accounting firm for internal control audit	ShineWing Certified Public Accountants LLP	1,500,000.00
Sponsor	CITIC Securities Company Limited, China Merchants Securities Co., Ltd.	/

Description of the appointment and dismissal of auditors

Applicable Not applicable

- On 10 June 2021, the 2020 annual general meeting was convened, at which the proposal in relation to the re-appoint of external auditor for 2021 was considered and approved, which agreed to re-appoint ShineWing Certified Public Accountants LLP as the auditor of the Company for financial reports and internal control for the year 2021, with a term of office until the conclusion of the 2021 annual general meeting of the Company. The total audit fee is RMB10.10 million, among which the audit fees for financial reports and internal control are RMB8.60 million and RMB1.50 million, respectively.
- In 2021, audit fees amounted to RMB10.10 million (RMB9.53 million excluding tax). The audit fees mainly include audit of annual financial report, review of interim financial report and audit of internal control. Other non-audit service fees amounted to RMB6.56 million (excluding tax). Other non-audit service fees mainly include due diligence services for overseas acquisitions, auditor's letter on continuing connected transactions under the SEHK Listing Rules, performance of agreed-upon procedures regarding preliminary announcements of annual results and so on.
- Upon the consideration and approval of 2018 annual general meeting of the Company held on 5 June 2019, the Company ceased to appoint ShineWing (HK) CPA Limited as its international auditor. Apart from the above, the Company has not changed auditors in the past three years.

Change of the Auditors During the Audit Period

Applicable Not applicable

Chapter 7 Significant Matters

VII. THE SITUATION OF FACING THE RISK OF DELISTING

(I) Reasons for the Delisting Risk Warning

Applicable Not applicable

(II) Measures Taken by the Company

Applicable Not applicable

(III) Situation and Reasons for Termination of Listing

Applicable Not applicable

VIII. MATTERS RELATED TO BANKRUPTCY REORGANIZATION

Applicable Not applicable

IX. MAJOR LITIGATION AND ARBITRATION MATTERS

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

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

Applicable Not applicable

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

Applicable Not applicable

XII. CONNECTED TRANSACTIONS, MAJOR RELATED PARTY TRANSACTIONS

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

Significant related party transactions of the Group for the year ended 31 December 2021 are disclosed in Note X under “Chapter 11 Financial Report” of this Report. Save as disclosed in the section below, such related party transactions set out in the abovementioned Note X are not the transactions falling under the definition of “connected transaction” or “continuing connected transaction” in Chapter 14A of the SEHK Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the SEHK Listing Rules for the continuing connected transactions and connected transactions mentioned in the section below.

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1. Continuing Connected Transactions

The continuing connected transactions of the Group for the year ended 31 December 2021 are as follows:

Revenue/Expenses	Note	2021 RMB Yuan
Transactions with China Merchants Group	Note 1	
Provision of transportation and logistics services		1,073,700,593.21
Receiving of transportation and logistics services		2,544,851,274.47
Right-of-use assets (for those leases of which the lease term exceeds one year) of the Group as the lessee for properties and storage facilities (inclusive of the equipment therein)		668,242,020.32
Other payments (including rent for those leases of which the lease term is no more than one year) of the Group as the lessee for properties and storage facilities (inclusive of the equipment therein)		106,638,043.87
Total rent payments of the Group as the lessor for properties and storage facilities (inclusive of the equipment therein)		19,040,412.85
Right-of-use assets (for those leases of which the lease term exceeds one year) of the Group as the lessee for containers and other equipment		4,759,518.06
Other payments (including rent for those leases of which the lease term is no more than one year) of the Group as the lessee for containers and other equipment		2,751,840.00
Total rent payments of the Group as the lessor for containers and other equipment		71,150,727.16
Transaction with Daojiahui Technology Company	Note 2	
Purchase of office supplies and equipment		64,093,073.64
Receiving services from Finance Company	Note 3	
Maximum daily outstanding balance of deposits placed by the Group with the Finance Company (excluding loan proceeds advanced by the Finance Company)		4,946,560,325.53
Maximum daily outstanding balance of loans granted by the Finance Company to the Group (including accrued interests and handling charges)		114,693,721.79
Total expenses payable by the Group with respect to other financial services		434,625.73
Transactions with Sinotrans Shandong Hongzhi	Note 4	
Provision of transportation and logistics services		152,823,239.96
Receiving of transportation and logistics services		134,482,079.99
Transactions with Y2T	Note 5	
Provision of transportation and logistics services		577,632,119.30
Receiving of transportation and logistics services		195,712,196.03
Receiving of technical service		20,576,060.60
Entrusted Management Agreement with Sinotrans & CSC	Note 6	
Provision of entrusted management service		39,392,452.83

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

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

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

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- Note 3: The reason why the transaction with Finance Company is deemed as a connected transaction is that Finance Company is held as to 51% and 49% by China Merchants and Sinotrans & CSC, respectively. On 28 October 2020, the Company renewed the Financial Services Agreement with Finance Company, the term of which is from 1 January 2021 to 31 December 2023, to govern the financial services provided by Finance Companies to the Group, including deposit services, loan services and other financial services. The annual cap for transactions under the agreement is: maximum daily outstanding balance of deposits placed by the Group with the Finance Company (excluding loan proceeds advanced by the Finance Company) is RMB5 billion, the maximum daily outstanding balance of loans granted by the Finance Company to the Group (including accrued interests and handling charges) shall not exceed RMB10 billion, and the maximum total expenses payable by the Group with respect to other financial services shall not exceed RMB20 million for each of the three years ended 31 December 2023.
- Note 4: The reason why the transactions with Sinotrans Shandong Hongzhi Logistics Co. Ltd* (山東中外運弘志物流有限公司, hereinafter referred to as "Sinotrans Shandong Hongzhi"), are deemed as connected transactions is that Sinotrans Shandong Hongzhi is held as to more than 10% equity interests by the subsidiaries of Sinotrans & CSC. On 28 October 2020, the Company entered into the Master Services Agreement with Sinotrans Shandong Hongzhi to govern the provision and receiving of transportation and logistics services (including freight forwarding services, shipping agency, storage and terminal services, trucking transportation, express services and shipping transportation and other logistics services), the term of which is from 1 January 2021 to 31 December 2023. The annual caps for transactions under the agreement are as follows: the cap for the provision of transportation and logistics services by the Group for Sinotrans Shandong Hongzhi and its associates shall not exceed RMB250 million, RMB325 million and RMB390 million for each of the years 2021, 2022 and 2023, respectively; the cap for the receipt of transportation and logistics services by the Group from Sinotrans Shandong Hongzhi and its associates shall not exceed RMB250 million, RMB280 million and RMB319 million for each of the years 2021, 2022 and 2023, respectively.
- Note 5: The reason why the transactions with Y2T Technology Co., Ltd. (運易通科技有限公司 hereinafter referred to as "Y2T", with its subsidiaries are collectively referred to as "Y2T Group"), are deemed as connected transactions is that Y2T is held as to more than 10% equity interests by the subsidiaries of China Merchants. On 30 December 2020, the Company entered into the the Purchase and Sales Framework Agreement with Y2T, pursuant to which, the Group will receive system development and operation maintenance services, logistics and related services provided by Y2T Group and will provide logistics and related services to Y2T Group for a period from 1 January 2021 to 31 December 2023. On 24 August 2021, the Company entered into a supplemental agreement to the Purchase and Sales Framework Agreement with Y2T, adjusting the annual caps for the logistics and related services between the Group and Y2T Group. Therefore, the annual caps are as follows: the cap for the receipt of transportation and logistics services by the Group from Y2T Group shall not exceed RMB1,000 million, RMB1,400 million and RMB1,400 million for each of the years 2021, 2022 and 2023, respectively; the cap for the provision of logistics services by the Group for Y2T Group shall not exceed RMB700 million, RMB1,200 million and RMB1,400 million for each of the years 2021, 2022 and 2023, respectively; the cap for the receipt of system development and operation maintenance services by the Group from Y2T Group shall not exceed RMB40 million, RMB50 million and RMB60 million for each of the years 2021, 2022 and 2023, respectively.
- Note 6: The reason why the transaction with Sinotrans & CSC Group is deemed as a connected transaction is that Sinotrans & CSC is the controlling shareholder of the Company. On 6 May 2019, the Company entered into the new Entrusted Management Agreement with Sinotrans & CSC, pursuant to which the Company shall continue to provide the entrusted management services to Sinotrans & CSC Group for a term of three years from 2019 to 2021, in return for a fixed management fee of RMB15 million per annum and a variable management fee, with the total amount of entrusted management fees being no more than RMB100 million per annum.

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

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

2. **Other connected transactions disclosed**

On 11 June 2021, the Company entered into the Partnership Agreement with China Merchants Venture Capital Fund (Shenzhen) L.P. (hereinafter referred to as CMVC) and China Merchants Venture Capital Management Co., Ltd. (hereinafter referred to as CMVCGP), proposing to jointly invest in the establishment of a private equity investment fund partnership (hereinafter referred to as the "Fund"). The total capital contribution of the Fund shall be RMB300.1 million, and CMVC (as a limited partner), the Company (as a limited partner) and CMVCGP (as the general partner) shall make cash contribution in the amount of RMB150 million, RMB150 million and RMB0.1 million, respectively. Both the general partner (executive partner), being CMVCGP, and limited partner of CMVC are subsidiaries of China Merchants, the ultimate controlling shareholder of the Company, thus the above transaction constitutes connected transaction. Up to now, the Fund has completed the industrial and commercial registration procedures and the filing procedures of the China Securities Investment Fund Industry Association. For details, please refer to the relevant announcements dated 11 June 2021 published by the Company on the website of SEHK (www.hkex.com.hk).

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

1. **The Related Party Transactions in Relation to the Ordinary Operations**

- (1) *Events Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation*

Applicable Not applicable

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(2) *Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation*

✓Applicable □Not applicable

- 1) On 28 October 2020, the Company renewed the Master Services Agreement with China Merchants, the term of which is from 1 January 2021 to 31 December 2023. According to the agreement, the annual caps of the amount of transportation and logistics services provided by the Group to China Merchants Group are RMB2,500 million, RMB3,250 million and RMB4,225 million in 2021, 2022 and 2023, respectively; the annual caps of the amount of transportation and logistics services received by the Group from China Merchant Group are RMB3,500 million, RMB4,550 million and RMB5,915 million in 2021, 2022 and 2023, respectively. For the year ended 31 December 2021, the transportation and logistics services provided by the Group to China Merchants Group amounted to RMB1,074 million, while the transportation and logistics services received from China Merchants Group was RMB2,545 million.
- 2) On 28 October 2020, the Company entered into a Master Lease Agreement with China Merchants, the term of which is from 1 January 2021 to 31 December 2023. The annual caps and the actual amount incurred during the Reporting Period are as follows:

Unit: Ten Thousand Yuan Currency: RMB

Categories	Annual cap of 2021	Actual amount of 2021	Annual cap of 2022	Annual cap of 2023
the lease of properties and storage facilities as the lessee from the related party	57,000	21,523.73	62,700	68,970
the lease of properties and storage facilities as the lessor to the related party	4,000	1,904.04	4,600	5,290
the lease of containers and other equipment as the lessee from the related party	1,500	275.18	1,700	1,930
the lease of containers and other equipment as the lessor to the related party	20,000	7,115.07	23,000	26,450

- 3) On 28 October 2020, the Board considered and approved the resolution on continuing related party transactions with China Merchants Bank from 2021 to 2023, and the cap of deposit balance is RMB4,000 million and the cap of loan balance is RMB5,000 million. As at 31 December 2021, the Group's deposit balance and loan balance at China Merchants Bank were RMB388 million and RMB234 million, respectively.

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

Unit: Ten Thousand Yuan Currency: RMB

Categories	Joint ventures	Annual	Actual	Annual	Annual
		cap of	amount of	cap of	cap of
		2021	2021	2022	2023
Provide services to related parties (The Company provides logistics services for related parties)	DHL-Sinotrans	16,000	5,336.22	19,000	22,500
	Shanghai United Cold Chain	3,000	485.62	3,500	4,500
	Nissin-Sinotrans	8,000	3,382.52	9,500	11,500
Accept services provided by related parties (Related parties provide logistics services to the Company)	DHL-Sinotrans	27,000	8,422.35	32,500	39,000
	New Land Bridge	12,000	1,798.40	14,500	17,500

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

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

Applicable Not applicable

Chapter 7 Significant Matters

2. **Related Party Transactions from Acquisition and Disposal of Assets or Equity Interests**

- (1) *Events Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation*
Applicable Not applicable
- (2) *Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation*
Applicable Not applicable
- (3) *Events Not Disclosed in the Temporary Announcements*
Applicable Not applicable
- (4) *The Performance Achievements during the Reporting Period Shall be Disclosed if Undertakings on Performance is Involved*
Applicable Not applicable

3. **Material Related Party Transactions involving Joint External Investments**

- (1) *Events Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation*
Applicable Not applicable
- (2) *Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation*
Applicable Not applicable
- (3) *Events Not Disclosed in the Temporary Announcements*
Applicable Not applicable

Chapter 7 Significant Matters

4. Claims and Liabilities between Related Parties

- (1) *Events Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation*
Applicable Not applicable
- (2) *Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation*
Applicable Not applicable
- (3) *Events Not Disclosed in the Temporary Announcements*
Applicable Not applicable

Unit: Yuan Currency: RMB

Related parties	Capital provided to related parties			Capital provided by related parties to listed company		
	Opening balance	Amount of the transaction	Closing balance	Opening balance	Amount of the transaction	Closing balance
Other companies controlled by the same parent company and ultimate controlling party	4,941,381,973.27	128,109,943.45	5,069,491,916.72	751,253,023.57	20,163,744.44	771,416,768.01
Joint ventures and associates	684,661,191.49	-38,199,511.72	646,461,679.77	602,930,411.06	-107,554,167.56	495,376,243.50
Other related parties	11,548.09	-11,548.09	-	500,551.32	-400,987.31	99,564.01
Total	5,626,054,712.85	89,898,883.64	5,715,953,596.49	1,354,683,985.95	-87,791,410.43	1,266,892,575.52
Reasons for related claims and debts	Proceeds in dealings with related companies.					
The impact of related claims and debts on the Company	Related claims and debts are conducted based on the time agreed under the contract or agreement in accordance with the financial settlement process and have no material effect on the operation results and financial position of the Company.					

Chapter 7 Significant Matters

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

Applicable Not applicable

On 28 October 2020, the Company entered into a Financial Services Agreement with the Finance Company, the term of which is from 1 January 2021 to 31 December 2023. According to the agreement, the maximum daily outstanding balance of the deposit placed by the Group with the Finance Company, the maximum daily outstanding balance of the loan (including accrued interest and handling fees) granted by the Finance Company to the Group and other financial service fees per year at the Finance Company shall not exceed RMB5 billion, RMB10 billion, and RMB20 million, respectively. For the year ended 31 December 2021, the Group's maximum daily deposit balance at Finance Company and outstanding loan balance granted by the Finance Company to the Group were RMB4,947 million and RMB115 million, respectively, and the total fees of other financial service was RMB434.6 thousand. The abovementioned daily related party transaction has been reviewed and approved by the Company's Extraordinary General Meeting on 22 December 2020. For details, please refer to relevant announcements dated 28 October 2020 and 22 December 2020 published by the Company on the websites of SSE (www.sse.com.cn) and SEHK (www.hkex.com.hk).

(1) *Deposit business*

Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	The cap of daily outstanding deposit balance	Deposit interest rate range	Balances at the beginning of the period	Amount of the transaction of the period		Balances at the end of the period
					Total deposits of the period	Total withdrawals of the period	
Finance Company	Other company controlled by the same parent company and ultimate controlling party	5,000,000,000.00	1.495%-3.8%	4,782,890,960.94	61,638,150,630.85	61,474,481,266.26	4,946,560,325.53
Total	/	/	/	4,782,890,960.94	61,638,150,630.85	61,474,481,266.26	4,946,560,325.53

Chapter 7 Significant Matters

- (2) *Loan business*
 Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	The cap of daily outstanding deposit balance	Loan interest rate range	Balances at the beginning of the period	Amount of the transaction of the period		
					Total loans of the period	Total repayments of the period	Balances at the end of the period
Finance Company	Other company controlled by the same parent company and ultimate controlling party	10,000,000,000.00	1.20%-3.85%	106,012,534.37	314,802,667.53	306,392,102.96	114,423,098.94
Total	/	/	/	106,012,534.37	314,802,667.53	306,392,102.96	114,423,098.94

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

Unit: Yuan Currency: RMB

Related party	Related relationship	Business type	Total	Actual amount
Finance Company	Other company controlled by the same parent company and ultimate controlling party	Comprehensive credit	8,000,000,000.00	396,378,146.22

- (4) *Other Material*
 Applicable Not applicable

(III) Others

- Applicable Not applicable

XIII. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trusteeship, Contracting and Leasing

1. Trusteeship

- Applicable Not applicable

2. Contracting

- Applicable Not applicable

3. Leasing

- Applicable Not applicable

Chapter 7 Significant Matters

(II) Guarantees

✓Applicable □Not applicable

Unit: Yuan Currency: RMB

Guarantors	Relation between the guarantors and the listed company	The guaranteed party	The guaranteed amount	External guarantee of the Company (excluding those provided to subsidiaries)			Whether the guarantee has been fulfilled	Collateral (if any)	Is the guarantee overdue	Guarantee overdue amount	Is counter guarantee available	Guarantee provided to the related parties	Related relationships	
				Date of the guarantee (the date of the agreement)	Guarantee beginning date	Guarantee maturity date								
Sinotrans South China Company Limited	Subsidiary	Shenzhen Haixing Harbor Development Co., Ltd.	108,531,262.80	1 July 2019	1 July 2019	1 July 2037	Financing guarantee/ Joint liability guarantee	No	No	No	-	No	Yes	Associate
Sinotrans South China Company Limited	Subsidiary	Dongguan Port Container Port Co., Ltd	-	27 August 2015	27 August 2015	9 January 2021	Financing guarantee/ General guarantee	No	Yes	No	-	No	Yes	Joint venture
Sinotrans Bulk Logistics Company Limited	Subsidiary	Sinotrans Sarens Logistics Company	-	6 June 2016	1 July 2016	30 June 2021	Financing guarantee/ General guarantee	No	Yes	No	-	No	Yes	Joint venture
Total guaranteed amount during the Reporting Period (excluding guarantees provided to subsidiaries)												-		
Balance of total guarantees as at the end of the Reporting Period (A) (excluding guarantees provided to subsidiaries)												108,531,262.80		
Guarantees provided by the Company to subsidiaries														
Total guaranteed amount to subsidiaries during the Reporting Period												341,750,000.00		
Total guaranteed balance to subsidiaries as at the end of the Reporting Period (B)												4,623,224,447.78		
Total guarantees (including guarantees to subsidiaries) provided by the Company														
Total guaranteed amount (A+B)												4,731,755,710.58		
Total guaranteed amount as a percentage of the net asset value of the Company (%)												13.50		
Of which:														
Guaranteed amount provided for shareholders, parties which have de facto control and their related parties (C)												-		
Debt guaranteed amount provided directly or indirectly to parties with gearing ratio exceeding 70% (D)												2,045,806,240.00		
Total guaranteed amount in excess of 50% of net asset value (E)												-		
Total guaranteed amount of the above three items (C+D+E)												2,045,806,240.00		
Statement on the contingent joint liability in connection with unexpired guarantees												Nil		
Details of guarantee												<p>(1) In addition to the above guarantees, the Company and its subsidiaries provide guarantees for the credit lines applied for by companies within the scope of the consolidated statements. As at 31 December 2021, the total credit guarantees were RMB6,071 million.</p> <p>(2) Sinotrans South China Company Limited, the subsidiary of the Group provided Financial guarantee for Dongguan Port Container Port Co., Ltd, which has been paid off the financing debt on 9 January 2021.</p> <p>(3) Sinotrans Bulk Logistics Company Limited, the subsidiary of the Group provided financial guarantee for Sinotrans Sarens Logistics Company, which has been paid off the financing debt on 1 July 2021.</p>		

Chapter 7

Significant Matters

(III) Entrustment of Asset Management

1. **Entrusted wealth management**

(1) *Overall entrusted wealth management*

Applicable Not applicable

Other circumstances

Applicable Not applicable

(2) *Single item entrusted wealth management*

Applicable Not applicable

Other circumstances

Applicable Not applicable

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

Applicable Not applicable

2. **Entrusted Loan**

(1) *Overall Entrusted Loan*

Applicable Not applicable

Other circumstances

Applicable Not applicable

(2) *Single Entrusted Loan*

Applicable Not applicable

Other circumstances

Applicable Not applicable

(3) *Impairment provision for the entrusted loan*

Applicable Not applicable

3. **Other circumstances**

Applicable Not applicable

(IV) Other Material Contracts

Applicable Not applicable

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

Applicable Not applicable

Chapter 8

Changes in Shareholding and Particulars of Shareholders

I. CHANGES IN SHAREHOLDING OF SHARES

(I) Changes in Shares

1. Statement of Changes in Shares

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

2. Particulars of Changes in Shares

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

(II) Changes in Restricted Shares

Applicable Not applicable

II. SECURITY ISSUANCE AND LISTING

(I) Security Issuance during the Reporting Period

Applicable Not applicable

Currency: RMB

Type of share and derivative	Date of issue	Issue price (or coupon rate)	Amount issued	Date of listing	Shares permitted to be traded	Termination date
Bonds (including enterprise bonds, corporate bonds and debt financing instruments of non-financial enterprises)						
Sinotrans Limited First Tranche of Medium-term Notes in 2021	7 June 2021	3.5%	RMB2 billion	9 June 2021	RMB2 billion	9 June 2024
Sinotrans Limited 2021 Corporate Bonds Public Issued to Professional Investors (First Tranche)	23 July 2021	3.15% (The issuer will adjust the option of coupon rate and the investor's option to sell back at the end of the third year)	RMB2 billion	26 July 2021	RMB2 billion	26 July 2026

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

Applicable Not applicable

- On 7 June 2021, the Company issued Sinotrans Limited First Tranche of Medium-term Notes in 2021 in the National Association of Financial Market Institutional Investors with an issuance scale of RMB2 billion, a term of 3 years, and a coupon rate of 3.50%.
- On 23 July 2021, the Company issued Sinotrans Limited 2021 Corporate Bonds Public Issued to Professional Investors (First Tranche) in SSE, with an issuance scale of RMB2 billion, a term of 5 years, and a coupon rate of 3.15%. The issuer will adjust the option of coupon rate and the investor's option to sell back at the end of the third year.

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

Applicable Not applicable

(III) Existing Internal Staff Shares

Applicable Not applicable

III. SHAREHOLDERS AND ACTUAL CONTROLLERS

(I) Share Capital Structure

During the Reporting Period, the Company's share capital structure remained unchanged. As of 31 December 2021, the Company's share capital structure is as follows:

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

(II) Total Number of Shareholders

Total number of ordinary Shareholders at the end of the Reporting Period (shareholders)	62,144
Total number of ordinary Shareholders at the end of last month before the date of the Annual Report (shareholders)	61,391
Total number of preferred Shareholders with restored voting rights at the end of the Reporting Period (shareholders)	/
Total number of preferred Shareholders with restored voting rights at the end of last month before the date of the Annual Report (shareholders)	/

Note: At the end of the Reporting Period, the Company has 62,144 shareholders in total, including 62,017 A shareholders and 127 H shareholders. At the end of last month (February 2022) before the date of the Annual Report, the Company has 61,391 shareholders in total, including 61,264 A shareholders and 127 H shareholders.

Chapter 8

Changes in Shareholding and Particulars of Shareholders

(III) The Shareholding Status of the Top 10 Shareholders and the top 10 Outstanding Shareholders (or holders of unrestricted shares) at the End of the Reporting Period

Unit: Share

Name of Shareholders (Full Name)	Shareholding of the Top 10 Shareholders				Pledged, Marking or Frozen Status		Nature of Shareholders
	Increase or Decrease during the Reporting Period	Number of Shares Held at the End of the Reporting Period	Percentage (%)	Number of Restricted Shares	Shares of Status	Number	
Sinotrans & CSC Holdings Co., Ltd	0	2,472,216,200	33.40	2,461,596,200	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	254,000	2,107,541,399	28.48	0	Unknown	Unknown	Overseas legal person
China Merchants Group Limited	0	1,600,597,439	21.63	1,442,683,444	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	52,392,008	154,649,658	2.09	0	Nil	0	Overseas legal person
DEUTSCHE POST BETEILIGUNGEN HOLDING	0	35,616,000	0.48	0	Unknown	Unknown	Overseas legal person
National Social Security Fund Four One Two Portfolio (全國社保基金四一二組合)	1,385,900	17,652,300	0.24	0	Nil	0	Unknown
Chen Jingjian	2,346,584	16,355,003	0.22	0	Nil	0	Domestic natural person
China Everbright Bank -BOCOM Schroder Hongguang Due within One Year Mixed Securities Investment Fund (中國光大銀行股份有限公司—交銀施羅德鴻光一年 持有期混合型證券投資基金)	13,152,023	13,152,023	0.18	0	Nil	0	Unknown
Agricultural Bank of China Co., Ltd.-Full Goal CSI 500 Index Enhanced Securities Investment Fund (LOF) (中國農業銀行股份有限公司—富國中證500指數增強型 證券投資基金(LOF))	1,025,800	12,563,844	0.17	0	Nil	0	Unknown
Jiang Chunsheng	4,228,400	11,385,300	0.15	0	Nil	0	Domestic natural person

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Changes in Shareholding and Particulars of Shareholders

Shareholding of the Top 10 Holders of Unrestricted Shares

Name of shareholders	Number of unrestricted shares	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	2,107,541,399	Foreign shares listed overseas	2,107,541,399
China Merchants Group Limited	157,913,995	Ordinary shares denominated in RMB	157,913,995
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	154,649,658	Ordinary shares denominated in RMB	154,649,658
DEUTSCHE POST BETEILIGUNGEN HOLDING	35,616,000	Foreign shares listed overseas	35,616,000
National Social Security Fund Four One Two Portfolio (全國社保基金四一二組合)	17,652,300	Ordinary shares denominated in RMB	17,652,300
Chen Jingjian	16,355,003	Ordinary shares denominated in RMB	16,355,003
China Everbright Bank -BOCOM Schroder Hongguang Due within One Year Mixed Securities Investment Fund (中國光大銀行股份有限公司－交銀施羅德鴻光一年持有 期混合型證券投資基金)	13,152,023	Ordinary shares denominated in RMB	13,152,023
Agricultural Bank of China Co., Ltd.-Full Goal CSI 500 Index Enhanced Securities Investment Fund (LOF) (中國農業銀行股份有限公司－富國中證500指數增強型 證券投資基金(LOF))	12,563,844	Ordinary shares denominated in RMB	12,563,844
Jiang Chunsheng	11,385,300	Ordinary shares denominated in RMB	11,385,300
Abu Dhabi Investment Authority (阿布達比投資局)	10,783,007	Ordinary shares denominated in RMB	10,783,007
Explanations of the repurchase of special accounts among the top 10 shareholders	Nil		
Explanation of the above-mentioned shareholders' entrusted voting rights, been entrusted voting rights, and waiver of voting rights	Nil		
Explanations on the related-party relations or acting in concert among the above shareholders	Sinotrans & CSC is a wholly-owned subsidiary of China Merchants.		
Explanations on the shares and voting rights restored of preferred shareholders	Nil		

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Changes in Shareholding and Particulars of Shareholders

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

✓Applicable □Not applicable

Unit: share

No.	Name of shareholders of restricted shares	Number of restricted shares	Availability of the restricted shares for listing and trading		Restriction conditions
			Available time for listing and trading	Number of additional shares available for listing and trading	
1	China Merchants Group Limited	1,442,683,444	18 July 2022	0	Note 1
2	Sinotrans & CSC Holdings Co., Ltd.	2,461,596,200	18 July 2022	0	Note 1

Explanations on the related-party relationships or acting in concert among the above shareholders

Sinotrans & CSC is a wholly-owned subsidiary of China Merchants.

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

Chapter 8

Changes in Shareholding and Particulars of Shareholders

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

As at 31 December 2021, so far as the Directors of the Company were aware, the following persons (other than Directors, Supervisors and chief executives) had interests and short positions in the Shares of the Company which were required to be disclosed to the Company and Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO, or to be recorded in the register kept by the Company pursuant to Section 336 of SFO.

Name	Corporate interests	Class of Shares	Percentage in total issued Share capital	Percentage in issued H Share capital
China Merchants (Note 1)	4,072,813,639 (L)	A Shares	55.03%	–
	192,978,000 (L)	H Shares	2.61%	8.997%
Pandanus Associates Inc. (Note 2)	320,400,000 (L)	H Shares	4.33%	14.94%
Brown Brothers Harriman & Co.	173,390,294 (L)	H Shares	2.34%	8.08%
(Note 3)	173,390,294 (P)	H Shares	2.34%	8.08%
LSV ASSET MANAGEMENT (Note 4)	172,161,000 (L)	H Shares	2.33%	8.03%
FIDELITY FUNDS (Note 5)	124,597,376 (L)	H Shares	1.68%	5.81%

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

- (1) As of 31 December 2021, China Merchants held 57.64% of the Company's total issued shares. China Merchants directly held 1,600,597,439 A Shares (long position), and indirectly held 2,472,216,200 A Shares (long position) and 107,183,000 H Shares (long position) through Sinotrans & CSC, its wholly-owned subsidiary, and indirectly held 85,795,000 H Shares (long position) through China Merchants Investment Development (Hong Kong) Limited, its wholly-owned subsidiary. Sinotrans & CSC indirectly held 107,183,000 H Shares (long position) through its subsidiaries, among which Sinotrans (Hong Kong) Holdings Ltd. held 106,683,000 H Shares (long position), Sinotrans Shipping Inc. held 500,000 H Shares (long position).
- (2) According to the Disclosure of Interests Form submitted by Pandanus Associates Inc. on the website of Hong Kong Stock Exchange, 320,400,000 H Shares (long position) are interests of corporations controlled by substantial shareholders, of which 47,248,000 H Shares (long position) are reported as unlisted derivatives settled in cash.
- (3) According to the Disclosure of Interests Form submitted by Brown Brothers Harriman & Co. on the website of Hong Kong Stock Exchange, Brown Brothers Harriman & Co. held 173,390,294 H Shares (long position) in the capacity of agent, all of which were lending pool.
- (4) According to the Disclosure of Interests Form submitted by LSV ASSET MANAGEMENT on the website of Hong Kong Stock Exchange, LSV ASSET MANAGEMENT held 126,518,500 H Shares (long position) in the capacity of investment manager. 45,642,500 H Shares (long position) are deemed interest through its general partnership interest in certain limited partnerships.
- (5) According to the Disclosure of Interests Form submitted by FIDELITY FUNDS on the website of Hong Kong Stock Exchange, FIDELITY FUNDS held 124,597,376 H Shares (long position) in the capacity of beneficial owner.

Save as disclosed above, as at 31 December 2021, so far as the Directors of the Company were aware, there was no other person (other than Directors, Supervisors or chief executives) who had any interests and short positions in the Shares of the Company which would fall to be recorded in the register kept by the Company pursuant to Section 336 of SFO and disclosed to the Company and Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO.

Chapter 8

Changes in Shareholding and Particulars of Shareholders

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

Applicable Not applicable

IV. CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling shareholder

1. Corporation

Applicable Not applicable

Name	Sinotrans & CSC Holdings Co., Ltd.
Person in charge or legal representative	Song Dexing
Incorporation Date	9 June 1984
Primary Operating Business	Non-Vessel Operating Common Carrier business, international ship agency; organization, investment and management of integrated logistics; ship manufacture and maintenance; ocean engineering; investment, establishment and operation of the relevant infrastructures; import and export business; technical services. (Market entities shall select operating items and operate autonomously according to laws; items that shall be approved according to laws can be operated upon approval of relevant departments; and shall not engage in the business activities of projects prohibited and restricted by industrial policies of the state and this city.)
Shareholding of other controlling and shareholding companies listed domestically and overseas during the Reporting Period	It holds 10,325,128 shares in CJ Phoenix (SZ.000520), representing 1.02% of its total equities; it holds 1,357,425,761 shares in NJTC (Nanjing Tanker Corporation, SH.601975), representing 27.97% of its total equities; it holds 35.80 million shares in BOC (Bank of China, SH.601988), representing 0.01% of its total equities.
Other circumstances	N/A

Chapter 8

Changes in Shareholding and Particulars of Shareholders

2 **Natural person**

Applicable Not applicable

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

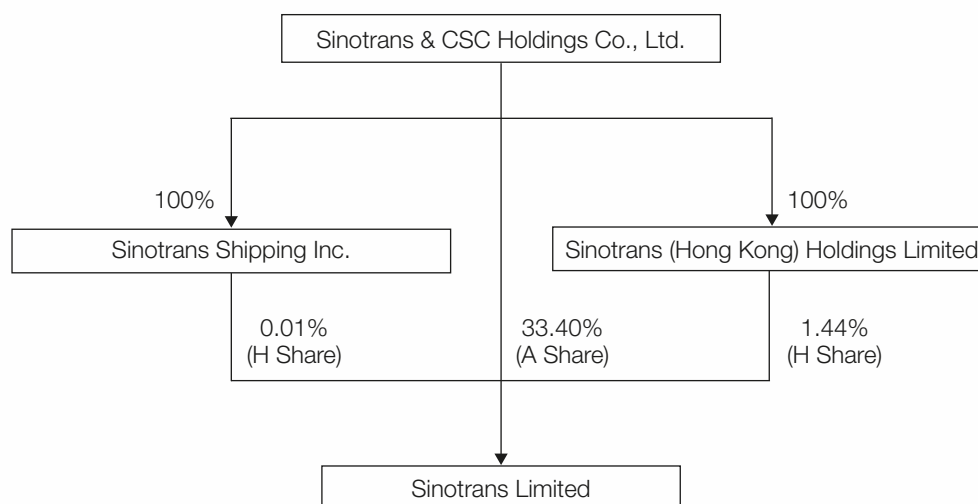
Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable



Note: At the end of the Reporting Period, Sinotrans Shipping Limited, H shareholder holding 1.16% shares of the Company, has been renamed as China Merchants Investment Development (Hong Kong) Limited. Sinotrans & CSC Holdings Co., Ltd. does not hold any equity interest in Sinotrans Shipping Limited.

Chapter 8

Changes in Shareholding and Particulars of Shareholders

(II) Actual Controllers

1 Corporation

Applicable Not applicable

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

Chapter 8

Changes in Shareholding and Particulars of Shareholders

Shareholding of other controlling and shareholding companies listed domestically and overseas during the Reporting Period

Holding 81.92% equity in China Merchants Port Group Co., Ltd., 78.29% equity in Yingkou Port Liability Co., Ltd., 74.35% equity in China Merchants Land Limited, 69.15% equity in Liao Ning Port Co., Ltd., 68.72% equity in China Merchants Expressway Network & Technology Holdings Co., Ltd., 65.69% equity in China Merchants Port Holdings Company Limited, 63.57% equity in China Merchants Shekou Industrial Zone Holdings Co.,Ltd., 54.26% equity in China Merchants Energy Shipping Co., Ltd., 51.16% equity in China Merchants Property Operation & Service Co., Ltd., 44.17% equity in China Merchants Securities Co.,Ltd, 35.50% equity in China Merchants Commercial REIT (REITS); 32.00% equity in Bosera China Merchants Shekou industrial park closed-end infrastructure securities investment fund, 29.97% equity in China Merchants Bank Co., Ltd., 29.94% equity in Anhui Expressway Company Limited, 27.97% equity in Nanjing Tanker Corporation, 27.59% equity in China Merchants China Direct Investments Limited, 26.64% equity in Shanghai International Port (Group) Co., Ltd., 24.88% equity in Sichuan Expressway Company Limited, 24.49% equity in China International Marine Containers (Group) Co., Ltd., 19.08% equity in Jinzhou Port Co., Ltd., 17.75% equity in Fujian Expressway Development Co., Ltd., 16.52% equity in Heilongjiang Transport Development Co., Ltd., 16.32% equity in Hubei Chutian Smart Communication Co., Ltd., 16.29% equity in Shangdong Hi-Speed Company Limited, 15.43% equity in Henan Zhongyuan Expressway Co., Ltd., 14.04% equity in Jilin Expressway Co., Ltd., 13.86% equity in Guangxi Wuzhou Communications Co., Ltd., 12.36% equity in China Greatwall Securities Co.,Ltd., 11.69% equity in Jiangsu Expressway Company Limited, 9.59% Shanxi Road & Bridge Co.,Ltd., 8.70% equity in Qilu Expressway Company Limited, 8.12% equity in Shenzhen Expressway Company Limited, 8.04% equity in Modern Investment Co., Ltd., 6.03% equity in S.F. Holding Co., Ltd., 6.00% equity in Pangang Group Vanadium & Titanium Resources Co., Ltd.; 5.00% equity in Ningbo Zhoushan Port Co., Ltd., 2.43% equity in Linklogis Inc., 2.36% equity in Qingdao Port International Co., Ltd., 2.10% International Business Settlement Holdings Limited, 1.66% equity in Zhejiang Expressway Co., Ltd., 1.20% equity in Oriental Times Media Corporation, 1.02% Chang Jiang Shipping Group Phoenix Co., Ltd., 0.62% equity in JD Logistics, Inc., 0.53% equity in China Shipbuilding Industry Company Limited, 0.16% equity in CMMB Vision Holdings Limited, 0.11% equity in HAITONG Securities Company Limited, 0.10% equity in SINOPEC Engineering (Group) Co., Ltd., 0.02% equity in Bank of Tianjin Co., Ltd., 0.02% equity in Air China Limited, 0.01% equity in BANK OF CHINA LIMITED

Other circumstances

N/A

Chapter 8

Changes in Shareholding and Particulars of Shareholders

2 Natural person

Applicable Not applicable

3 A special explanation on no actual controllers of the company

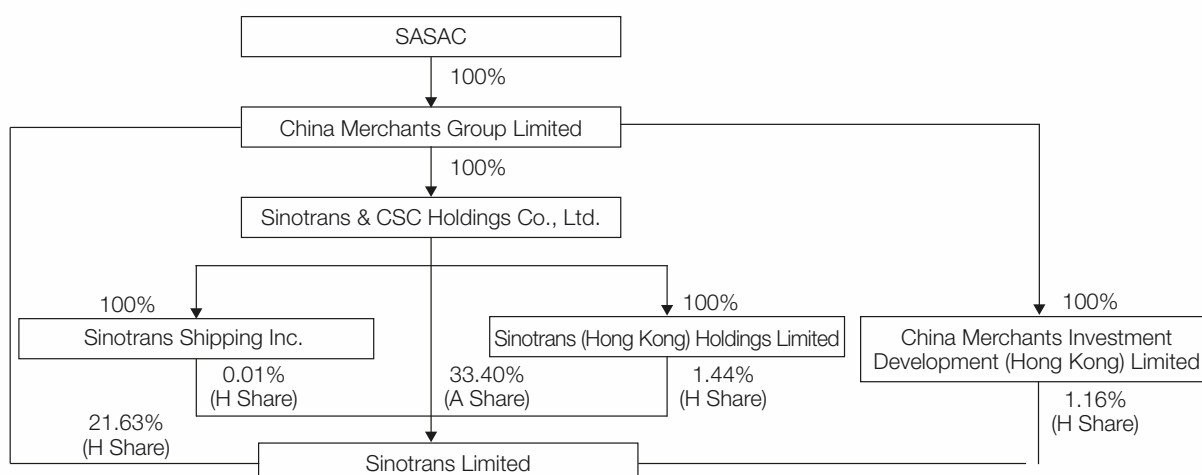
Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable



Note: At the end of the Reporting Period, Sinotrans Shipping Limited, H shareholder holding 1.16% shares of the Company, has been renamed China Merchants Investment Development (Hong Kong) Limited. Sinotrans & CSC Holdings Co., Ltd. does not hold any equity interest in China Merchants Investment Development (Hong Kong) Limited, and China Merchants Group Limited, the actual controller, indirectly holds 100% equity interest in China Merchants Investment Development (Hong Kong) Limited through other subsidiaries.

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

Applicable Not applicable

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

Applicable Not applicable

Chapter 8

Changes in Shareholding and Particulars of Shareholders

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

Applicable Not applicable

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

Applicable Not applicable

VII. DETAILS ON RESTRICTION ON SHAREHOLDING REDUCTION

Applicable Not applicable

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

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

Applicable Not applicable

Chapter 9 Particulars of Preferred Shares

Applicable Not applicable

Chapter 10

Particulars of Bonds

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

Applicable Not applicable

(I) Enterprise Bonds

Applicable Not applicable

(II) Corporate Bonds

Applicable Not applicable

1. Basic Information of Corporate Bonds

Unit: Hundred million Currency: RMB

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

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

Applicable Not applicable

Overdue bonds unredeemed

Applicable Not applicable

Interest payment of bonds during the Reporting Period

Applicable Not applicable

Name of bond

Explanation of interest payment

Sinotrans Limited 2016 Corporate Bond (First Tranche)

The Company redeemed the principal and interest of the "16 Sinotrans 01" corporate bond of RMB2.064 billion on 2 March 2021.

Sinotrans Limited 2016 Corporate Bond (Second Tranche)

The Company redeemed the principal and interest of the "16 Sinotrans 03" corporate bond of RMB1.39995 billion on 24 August 2021.

Chapter 10 Particulars of Bonds

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

Applicable Not applicable

3. Intermediaries Providing Services for Bond Issuance and Maturity Business

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

The change of the above intermediaries

Applicable Not applicable

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

Applicable Not applicable

Unit: Hundred million Currency: RMB

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

The progress and operation efficiency of proceeds for construction projects

Applicable Not applicable

Chapter 10

Particulars of Bonds

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

Applicable Not applicable

Other explanations

Applicable Not applicable

5. **Adjustment of Credit Rating Results**

Applicable Not applicable

Other explanations

Applicable Not applicable

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

Applicable Not applicable

Status	Implementation	Change	Situation after the change	Reasons for the change	Whether the change has been approved by the authority	The impact of the change on the rights and interests of bond investors
After the issuance of the Corporate Bonds, the Company further strengthens the management of assets and liabilities, liquidity management and the management of the use of proceeds according to the debt structure, ensures that the funds are used as planned, and timely and fully prepares the funds for the annual interest payment and principal repayment upon maturity, so as to fully protect the interests of investors. In order to fully and effectively protect the interests of bondholders, the Company has formulated a series of work plans for the timely and full repayment of Corporate Bonds, including formulating the Rules for Bondholders' Meetings, giving full play to the role of bond trustee manager, setting up a special repayment working group, strictly fulfilling the information disclosure obligations and the Company's commitments, etc., striving to form a set of guarantee measures to ensure the safe payment of interest and redemption of bonds.	During the Reporting Period, the debt repayment plan and other debt repayment supporting measures have not been changed and are implemented normally, which are in line with the relevant undertakings in the prospectus.	No	Nil	Nil	Nil	Nil

Chapter 10 Particulars of Bonds

7. Explanation of Other Situations of Corporate Bonds

Applicable Not applicable

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

Applicable Not applicable

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

Unit: Hundred million Currency: RMB

Name of bond	Abbreviation	Code	Date of issuance	Value date	Maturity date	Balance of bond	Interest rate (%)	Manner of payment of principal and interest	Transaction site	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
Sinotrans Limited First Tranche of Medium-term Notes in 2021	21 Sinotrans MTN001	102101041	7 June 2021	9 June 2021	9 June 2024	20	3.5	Annual interest, no compound interest, repayment of principal upon maturity	National Association of Financial Market Institutional Investors	Nil	Nil	No

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

Applicable Not applicable

Chapter 10

Particulars of Bonds

Overdue bonds unredeemed

Applicable Not applicable

Interest payment of bonds during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

3. **Intermediaries Providing Services for Bond Issuance and Maturity Business**

Name of intermediaries	Office address	Name of signing		
		accountants	Contact person	Telephone
Bank of China Limited	1 Fuxingmennei Avenue, Xicheng District, Beijing	/	Wei Yao	010-66591814
China Merchants Bank Co., Ltd.	3rd Floor, Block A, Merchants International Finance Center, 156 Fuxingmennei Avenue, Xicheng District, Beijing	/	Wang Jiayi	15010383809
Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.	14th Floor, Huasheng Building, No. 398 Hankou Rd, Huangpu District, Shanghai	/	Zhou Ling	010-85879771
ShineWing Certified Public Accountants LLP	9/F, Block A, Fuhua Mansion, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing	Dong Qinchuan, Xu Youbin	Xu Youbin	13521775637
Shanghai AllBright Law Offices	9th Floor, Shanghai Tower, No. 501 Yincheng Middle Road, Pudong New Area, Shanghai	/	Xi Lele	021-20511082

The change of the above intermediaries

Applicable Not applicable

4. **Use of Proceeds at the end of the Reporting Period**

Applicable Not Applicable

Unit: Hundred million Currency: RMB

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

Chapter 10 Particulars of Bonds

The progress and operation efficiency of proceeds for construction projects

Applicable Not applicable

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

Applicable Not applicable

Other explanations

Applicable Not applicable

5. **Adjustment of Credit Rating Results**

Applicable Not applicable

Other explanations

Applicable Not applicable

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

Applicable Not Applicable

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

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

Applicable Not applicable

Chapter 10

Particulars of Bonds

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

(VII) ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY FOR THE LAST TWO YEARS AS AT THE END OF THE REPORTING PERIOD

Applicable Not applicable

Main indicators	2021	2020	<i>Unit: RMB</i>
			Increase/ decrease over the corresponding period of last year (%)
Net profits net of non-recurring gains and losses	3,389,237,742.16	2,354,368,071.06	43.96
Current ratio	1.50	1.16	29.31
Quick ratio	1.50	1.16	29.31
Debt asset ratio (%)	52.83	51.00	Increased by 1.83 percentage points
EBITDA to total debt ratio	0.48	0.41	17.07
Interest coverage ratio	11.69	8.27	41.35
Cash interest coverage ratio	15.82	13.29	19.04
EBITDA interest coverage ratio	16.62	12.59	32.01
Loan repayment ratio (%)	100.00	100.00	0.00
Interest payment ratio (%)	100.00	100.00	0.00

The change in net profits net of non-recurring gains and losses, interest coverage ratio and EBITDA interest coverage ratio was primarily due to the year-on-year increase in operating performance, the net profit indicator increased significantly.

II. PARTICULARS OF CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

Chapter 11

Financial Report

AUDITOR'S REPORT

XYZH/2022BJAA50196

To all shareholders of Sinotrans Limited

1. OPINION

We have audited the financial statements of Sinotrans Limited (hereinafter referred to as Sinotrans), which comprise the consolidated and the Company's statement of financial position as of 31 December 2021, the consolidated and the Company's statement of profit or loss and the other comprehensive income, the consolidated and the Company's statements of cash flows, the consolidated and the Company's statements of changes in shareholders' equity for the year 2021, and the related notes to the financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the consolidated and the Company's financial position of Sinotrans as of 31 December 2021, and the consolidated and the Company's results of operations and cash flows for the year 2021, prepared in accordance with Accounting Standards for Business Enterprises.

2. BASIS FOR OPINION

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

3. KEY AUDIT MATTERS

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

Chapter 11

Financial Report

3. KEY AUDIT MATTERS (CONTINUED)

Goodwill impairment

Key Audit Matters	Response in Audit
<p>As at 31 December 2021, the carrying amount of goodwill in Sinotrans' consolidated financial statements was Chinese RMB1,982,398,248.66 (Note IX. 21), which mainly included seven companies, including KLG EUROPE EERSEL B.V., acquired on 1 January, 2020. Management is required to test goodwill for impairment annually. In performing the goodwill impairment test, management determines whether an impairment loss needs to be recognised by comparing the recoverable amount of the relevant asset group to goodwill allocated with the carrying amount of that asset group and goodwill.</p> <p>Predicting the recoverable amount of the relevant asset group involves forecasting the present value of future cash flows of the asset group, which requires management to make significant assumptions and judgments and may result in management bias, particularly with respect to the growth rate, profitability, discount rate, and the delineation of the forecast period from the stabilization period. Because of the complexity of the goodwill impairment testing process, which also involves significant assumptions and judgments by management, we consider goodwill impairment as a significant concern in our audit.</p>	<p>The audit procedures we performed included, but were not limited to:</p> <ol style="list-style-type: none"> 1. Understanding, assessing and testing management's key internal controls relevant to goodwill impairment testing; 2. Evaluating the independence, professional competence, and objectivity of the external evaluators engaged by management; 3. Obtain an valuation report from an external valuer engaged by management for the purpose of goodwill impairment testing: <ol style="list-style-type: none"> (1) Review the reasonableness of management's classification of the group of assets comprising goodwill, whether there have been changes since the date of purchase or since the previous goodwill impairment test, and the reasonableness thereof; (2) Assessing the appropriateness of the appraisal methodology used by management and external valuer with reference to industry practice; (3) Compare the actual operating performance of the relevant asset group for the current year with forecast information for prior years to evaluate the accuracy of past management's forecasts and ask management the reasons for any significant differences identified, and consider whether the relevant factors are adjusted to the goodwill impairment test in the current year; (4) Reviewing the reasonableness of future operating budgets formulated and approved by management, taking into account the understanding of the relevant industry and macroeconomic situation and the relevant business plans formulated by management; (5) Evaluate the reasonableness of the key assumptions and judgments used by management in performing the goodwill impairment test and the changes in key assumptions and judgments since the date of purchase or the previous goodwill impairment test; (6) Review the accuracy of the relevant calculation process. 4. Review the adequacy of relevant disclosures in the financial statements.

4. OTHER INFORMATION

Sinotrans management (hereinafter referred to as the Management) is responsible for other information. Other information includes the information covered in Sinotrans' 2021 Annual Report, but excludes the financial statements and our auditor's report.

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

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

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

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

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

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

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

Chapter 11

Financial Report

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

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

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

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

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

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

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

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

ShineWing Certified Public Accountants LLP

Chinese Certified Public Accountant: Dong Qinchuan

(Engagement partner)

Chinese Certified Public Accountant: Xu Youbin

Beijing, China

29 March 2022



Chapter 11

Consolidated Statement of Financial Position

Unit: RMB

Item	Note	31 December 2021	31 December 2020
Current assets			
Cash and bank balances	IX.1	14,495,228,567.22	11,369,322,581.85
Held-for-trading financial assets	IX.2	794,623.45	303,292,565.44
Derivative financial assets			
Bills receivable	IX.3	43,212,806.04	50,643,103.40
Accounts receivable	IX.4	14,187,268,046.00	11,020,529,018.23
Receivables financing	IX.5	462,137,019.79	577,786,410.97
Prepayments	IX.6	4,776,033,268.93	2,708,263,877.18
Other receivables	IX.7	1,705,546,796.58	1,593,167,531.67
Including: Dividend receivables	IX.7	41,721,139.60	44,020,348.80
Inventories	IX.8	68,997,091.32	81,759,661.09
Including: Raw materials	IX.8	28,527,131.13	29,011,779.44
Goods in stock (finished goods)	IX.8	25,594,444.81	38,479,091.01
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	IX.9	15,909,170.38	12,325,000.00
Other current assets	IX.10	602,375,110.05	540,085,070.29
Total current assets		36,357,502,499.76	28,257,174,820.12
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	IX.11	47,604,170.38	63,372,794.47
Long-term equity investments	IX.12	8,412,239,568.62	7,751,580,775.52
Other equity instrument investments	IX.13	26,336,370.61	21,605,631.53
Other non-current financial assets	IX.14	797,864,160.84	871,156,840.33
Investment properties	IX.15	2,174,711,358.92	2,204,247,204.69
Fixed assets	IX.16	14,068,398,921.65	12,442,176,585.16
Including: Original value of fixed assets	IX.16	22,839,786,665.29	20,530,548,181.93
Accumulated depreciation	IX.16	8,612,831,612.88	8,065,475,001.23
Provision for impairment of fixed assets	IX.16	158,556,130.76	23,009,285.22
Construction in progress	IX.17	1,070,736,580.52	2,678,713,748.77
Right-of-use assets	IX.18	2,159,508,484.97	2,288,566,739.29
Intangible assets	IX.19	6,226,403,585.97	6,134,410,069.01
Development expenditure	IX.20	133,018,588.83	131,900,907.13
Goodwill	IX.21	1,982,398,248.66	2,278,747,212.67
Long-term prepaid expense	IX.22	236,049,377.05	208,284,268.95
Deferred tax assets	IX.23	259,677,060.28	227,816,029.93
Other non-current assets	IX.24	350,443,237.65	258,945,064.36
Total non-current assets		37,945,389,714.95	37,561,523,871.81
Total assets		74,302,892,214.71	65,818,698,691.93

The notes form an integral part of the financial statements

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

Wang Hong

Person-in-charge of the Company

Wang Jiuyun

Person-in-charge for
Accounting work

Mai Lina

Person-in-charge of
Accounting Department

Chapter 11

Consolidated Statement of Financial Position

Item	Note	31 December 2021	31 December 2020
<i>Unit: RMB</i>			
Current liabilities			
Short-term borrowings	IX.27	438,453,511.69	502,472,110.58
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable	IX.28	59,800,000.00	25,717,690.68
Accounts payable	IX.29	13,868,678,889.96	10,691,734,667.49
Advances from customers			
Contract liabilities	IX.30	4,312,329,147.26	2,787,963,766.90
Employee remuneration payable	IX.31	1,980,488,038.81	1,658,444,322.93
Including: Wages payable	IX.31	1,752,290,639.33	1,449,280,516.71
Welfare payable	IX.31	803,693.78	550,903.92
# Including: Employee bonus and welfare fund			
Taxes and dues payable	IX.32	501,384,702.60	482,450,266.69
Including: Taxes payable	IX.32	492,468,306.90	469,651,680.17
Other payables	IX.33	1,847,365,679.22	1,681,611,338.42
Including: Dividends payable	IX.33	64,040,629.95	50,028,253.71
Held-for-sale liabilities			
Non-current liabilities due within one year	IX.34	946,334,185.61	6,251,548,647.08
Other current liabilities	IX.35	317,808,684.84	205,522,931.03
Total current liabilities		24,272,642,839.99	24,287,465,741.80
Non-current liabilities			
Long-term borrowings	IX.36	7,962,070,435.92	6,256,458,851.14
Bonds payable	IX.37	3,996,465,534.26	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	IX.38	1,714,149,755.92	1,800,066,318.62
Long-term payables	IX.39	117,923,603.36	196,455,630.50
Long-term employee remuneration payable	IX.40	2,579,073.52	2,681,752.27
Estimated liabilities	IX.41	313,130,896.83	231,187,267.06
Deferred income	IX.42	426,110,625.78	416,551,170.88
Deferred tax liabilities	IX.23	179,851,893.45	180,703,468.18
Other non-current liabilities	IX.43	269,904,394.78	196,349,994.80
Total non-current liabilities		14,982,186,213.82	9,280,454,453.45
Total liabilities		39,254,829,053.81	33,567,920,195.25

Chapter 11

Consolidated Statement of Financial Position

Unit: RMB

Item	Note	31 December 2021	31 December 2020
Shareholders' equity:			
Share capital	IX.44	7,400,803,875.00	7,400,803,875.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	IX.45	6,075,192,371.14	6,072,104,617.90
Less: treasury shares			
Other comprehensive income	IX.67	-315,591,219.89	-112,613,046.75
Including: Translation difference of the financial statements in foreign currency	IX.67	-326,825,567.83	-250,714,569.50
Special reserves	IX.46	82,385,924.09	69,249,908.68
Surplus reserves	IX.47	1,408,009,237.81	1,097,484,710.77
Including: Statutory surplus reserves	IX.47	1,408,009,237.81	1,097,484,710.77
Discretionary surplus reserves			
Retained earnings	IX.48	18,448,178,520.91	15,920,974,640.15
Total equity attributable to shareholders of the Company		33,098,978,709.06	30,448,004,705.75
Non-controlling interests		1,949,084,451.84	1,802,773,790.93
Total shareholders' equity		35,048,063,160.90	32,250,778,496.68
Total liabilities and shareholders' equity		74,302,892,214.71	65,818,698,691.93

The notes form an integral part of the financial statements

Chapter 11

Statement of Financial Position of the Company

Item	Note	31 December 2021	31 December 2020
<i>Unit: RMB</i>			
Current assets			
Cash and bank balances	XVII.1	6,927,571,945.22	4,656,922,197.24
Held-for-trading financial assets			302,500,000.00
Derivative financial assets			
Bills receivable	XVII.2	1,747,848.96	
Accounts receivable	XVII.3	619,069,995.89	527,834,002.71
Receivables financing	XVII.4	16,840,375.57	1,700,000.00
Prepayments		75,683,743.80	10,398,545.77
Centralized management of receivables			
Other receivables	XVII.5	8,755,521,497.17	8,424,750,386.84
Including: Dividend receivables	XVII.5	26,872,094.63	46,872,094.63
Inventories			
Including: Raw materials			
Goods in stock (finished goods)			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year		320,564,380.15	244,007,172.47
Other current assets		42,795,224.10	59,714,021.50
Total current assets		16,759,795,010.86	14,227,826,326.53
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	XVII.6	1,437,069,069.04	1,599,395,501.60
Long-term equity investments	XVII.7	19,264,369,045.23	19,396,507,240.24
Other equity instrument investments			
Other non-current financial assets		1,344,220,519.51	1,084,330,382.81
Investment properties			
Fixed assets		29,215,420.53	38,540,881.15
Including: Original value of fixed assets		126,062,286.67	124,042,154.19
Accumulated depreciation		96,846,866.14	85,501,273.04
Provision for impairment of fixed assets			
Construction in progress		7,607,295.59	5,176,367.06
Right-of-use assets		504,937,903.95	542,244,825.71
Intangible assets		185,478,684.93	136,720,584.32
Development expenditure		109,136,614.44	124,437,385.89
Goodwill			
Long-term prepaid expenses		876,376.14	1,631,376.64
Deferred tax assets			
Other non-current assets		9,212,264.18	
Total non-current assets		22,892,123,193.54	22,928,984,545.42
Total assets		39,651,918,204.40	37,156,810,871.95

The notes form an integral part of the financial statements

Chapter 11

Statement of Financial Position of the Company

Item	Note	31 December 2021	31 December 2020
<i>Unit: RMB</i>			
Current liabilities			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		503,550,038.75	469,833,151.49
Advances from customers			
Contract liabilities		64,847,778.03	21,398,726.09
Employee remuneration payable		122,066,594.23	109,295,977.00
Including: Wages payable		98,593,696.60	83,337,973.11
Welfare payable			
#Including: Employee bonus and welfare fund			
Taxes and dues payable		3,438,156.81	11,893,687.34
Including: Taxes payable		2,850,140.47	11,681,483.81
Other payables		10,146,253,004.47	10,559,092,586.22
Including: Dividends payable			334,629.85
Held-for-sale liabilities			
Non-current liabilities due within one year		83,912,326.12	3,437,749,202.11
Other current liabilities			
Total current liabilities		10,924,067,898.41	14,609,263,330.25
Non-current liabilities			
Long-term borrowings	XVII.8	102,625,000.00	109,750,000.00
Bonds payable	XVII.9	3,996,465,534.26	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		540,127,884.27	569,718,133.89
Long-term payables			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		4,639,218,418.53	679,468,133.89
Total liabilities		15,563,286,316.94	15,288,731,464.14

Chapter 11

Statement of Financial Position of the Company

Item	Note	31 December 2021	<i>Unit: RMB</i> 31 December 2020
Shareholders' equity:			
Share capital		7,400,803,875.00	7,400,803,875.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	XVII.10	10,767,113,557.58	10,764,008,546.37
Less: Treasury shares			
Other comprehensive income		-14,551,804.06	-13,438,056.58
Including: Translation difference of the financial statements in foreign currency		-409,087.19	704,660.29
Special reserves		3,992,511.38	3,693,848.35
Surplus reserves		1,408,009,237.81	1,097,484,710.77
Including: Statutory surplus reserves		1,408,009,237.81	1,097,484,710.77
Discretionary surplus reserves			
Retained earnings	XVII.11	4,523,264,509.75	2,615,526,483.90
Total shareholders' equity		24,088,631,887.46	21,868,079,407.81
Total liabilities and shareholders' equity		39,651,918,204.40	37,156,810,871.95

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Profit or Loss and other Comprehensive Income

Item	Note	<i>Unit: RMB</i>	
		Current year	Prior year
I. Total operating income	IX. 49	124,345,530,849.64	84,536,841,379.12
Including: Operating income	IX. 49	124,345,530,849.64	84,536,841,379.12
II. Total operating cost	IX. 49	123,611,478,760.18	84,089,554,431.90
Including: Operating costs	IX. 49	118,717,656,334.85	79,595,940,834.17
Tax and surcharges	IX. 50	222,698,031.87	177,624,275.34
Selling expenses	IX. 51	973,490,694.74	806,339,597.85
Administrative expenses	IX. 52	3,126,455,868.41	2,735,273,675.53
Research and development expenses	IX. 53	171,595,536.54	149,205,749.71
Finance costs	IX. 54	399,582,293.77	625,170,299.30
Including: Interest expenses	IX. 54	416,678,883.97	456,902,493.64
Interest income	IX. 54	138,319,499.86	148,062,344.53
Net exchange loss (net gain denoted by “-”)	IX. 54	107,022,773.87	295,494,048.79
Add: Other income	IX. 55	1,893,009,873.01	1,538,727,267.73
Investment income (loss denoted by “-”)	IX. 56	2,507,647,434.81	1,572,759,180.03
Including: Income from investments in associates and joint ventures	IX. 56	2,410,820,143.09	1,567,887,685.14
Income from derecognition of financial assets measured at amortised cost (loss denoted by “-”)	IX. 56		-5,770,893.99
Hedging income (loss denoted by “-”)			
Gain from changes in fair value (loss denoted by “-”)	IX. 57	-34,780,743.32	-30,641,165.51
Credit loss impairment (loss denoted by “-”)	IX. 58	-122,464,352.46	-129,310,491.83
Impairment of assets (loss denoted by “-”)	IX. 59	-227,164,478.45	-54,357,851.58
Income from disposal of assets (loss denoted by “-”)	IX. 60	116,988,430.05	35,013,247.97
III. Operating profit (loss denoted by “-”)		4,867,288,253.10	3,379,477,134.03
Add: Non-operating income	IX. 61	78,828,918.12	195,541,124.69
Including: Government grants	IX. 62	27,384,476.02	58,570,962.40
Less: Non-operating expenses	IX. 63	213,836,013.02	39,349,372.12
IV. Total profit (total loss denoted by “-”)		4,732,281,158.20	3,535,668,886.60
Less: Income tax expenses	IX. 64	799,558,137.90	663,158,051.36
V. Net profit (net loss denoted by “-”)		3,932,723,020.30	2,872,510,835.24
(I) Classified by attribution of ownership			
1. Net profit attributable to shareholders of the Company (net loss denoted by “-”)		3,713,404,960.13	2,754,422,810.84
2. Profit or loss attributable to non-controlling interests (net loss denoted by “-”)		219,318,060.17	118,088,024.40
(II) Classified by the continuity of operations			
1. Net profit from continuing operations (net loss denoted by “-”)		3,932,723,020.30	2,872,510,835.24
2. Net profit from discontinued operations (net loss denoted by “-”)			

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Profit or Loss and other Comprehensive Income

Item	Note	Current year	Unit: RMB Prior year
VI. Other comprehensive income, net of tax	IX. 67	-190,698,221.05	77,530,939.77
Other comprehensive income attributable to shareholders of the Company, net of tax	IX. 67	-189,966,059.57	132,571,951.98
(I) Other comprehensive income not to be subsequently reclassified to profit or loss	IX. 67	17,742,852.65	-20,588,075.90
1. Change in amount arising from re-measurement of the defined benefit plan			
2. Other comprehensive income not to be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments	IX. 67	17,742,852.65	-20,588,075.90
4. Changes in fair value attributable to changes in credit risk			
5. Others			
(II) Other comprehensive income to be subsequently reclassified to profit or loss	IX. 67	-207,708,912.22	153,160,027.88
1. Other comprehensive income to be reclassified to profit or loss under the equity method	IX. 67	-131,597,913.89	57,355,458.28
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets			
4. Credit loss impairment of other debt investments			
5. Cash flow hedge reserve (effective portion of gains or losses from cash flow hedges)			
6. Translation difference of the financial statements in foreign currency	IX. 67	-76,110,998.33	95,804,569.60
7. Others			
Other comprehensive income attributable to non-controlling interests, net of tax		-732,161.48	-55,041,012.21
VII. Total comprehensive income		3,742,024,799.25	2,950,041,775.01
Total comprehensive income attributable to shareholders of the Company		3,523,438,900.56	2,886,994,762.82
Total comprehensive income attributable to non-controlling interests		218,585,898.69	63,047,012.19
VIII. Earnings per share:			
Basic earnings per share	IX. 65	0.50	0.37
Diluted earnings per share	IX. 65	0.50	0.37

The notes form an integral part of the financial statements

Chapter 11

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

Item	Note	<i>Unit: RMB</i>	
		Current year	Prior year
I. Operating income	XVII. 12	4,178,315,484.39	2,676,041,486.11
Less: Operating costs	XVII. 12	3,864,847,142.12	2,348,844,158.74
Tax and surcharges		410,432.29	278,794.65
Selling expenses		79,501,077.38	76,001,771.40
Administrative expenses		316,070,621.09	254,883,714.41
Research and development expenses		90,109,855.65	98,368,829.66
Finance costs	XVII. 13	16,403,825.14	48,673,595.10
Including: Interest expenses	XVII. 13	233,221,294.85	218,151,681.02
Interest income	XVII. 13	243,584,228.82	267,876,446.72
Net exchange loss (net gain denoted by "-")	XVII. 13	25,578,955.90	96,078,192.31
Add: Other income		400,319.74	1,217,095.71
Investment income (loss denoted by "-")	XVII. 14	3,293,438,936.15	2,179,614,613.12
Including: Income from investments in associates and joint ventures	XVII. 14	1,163,173,942.54	112,065,793.92
Income from derecognition of financial assets measured at amortised cost (loss denoted by "-")	XVII. 14		-4,858,415.41
Hedging income (loss denoted by "-")			
Gain from changes in fair value (loss denoted by "-")			-50,481,143.61
Credit loss impairment (loss denoted by "-")		5,612,724.35	6,604,963.63
Impairment of assets (loss denoted by "-")			
Income from disposal of assets (loss denoted by "-")		1,089,256.80	97,167.95
II. Operating profit (loss denoted by "-")		3,111,513,767.76	1,986,043,318.95
Add: Non-operating income		517,942.41	2,306,726.88
Including: Government grants			
Less: Non-operating expenses		5,210,723.12	2,453,819.13
III. Total profit (total loss denoted by "-")		3,106,820,987.05	1,985,896,226.70
Less: Income tax expenses		1,575,716.64	1,509,348.94
IV. Net profit (net loss denoted by "-")		3,105,245,270.41	1,984,386,877.76
Net profit from continuing operations (net loss denoted by "-")		3,105,245,270.41	1,984,386,877.76
Net profit from discontinued operations (net loss denoted by "-")			

Chapter 11

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

Item	Note	Current year	Prior year
V. Other comprehensive income, net of tax			-467,154.81
(I) Other comprehensive income not to be subsequently reclassified to profit or loss			
1. Change in amount arising from re-measurement of the defined benefit plan			
2. Other comprehensive income not to be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value attributable to changes in credit risk			
5. Others			
(II) Other comprehensive income to be subsequently reclassified to profit or loss			-467,154.81
1. Other comprehensive income to be reclassified to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets			
4. Credit loss impairment of other debt investments			
5. Cash flow hedge reserve (effective portion of gains or losses from cash flow hedges)			
6. Translation difference of the financial statements in foreign currency			-467,154.81
7. Others			
VI. Total comprehensive income		3,105,245,270.41	1,983,919,722.95

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Cash Flows

Item	Note	<i>Unit: RMB</i>	
		Current year	Prior year
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		129,872,736,977.10	84,211,522,272.17
Tax rebate received		18,902,027.21	18,981,939.25
Cash received from other operating activities	IX. 68	2,393,782,309.51	2,258,576,665.71
Sub-total of cash inflows from operating activities		132,285,421,313.82	86,489,080,877.13
Cash paid for goods and services		118,395,329,488.97	73,727,957,693.19
Cash paid to and on behalf of employees		6,934,340,949.35	5,904,252,649.28
Cash paid for taxes and dues		1,544,870,991.53	1,264,281,256.83
Cash paid for other operating activities	IX. 68	1,245,980,139.47	1,636,204,262.83
Sub-total of cash outflows from operating activities		128,120,521,569.32	82,532,695,862.13
Net cash flows from operating activities	IX. 68	4,164,899,744.50	3,956,385,015.00
II. Cash flows from investment activities			
Cash received from disposal of investments		347,765,826.70	257,020,277.61
Cash received from investment income		1,651,608,318.72	1,065,771,995.44
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		224,626,546.82	133,846,535.82
Net cash received from disposal of subsidiaries and other operating units	IX. 68	1,568,084.93	
Cash received from other investment activities	IX. 68	13,925,000.00	97,069,049.19
Sub-total of cash inflows from investment activities		2,239,493,777.17	1,553,707,858.06
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,446,897,297.87	1,813,010,690.90
Cash paid for investments		128,994,516.80	247,256,163.41
Net cash paid for acquisition of subsidiaries and other operating units	IX. 68	190,813,646.13	530,061,969.55
Cash paid for other investment activities	IX. 68		305,000,000.00
Sub-total of cash outflows from investment activities		1,766,705,460.80	2,895,328,823.86
Net cash flows from investment activities		472,788,316.37	-1,341,620,965.80

Chapter 11

Consolidated Statement of Cash Flows

Item	Note	Current year	Prior year
<i>Unit: RMB</i>			
III. Cash flows from financing activities:			
Cash received from capital contributions		80,935,125.00	69,888,252.00
Including: Cash received by subsidiaries from capital contributions of non-controlling interests		80,935,125.00	69,888,252.00
Cash received from borrowings		8,802,968,327.41	5,704,132,914.07
Cash received from other financing activities	IX. 68	4,500,000.00	80,878,652.76
Sub-total of cash inflows from financing activities		8,888,403,452.41	5,854,899,818.83
Cash paid for repayment of debts		8,276,128,799.57	5,320,993,681.46
Cash paid for distribution of dividends or profits or settlement of interest	IX. 68	1,366,770,777.13	1,403,331,102.15
Including: Dividends and profits paid by the subsidiaries to non-controlling interests	IX. 68	140,343,727.83	140,402,942.92
Cash paid for other financing activities	IX. 68	854,110,668.42	679,496,202.97
Sub-total of cash outflows from financing activities		10,497,010,245.12	7,403,820,986.58
Net cash flows from financing activities		-1,608,606,792.71	-1,548,921,167.75
IV. Effect of foreign exchange rate changes		-111,791,711.23	-163,316,490.97
V. Net increase in cash and cash equivalents	IX. 69	2,917,289,556.93	902,526,390.48
Add: Balance of cash and cash equivalents at the beginning of the year	IX. 69	11,292,435,757.31	10,389,909,366.83
VI. Balance of cash and cash equivalents at the end of the year	IX. 69	14,209,725,314.24	11,292,435,757.31

The notes form an integral part of the financial statements

Chapter 11

Statement of Cash Flows of the Company

Item	Note	<i>Unit: RMB</i>	
		Current year	Prior year
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		4,112,929,571.14	2,933,842,514.76
Tax rebate received			
Cash received from other operating activities		221,010,848.78	237,633,956.92
Sub-total of cash inflows from operating activities		4,333,940,419.92	3,171,476,471.68
Cash paid for goods and services		3,860,334,728.98	2,288,377,206.59
Cash paid to and on behalf of employees		276,289,519.27	253,785,246.65
Cash paid for taxes and dues		4,538,070.30	608,243.65
Cash paid for other operating activities		354,321,640.10	682,672,238.20
Sub-total of cash outflows from operating activities		4,495,483,958.65	3,225,442,935.09
Net cash flows from operating activities	XVII. 15	-161,543,538.73	-53,966,463.41
II. Cash flow from investment activities:			
Cash received from disposal of investments		346,452,704.24	5,838,607.47
Cash received from investment income		3,389,263,584.79	2,134,444,747.27
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		364,407.29	534,198.36
Net cash received from disposal of subsidiaries and other operating units			
Cash received from other investment activities		81,011,311.05	2,100,596,100.96
Sub-total of cash inflows from investment activities		3,817,092,007.37	4,241,413,654.06
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		90,623,632.48	101,012,276.48
Cash paid for investments		76,000,000.00	1,302,566,119.24
Net cash paid for acquisition of subsidiaries and other operating units			
Cash paid for other investment activities		340,300,903.14	718,829,694.49
Sub-total of cash outflows from investment activities		506,924,535.62	2,122,408,090.21
Net cash flows from investment activities		3,310,167,471.75	2,119,005,563.85

Chapter 11

Statement of Cash Flows of the Company

Item	Note	Current year	Unit: RMB Prior year
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		6,200,000,000.00	500,000,000.00
Cash received from other financing activities		90,903,126.64	114,859,483.43
Sub-total of cash inflows from financing activities		6,290,903,126.64	614,859,483.43
Cash paid for repayment of debts		5,557,125,000.00	1,007,125,000.00
Cash paid for distribution of dividends or profits or settlement of interest		1,099,919,524.00	1,066,068,197.02
Cash paid for other financing activities		716,304,313.21	21,278,331.72
Sub-total of cash outflows from financing activities		7,373,348,837.21	2,094,471,528.74
Net cash flows from financing activities		-1,082,445,710.57	-1,479,612,045.31
IV. Effect of foreign exchange rate changes		-2,227,835.41	-41,995,331.87
V. Net increase in cash and cash equivalents	XVII. 15	2,063,950,387.04	543,431,723.26
Add: Balance of cash and cash equivalents at the beginning of the year	XVII. 15	4,616,395,728.34	4,072,964,005.08
VI. Balance of cash and cash equivalents at the end of the year	XVII. 15	6,680,346,115.38	4,616,395,728.34

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Changes in Equity

Unit: RMB

Items	Share capital	Other equity instruments		Less: treasury shares	Other comprehensive income	Prior year Equity attributable to shareholders of the Company including: translation difference of the financial statements in foreign currency	Special reserves	Surplus reserves	Retained Earnings	Sub-total	Non-controlling interests	Total shareholders' equity
		Preferred shares	Perpetual bonds									
I. Closing balance of the prior year	7,400,803,815.00					346,519,139.10	53,520,819.76	899,046,022.99	14,170,510,834.74	28,438,616,352.12	1,812,862,865.33	30,251,479,217.45
Add: changes in accounting policies												
Correction of prior errors												
Others							4,333.43		-1,074,863.03	9,559,470.40	3,676,225.13	13,235,895.53
II. Balance at the beginning of current year	7,400,803,815.00					346,519,139.10	53,525,153.19	899,046,022.99	14,169,435,971.71	28,448,175,822.52	1,816,539,090.46	30,264,714,912.98
III. Increases/decreases in current year												
(I) Total comprehensive income						95,604,569.60	15,724,755.49	198,438,697.78	1,751,538,668.44	1,999,828,883.23	-13,765,299.53	1,986,063,563.70
(II) Capital contributed and reduced by shareholders						132,571,951.98			2,754,422,810.84	2,886,994,762.82		2,960,041,775.01
1. Ordinary shares contributed by shareholders										-11,231,892.96	64,409,452.00	53,177,559.04
2. Capital invested by holders of other equity instruments											68,908,252.00	68,908,252.00
3. Amount of share-based payments included in shareholders' equity												
4. Others												
(III) Appropriation and use of special reserves												
1. Appropriation of special reserves							15,724,755.49			15,724,755.49	1,400,538.65	17,125,294.14
2. Use of special reserves							73,554,372.86			73,554,372.86	4,581,676.65	78,136,049.51
							-57,829,617.37			-57,829,617.37	-3,181,138.00	-61,010,755.37

Chapter 11

Statement of Changes in Equity of the Company

Unit: RMB

Items	Current year										Sub-total		
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Others	Capital reserves	Less: treasury shares	Other comprehensive income	Including: translation difference of the financial statements in foreign currency	Special reserves		Surplus reserves	Retained Earnings
I. Closing balance of the prior year	7,400,803,875.00					10,764,008,546.37		-13,438,056.58	704,660.29	3,693,848.35	1,097,484,710.77	2,615,525,483.90	21,868,079,407.81
Add: changes in accounting policies													
Correction of prior errors													
Others													
II. Balance at the beginning of current year	7,400,803,875.00					10,764,008,546.37		-13,438,056.58	704,660.29	3,693,848.35	1,097,484,710.77	2,615,525,483.90	21,868,079,407.81
III. Increases/decreases in current year													
(decreases denoted by "-")													
(I) Total comprehensive income						3,105,011.21		-1,113,747.48	-1,113,747.48	298,663.03	310,524,527.04	1,907,738,025.85	2,220,552,479.65
(II) Capital contributed and reduced by shareholders						3,105,011.21						3,105,245,270.41	3,105,245,270.41
1. Ordinary shares contributed by shareholders						3,105,011.21							3,105,011.21
2. Capital invested by holders of other equity instruments													
3. Amount of share-based payments included in shareholders' equity													
4. Others													
(III) Appropriation and use of special reserves													
1. Appropriation of special reserves										298,663.03			298,663.03
2. Use of special reserves										2,092,746.90			2,092,746.90
										-1,794,083.87			-1,794,083.87

Chapter 11

Statement of Changes in Equity of the Company

Items	Current year							Sub-total	
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Less: treasury shares	Other comprehensive income	Including: translation difference of the financial statements in foreign currency		
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Special reserves	Surplus reserves	Retained Earnings	Sub-total
(IV) Profit distribution									
1. Appropriation of surplus reserves							310,524,527.04	-1,197,507,244.56	-888,096,465.00
Including: Statutory surplus reserves							310,524,527.04	-310,524,527.04	
Discretionary surplus reserves							310,524,527.04	-310,524,527.04	
2. Distribution to shareholders									
3. Others									
(V) Internal transfers of shareholders' equity									
1. Share capital transferred from capital reserves								-888,096,465.00	-888,096,465.00
2. Share capital transferred from surplus reserves								1,113,747.48	
3. Recovery of losses by surplus reserves									
4. Transfer of changes in defined benefit plans into retained earnings									
5. Transfer of other comprehensive income into retained earnings									
6. Others									
IV. Balance at the end of current year	7,400,803,975.00				10,767,113,557.58	3,992,511.38	1,408,009,237.81	4,523,264,509.75	24,088,631,887.46

The notes form an integral part of the financial statements

Chapter 11

Statement of Changes in Equity of the Company

Items	Share capital			Other equity instruments			Less: treasury shares	Other comprehensive income	Including: translation difference of the financial statements in foreign currency	Special reserves	Surplus reserves	Retained Earnings	Subtotal
	Preferred shares	Perpetual bonds	Others	Capital reserves	Others	Preferred shares							
(IV) Profit distribution													
1. Appropriation of surplus reserves													
Including: statutory surplus reserves													
Discretionary surplus reserves													
2. Distribution to shareholders													
3. Others													
(V) Internal transfers of shareholders' equity													
1. Share capital transferred from capital reserves													
2. Share capital transferred from surplus reserves													
3. Recovery of losses by surplus reserves													
4. Transfer of charges in defined benefit plans into retained earnings													
5. Transfer of other comprehensive income into retained earnings													
6. Others													
IV. Balance at the end of current year	7,400,803,875.00			10,764,008,546.37				-13,438,066.58	704,660.29	3,680,848.35	1,097,484,710.77	2,615,528,488.90	21,868,079,407.81

The notes form an integral part of the financial statements

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2021

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

I. GENERAL INFORMATION OF THE COMPANY

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

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

In February 2003, the Company completed its initial public offering on the Stock Exchange of Hong Kong (hereinafter referred to as “Hong Kong Stock Exchange”), issuing 1,787,406,000 overseas listed foreign shares (hereinafter referred to as “H-shares”), including 1,624,915,000 newly issued shares and 162,491,000 H-shares allocated by China Foreign Transportation Group Company. So far, the Company’s issued capital has increased from 2,624,087,200 shares to 4,249,002,200 shares, including 2,461,596,200 domestic shares and 1,787,406,000 H-shares held by China Foreign Transportation Group Company, accounting for 57.93% and 42.07% of the issued capital respectively.

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2021

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

I. GENERAL INFORMATION OF THE COMPANY (CONTINUED)

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

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2021

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

I. GENERAL INFORMATION OF THE COMPANY (CONTINUED)

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

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

II. BASIS FOR THE PREPARATION

The Group has evaluated its ability to continue as a going concern for the 12 months from 31 December 2021, including, but not limited to, an assessment for the potential impact of COVID-19, and has not identified any events or circumstances that may cast a significant doubt over its ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern and accrual basis and are prepared in accordance with the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter referred to as “Accounting Standards for Business Enterprises”), and the relevant disclosures required by the Rules for Compiling Information Disclosure of Public Securities Companies No. 15 — General Provisions on Financial Reporting (revised in 2014) of CSRC and relevant provisions, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) and based on the accounting policies and accounting estimates as described in the note “IV. Significant Accounting Policies and Accounting Estimates of the Company”.

III. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements prepared by the Group are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and the Company’s financial position for the Group as of 31 December 2021; as well as the consolidated and the Company’s operating results and cash flows for the year of 2021.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY

1. FISCAL YEAR

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

2. FUNCTIONAL CURRENCY

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2021

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

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

3. ACCOUNTING BASIS AND MEASUREMENT

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

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

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

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

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2021

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

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

4. BUSINESS COMBINATION

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

4.1 Business combination involving entities under common control

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

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

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

4.2 Business combination not involving entities under common control

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

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2021

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

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

5. GOODWILL

Goodwill resulting from business 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 value of each asset in the unit.

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

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

6. CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2021

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

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

6. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2021

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

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

6. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2021

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

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

7. JOINT ARRANGEMENT

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

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

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

8. CASH AND CASH EQUIVALENTS

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

9. FINANCIAL INSTRUMENTS

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

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

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

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

9.1 Classification and measurement of financial assets

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

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

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Classification and measurement of financial assets (Continued)

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

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

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

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

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

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

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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 at amortized cost

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

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

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

9.1.2 Financial assets at fair value through other comprehensive income

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Classification and measurement of financial assets (Continued)

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

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

9.1.3 Financial assets at fair value through profit or loss

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

9.2 Impairment of financial instruments

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

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

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

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

9.2.1 Significant increase in credit risk

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

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

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

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

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.2 Credit-impaired financial assets

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

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

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.3 Determination of expected credit losses

The Group determines the credit losses of lease receivables on the basis of individual assets, and uses the impairment matrix to determine the credit losses of related financial instruments on a portfolio basis for notes receivable, account receivables, other receivables, and debt investments. The Group divides financial instruments into different groups based on common risk characteristics. Common credit risk characteristics adopted by the Group include: type of financial instrument, credit risk rating, type of collateral, initial recognition date, remaining contract term, industry in which the debtor is located, geographical location of the debtor, value of collateral relative to financial assets, etc.

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

- For financial assets, the credit loss shall be the present value of the difference between the contractual cash flow to be collected by the Group and the expected cash flow to be collected.
- For lease receivables, the credit loss shall be the present value of the difference between the contractual cash flow to be collected by the Group and the expected cash flow to be collected.
- For financial assets that are credit-impaired at the end of the reporting period but is not purchased or originated, the credit loss is the difference between the carrying amount of the financial asset and the present value of the estimated future cash flow discounted at the original effective interest rate.

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

9.2.4 Write-off of financial assets

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.3 Transfer of financial assets

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

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

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

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.3 Transfer of financial assets (Continued)

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

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

9.4 Classification of financial liabilities and equity instruments

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

9.4.1 Classification and measurement of financial liabilities

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

9.4.1.1 Financial liabilities at fair value through profit or loss

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 Classification of financial liabilities and equity instruments (Continued)

9.4.1 Classification and measurement of financial liabilities (Continued)

The financial liabilities meet one of the following conditions, indicating that the purpose of the financial liabilities of the Group is transactional:

- The purpose of undertaking related financial liabilities is mainly for recent repurchase.
- At the time of initial recognition, relevant financial liabilities were part of a centrally managed identifiable financial instrument portfolio, and there was objective evidence that a short-term profit model actually existed in the near future.
- Related financial liabilities are derivatives. The exceptions are derivatives that meet the definition of financial guarantee contracts and derivatives that are designated as effective hedging instruments.

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

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

For financial liabilities designated at fair value through profit or loss, changes in the fair value of such financial liabilities arising from changes in the Group's own credit risk are recognised in other comprehensive income and changes in other fair values are recognised in profit or loss in the current period. On derecognition of the financial liability, the cumulative change in fair value attributable to changes in own credit risk previously recognised in other comprehensive income is transferred to retained earnings. Dividends or interest expenses related to these financial liabilities are recognised in profit or loss for the period. If the treatment of the effects of changes in the own credit risk of such financial liabilities as described above would cause or enlarge an accounting mismatch in profit or loss, the Group recognises the entire gain or loss on such financial liabilities (including the amount of the effect of changes in own credit risk) in profit or loss for the period.

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 Classification of financial liabilities and equity instruments (Continued)

9.4.1 Classification and measurement of financial liabilities (Continued)

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

9.4.1.2 Other financial liabilities

Other financial liabilities, except those arising from the transfer of financial assets that does not meet the conditions for derecognition or continue to involve in the financial liabilities formed by the transferred financial assets, shall be classified as financial liabilities measured at amortised costs, and shall be subsequently measured at amortised costs. The profits or losses generated by derecognition or amortisation shall be recorded into profit or loss of the current period.

If the Group revises or renegotiates the contract with the counterparty, which does not result in the derecognition of financial liabilities that are subsequently measured at amortised cost, but results in changes in contractual cash flows, the Group recalculates the carrying amount of the financial liability and gains or losses are included in profit or loss. The recalculated carrying amount of the financial liability is determined based on the discounted present value of the contractual cash flow to be renegotiated or modified at the original effective interest rate of the financial liability. For all costs or expenses incurred by revising or renegotiating the contract, the Group adjusts the carrying amount of the revised financial liability and amortises it over the remaining period of the revised financial liability.

9.4.1.2.1 Financial guarantee contract

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 Classification of financial liabilities and equity instruments (Continued)

9.4.2 Derecognition of financial liabilities

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

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

9.4.3 Equity instruments

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

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

9.5 Derivative instruments and embedded derivative instruments

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

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.5 Derivative instruments and embedded derivative instruments (Continued)

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

- (1) The economic characteristics and risks of embedded derivative instruments are not closely related to the one's of main contract.
- (2) The separate instruments with the same terms as the embedded derivative instruments comply with the definition of derivative instruments.
- (3) The mixed contracts are not measured at fair value through profit or loss.

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

9.6 Offset of financial assets and financial liabilities

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

9.7 Compound instrument

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

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

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

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.7 Compound instrument (Continued)

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

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

10. INVENTORIES

The Group's inventories mainly includes raw materials, Goods in stock (finished goods) and revolving materials, etc. Inventories are initially measured at cost. The cost of inventories includes purchase cost, processing cost and other expenses incurred to bring the inventories to their current location and state.

The weighted average method is adopted to determine the actual cost of the inventory.

Consumables are expensed by the one-off amortisation method.

At the end of the reporting period, inventories are measured at the lower of cost and net realisable value. When the net realisable value is lower than the cost, a provision is made for decline in value.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The net realisable value of inventories is determined based on the concrete evidence obtained, taking into account the purpose of holding inventory and the impact of events after the end of the reporting period.

Provision is considered on a category basis for inventories in large quantity and with relatively low unit prices and on an individual basis for all other inventories. Provision is considered on a consolidated basis for inventories in series produced and sold in the same region, same or similar end-use purpose or which are difficult to be measured separately from other items. Other inventories withdraw provision for decline in net realisable value based on the difference between the cost of a single inventory item and its net realisable value.

When the circumstances that previously caused inventories to be written down below cost no longer exist and the net realisable value is higher than the carrying amount, the original amount of the write-down is reversed and charged to the profit or loss for the current period.

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

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

11. LONG-TERM EQUITY INVESTMENT

11.1 Determine the basis for joint control and significant influence on the invested entities

Control refers to the investor has the power over the investee, and enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power of the investee to influence the amount of returns. Joint control refers to the joint control over an arrangement according to relevant agreements, and the related activities of the arrangement can only be decided after the consensus of the parties sharing the control. Significant influence refers to the power to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the determination of these policies with other parties. In determining whether it is possible to exercise control over or exert significant influence over the invested entities, it has taken into account the potential voting right factors such as the current convertible bonds of the investee unit and the current executable warrants held by the investor and other parties.

11.2 Determination of initial investment cost

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

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

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

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

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

11. LONG-TERM EQUITY INVESTMENT (CONTINUED)

11.3 Subsequent measurement and profit or loss recognition method

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

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

The long-term equity investment accounted for cost method is measured by the initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. The current investment income is recognised according to the cash dividend or profit distributions declared by the invested entity.

11.3.2 Long-term equity investment accounted for using the equity method

In addition to investments in associates and joint ventures classified in whole or in part as held-for-sale assets, the Group's investment in associates and joint ventures is accounted for using the equity method. Associates refer to invested entity to which the Group can exert a significant influence, and joint venture is a joint venture arrangement in which the Group has only the right to the net assets of the arrangement.

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

When adopting equity method accounting, the investment income and other comprehensive income shall be recognised respectively according to the share of net profit or loss and other comprehensive income of the invested unit. The carrying amount of long-term equity investment shall be adjusted accordingly. The carrying amount of long-term equity investment shall be reduced accordingly by calculating the share of the profit distribution or cash dividend declared by investee. The carrying amount of long-term equity investment shall be adjusted and included in capital reserves for other changes in the owner's equity of investee rather than net or and loss, other comprehensive income and profit distribution. When recognising the share of the net profit and loss of the investee, the net profit of investee shall be adjusted and recognised on the basis of the fair value of the identifiable assets of the invested unit at the acquisition date. If the accounting policies and periods adopted by the invested unit are inconsistent with those of the Group, the financial statements of the investee shall be adjusted in accordance with the accounting policies of the Group and the accounting period of the Group, and the investment income and other comprehensive income shall be recognised accordingly. Unrealised profit or loss resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized profit or loss resulting from the Group's transactions with its investee which represent impairment losses on the transferred assets are not eliminated.

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

11. LONG-TERM EQUITY INVESTMENT (CONTINUED)

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

11.3.2 Long-term equity investment accounted for using the equity method (Continued)

When it is recognised that the net loss of the invested unit shall be shared, the carrying amount of the long-term equity investment and other long-term interests that substantially constitute the net investment of the invested unit shall be written down to zero. In addition, if the Group has the obligation to bear additional losses to the investee entity, it shall recognise the estimated liabilities according to the expected obligations and record them into the current investment loss. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

11.4 Disposal of long-term equity investment

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

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

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

11. LONG-TERM EQUITY INVESTMENT (CONTINUED)

11.4 Disposal of long-term equity investment (Continued)

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

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

12. INVESTMENT PROPERTIES

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

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

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

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

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

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

13. FIXED ASSETS AND DEPRECIATIONS

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

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

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

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

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

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

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

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

14. CONSTRUCTION IN PROGRESS

Construction in process is measured by actual cost, which includes the expenditure incurred during the construction period, the capitalised borrowing cost before the project reaches its intended usable state, and other related costs. There is no depreciation in construction. Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

15. INTANGIBLE ASSETS

15.1 Intangible assets

Intangible assets include land use right, software use right, trademark right, etc.

Intangible assets are initially measured at cost. Since the intangible assets with limited service life are available for use, the original value minus the estimated residual value and the accumulated amount of impairment reserve are amortised by the straight-line method in phases during their expected service life. Intangible assets with uncertain service life shall not be amortised.

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

Expenses for the research phase are charged to current profit or loss as incurred.

15.2 Research and development expenditures

Expenditures during the development phase are recognised as intangible assets if both of the following conditions are met, and expenditures during the development phase that do not meet the following conditions are recognised in current profit or loss:

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

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all research and development expenditures incurred are recognised in profit or loss for the current period. The cost of intangible assets resulting from internal development activities includes only the total amount of expenditure incurred from the point at which the capitalisation condition is met until the intangible asset reaches its intended use. No adjustment is made to the expenditure that has been expensed to profit or loss before the capitalisation condition is met for the same intangible asset in the development process.

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

16. LONG-TERM PREPAID EXPENSES

Long-term prepaid expenses represent expenditures incurred which should be recognised as expenses over one year and should be allocated in current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the estimated beneficial period.

17. IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

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

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

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

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

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

Except for impairment losses on assets related to contract costs, the above-mentioned impairment losses on assets, once recognised, are not reversed in subsequent accounting periods. After the provision for impairment of assets related to contract costs is made, if the factors of impairment in previous periods change so that the difference between the above two items is higher than the carrying value of the asset, the original provision for impairment of the asset is reversed and recognised in profit or loss for the current period, provided that the carrying value of the asset after the reversal does not exceed the carrying value of the asset at the date of reversal assuming no provision for impairment was made.

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

18. ESTIMATED LIABILITIES

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

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

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

19. EMPLOYEE REMUNERATIONS

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

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

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

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

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

19. EMPLOYEE REMUNERATIONS (CONTINUED)

Post-employment benefits refer to the various forms of remuneration and welfare provided by the Group after the employee retires or dissolves labor relations with the enterprise in order to obtain the services provided by the employee, with the exception of short-term remunerations and termination benefits. Post-employment benefits include endowment insurance, annuity, unemployment insurance, internal retirement benefits and other post-employment benefits.

The Group classifies post-employment benefit plans into defined contribution plans and defined benefit plans. Post-employment benefit plan refers to the agreement reached between the Group and the employee on the post-employment benefit, or the regulations or measures formulated by the Group for the provision of post-employment benefit to the employee. Where, a defined contribution plan is a post-employment benefit plan in which the Group no longer undertakes the further payment obligation after the fixed fee is deposited into the independent fund; Defined benefit plans refer to post-employment benefit plans other than defined contribution plans. During the accounting period when the employee provides services for the Group, the amount due for deposit calculated according to the defined escrow plan shall be recognised as a liability and recorded into the current profit and loss or the cost of related assets.

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

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

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

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

20. BONDS PAYABLES

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

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

21. REVENUE RECOGNITION

The Group recognises revenue at the transaction price apportioned to the performance obligation in the contract when it is satisfied, i.e. when the customer acquires control of the relevant goods or services. A performance obligation is a contractual commitment by the Group to transfer clearly distinguishable goods or services to the customer. The transaction price is the amount of consideration that the Group expects to be entitled to receive as a result of the transfer of goods or services to the customer, but excluding amounts collected on behalf of third parties and amounts that the Group expects to be returned to the customer.

A performance obligation is a performance obligation that is performed over a period of time, and the Group recognises revenue over a period of time in accordance with the progress of the performance, when one of the following conditions is met: (I) The customer acquires and consumes the economic benefits from the Group's performance as the Group performs; (II) The customer is able to control the goods under construction in the Group's performance; (III) The goods or services produced by the Group's performance are irreplaceable, and the Group is entitled to receive payment for the portion of the performance that has been accumulated to date throughout the contract period. Otherwise, the Group recognises revenue at the point at which the customer acquires control of the relevant goods or services.

The Group uses the input method to determine the progress of performance, i.e., it determines the progress of performance based on the Group's inputs to meet its performance obligations. When the progress of performance is not reasonably determinable and the costs incurred are expected to be recovered, the Group recognises revenue at the amount of the costs incurred until the progress of performance is reasonably determinable.

A contract asset is a right to receive consideration for goods or services that the Group has transferred to a customer and that is dependent on factors other than the passage of time. For the accounting policy regarding contract asset impairment, please refer to Note IV. 9. The Group's unconditional (that is, time-dependent) right to collect considerations from customers are presented separately as receivables.

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

21. REVENUE RECOGNITION (CONTINUED)

A contract liability is an obligation to transfer goods or services to a customer for consideration received or receivable by the Group from the customer.

Contract assets and contract liabilities under the same contract are shown on a net basis.

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

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

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

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

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

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

21. REVENUE RECOGNITION (CONTINUED)

Where there is a significant financing element in a contract, the Group determines the transaction price based on the amount that would be payable in cash assuming that the customer paid for the goods or services at the time it acquired control. The difference between this transaction price and the contract consideration is amortised over the term of the contract using the effective interest method. Significant financing elements of the contract are not taken into account when the Group expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price will not exceed one year at the contract start date.

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

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

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

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

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

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

21. REVENUE RECOGNITION (CONTINUED)

The cost of obtaining a contract

An asset is recognised when the Group expects to recover the incremental costs incurred to obtain the contract (i.e., costs that would not have been incurred but for the contract). If the asset is amortised over a period of less than one year, it is charged to profit or loss as incurred. Other expenses incurred to acquire a contract are charged to profit or loss when incurred, except when clearly borne by the customer.

The cost of performing a contract

Costs incurred by the Group to perform a contract, which are outside the scope of other corporate accounting standards other than the revenue standard, are recognised as an asset when the following conditions are met: (1) The cost is directly related to a current or expected contract; (2) The cost increases the Group's future resources available to meet its performance obligations; and (3) The cost is expected to be recoverable. These assets are amortised using the same basis as revenue recognition for the goods or services to which the asset relates, and are recognised in profit or loss for the year.

22. GOVERNMENT GRANTS

Government grants are monetary and non-monetary assets that the Group acquires from the government at no cost to the Group. Government grants are recognised when the conditions attached to the grant can be met and the grant can be received.

Where government grants are monetary assets, they are measured at the amount received or receivable. Where government grants are non-monetary assets, they are measured at fair value; where fair value cannot be obtained reliably, they are measured at nominal amounts. Government grants measured at nominal amounts are directly recognised in profit or loss for the year.

Government grants relating to assets should be recognised as deferred income and charged to profit or loss over the useful life of the related assets in a reasonable and systematic manner. Government grants measured at nominal amounts are directly recognised in profit or loss for the current period. If the relevant asset is sold, transferred, scrapped or destroyed before the end of its useful life, the undistributed balance of the relevant deferred income should be transferred to the profit or loss of the year in which the asset is disposed of.

Revenue-related government grants which are used to compensate the Group for related costs or losses in future periods, are recognised as deferred income and charged to profit or loss in the year in which the related costs or losses are recognised; those used to compensate the Group for related costs or losses already incurred are charged directly to profit or loss in the current period.

For government grants that contain both asset-related parts and revenue-related parts, the different parts should be distinguished for separate accounting treatment; if it is difficult to distinguish, the whole should be classified as revenue-related government grants.

Government grants related to the Group's daily activities should be included in other income in accordance with the substance of economic operations. Government grants not related to the Group's daily activities should be included in non-operating income and expenditure.

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

23. BORROWING COSTS

The capitalisation of borrowing costs directly attributable to the acquisition or production of a capitalisation-eligible asset begins when expenditures for the asset have been incurred, borrowing costs have been incurred, and the acquisition or production activities necessary to bring the asset to its intended useable or marketable condition have commenced; the capitalisation of a capitalisation-eligible asset acquired or produced to its intended useable or marketable condition ceases when the asset is acquired or produced. If an abnormal interruption in the acquisition or production of a capitalisation-eligible asset occurs and the interruption lasts for more than three consecutive months, the capitalisation of borrowing costs is suspended until the acquisition or production of the asset is restarted.

The remaining borrowing costs are recognised as an expense in the period in which they are incurred.

The amount of interest expenses actually incurred during the period of special borrowing, less the interest income earned by depositing unused borrowed funds with banks or investment income earned by making temporary investments, is capitalized; the amount of capitalisation for general borrowing is determined by multiplying the weighted average of the cumulative asset expenses in excess of the portion of special borrowing by the capitalisation rate of the general borrowing used. The capitalisation rate is determined based on the calculation of the weighted average interest rate on the general borrowing. During the capitalisation period, all exchange differences on foreign-currency specialized borrowings are capitalized; exchange differences on foreign-currency general borrowings are recorded in profit or loss for the current period.

24. INCOME TAXES

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

24.1 Current income tax

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

24.2 Deferred tax assets and deferred tax liabilities

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

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

24. INCOME TAXES (CONTINUED)

24.2 Deferred tax assets and deferred tax liabilities (Continued)

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

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

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

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

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

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

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

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

24. INCOME TAXES (CONTINUED)

24.3 Offset of income taxes

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to acquire assets and settle liabilities simultaneously, the Group's current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

The Group's deferred tax assets and deferred tax liabilities are presented net of offset when there is a legally enforceable right to settle current tax assets and current tax liabilities on a net basis and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities, provided that, in each future period in which significant deferred tax assets and liabilities reverse, the taxable entity involved intends to settle current income tax assets and liabilities on a net basis, or to acquire the assets and settle the liabilities simultaneously.

25. FOREIGN CURRENCY OPERATIONS AND TRANSLATION OF FOREIGN CURRENCY STATEMENTS

25.1 Foreign currency operations

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

At the balance sheet date, monetary items denominated in foreign currencies are translated into the local currency of record using the spot exchange rate at that date, and exchange differences resulting from differences between the spot exchange rate at that date and the spot exchange rate at initial recognition or at the previous balance sheet date, except: (1) Exchange differences on foreign currency special borrowings eligible for capitalisation are capitalised to the cost of the related assets during the capitalisation period; (2) Exchange differences on hedging instruments that are hedged are accounted for under the hedge accounting method; (3) Exchange differences on monetary items classified as fair value through other comprehensive income, other than those arising from changes in book balance other than amortised cost, are recognised in other comprehensive income.

If the preparation of the consolidated financial statements involves foreign operations, and if there are foreign currency monetary items that substantially constitute a net investment in foreign operations, exchange differences resulting from changes in exchange rates are included in "Exchange differences on translation of foreign operations" in other comprehensive income; when foreign operations are disposed of, they are included in profit or loss for the period of disposal.

Foreign currency non-monetary items measured at historical cost continue to be measured at the recorded local currency amount discounted at the spot exchange rate at the date of the transaction. Non-monetary items in foreign currencies measured at fair value are translated using the spot exchange rate at the date the fair value is determined, and the difference between the recorded local currency amount after translation and the original recorded local currency amount is treated as a change in fair value (including exchange rate changes) and recognised in profit or loss or in other comprehensive income.

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Notes to the Financial Statements

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

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

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

25.2 Translation of foreign operations

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

Cash flows in foreign currencies and the cash flows of foreign subsidiaries are translated using the approximate exchange rate at the spot exchange rate, at the date of the cash flows, and the effect of exchange rate changes on cash and cash equivalents is shown as a reconciling item in the statement of cash flows as “Effect of foreign exchange rate changes”.

Prior closing balances and prior year actuals are presented in accordance with the amounts translated from the prior year’s financial statements.

Upon the disposal of the Group’s entire shareholder’s equity in a foreign operation or the loss of control over the foreign operation due to the disposal of a portion of the equity investment or otherwise, the exchange differences on translation of foreign operations shown in the other comprehensive income line item in the balance sheet that are attributable to the shareholders’ equity of the Company related to that foreign operation are transferred in full to the current profit or loss on disposal.

In the event of the disposal of a portion of an equity investment or other reasons resulting in a reduction in the proportion of equity interest held in a foreign operation without loss of control over the foreign operation, the exchange differences on translation of foreign operations related to the disposal portion of the foreign operation will be attributed to non-controlling interests and will not be transferred to the profit or loss of the current period. When the foreign operation is disposed of as part of an associate or joint venture, the exchange differences on translation of foreign operations related to the foreign operation are transferred to the profit and loss of the period in which the foreign operation is disposed of in proportion to the disposal of the foreign operation.

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Notes to the Financial Statements

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

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

26. LEASES

A lease is a contract in which the lessor gives the right to use an asset to the lessee for a certain period of time in return for consideration.

26.1 The Group as lessee

26.1.1 Separation of leases

Where a contract contains one or more lease and non-lease components, the Group separates each individual lease and non-lease component and apportions the contract consideration in relative proportions to the sum of the separate prices of each lease component and the separate prices of the non-lease components.

For practical purposes, the Group accounts for leases with similar characteristics as a portfolio if the Group can reasonably be expected not to have a significantly different impact on the financial statements than if each individual lease in the portfolio were accounted for separately.

26.1.2 Right-of-use asset

With the exception of short-term leases and leases of low-value assets, the Group recognises a right-of-use asset for leases at the lease term start date. The lease term start date is the date on which the lessor makes the leased asset available for use by the Group.

Right-of-use assets are initially measured at cost which comprises:

- The initial measurement of the lease liability.
- Lease payments made on or before the start date of the lease term, where a lease incentive exists, are reduced by the amount associated with the lease incentive already enjoyed.
- Initial direct costs incurred by the Group.
- The Group expects to incur costs to dismantle and remove the leased asset, rehabilitate the site where the leased asset is located or restore the leased asset to the condition agreed under the terms of the lease.

When a remeasurement of the lease liability occurs after the lease term starts, the carrying value of the right-of-use asset is adjusted accordingly.

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

26. LEASES (CONTINUED)

26.1 The Group as lessee(Continued)

26.1.2 Right-of-use asset (Continued)

The Group depreciates right-of-use assets with reference to the relevant depreciation provisions of *Accounting Standards for Business Enterprises No. 4 – Fixed Assets*. Where the Group is able to obtain ownership of a leased asset with reasonable certainty at the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the leased asset. Where it is not reasonably certain that ownership of a leased asset can be obtained at the end of the lease term, depreciation is charged over the shorter of the lease term and the remaining useful life of the leased asset.

The Group determines whether a right-of-use asset is impaired in accordance with the relevant provisions of *Accounting Standards for Business Enterprises No. 8 – Asset Impairment* and makes accounting treatment.

26.1.3 Refundable lease deposits

Refundable lease deposits paid by the Group are accounted for in accordance with the *Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments* and are measured at fair value on initial recognition. The difference between the fair value and the notional amount at initial recognition is treated as an additional lease payment and included in the cost of the right-of-use asset.

26.1.4 Lease liability

Except for short-term leases and leases of low-value assets, the Group initially measures the lease liability at the beginning of the lease term based on the present value of the lease payments outstanding at that date. In calculating the present value of the lease payments, the Group uses the intrinsic lease rate as the discount rate and, where the intrinsic lease rate cannot be determined, the incremental borrowing rate as the discount rate.

Lease payments are payments made by the Group to the lessor relating to the right to use the leased asset over the lease term and including:

- Fixed payments and substantive fixed payments, net of lease incentives, if there are lease incentives related amounts.
- Variable lease payments that depend on an index or rate.
- The Group reasonably determines the exercise price of the purchase options to be exercised.
- The lease term reflects the payments required to exercise the lease termination option where the Group will exercise the lease termination option.
- Expected payments based on the residual value of guarantees provided by the Group.

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

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

26. LEASES (CONTINUED)

26.1 The Group as lessee (Continued)

26.1.4 Lease liability (Continued)

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

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

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

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

26.1.5 Short-term leases and low-value asset leases

The Group elects not to recognise right-of-use assets and lease liabilities for short-term leases and low-value asset leases. Short-term leases are leases with a lease term of less than 12 months at the start date of the lease term and do not include purchase options. Lease of low-value assets are leases where the value of a single leased asset does not exceed RMB50,000 when the asset is brand new. The Group recognises the lease payments for short-term leases and low-value asset leases in profit or loss or the cost of the related assets in each period of the lease term on a straight-line basis or by other systematic and reasonable methods.

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

26. LEASES (CONTINUED)

26.1 The Group as lessee (Continued)

26.1.6 Lease modification

The Group has chosen to adopt a simplified method for rent reductions, deferred payments and other rent concessions agreed between the Group as lessee and lessor on existing lease contracts that are directly caused by the COVID-19 epidemic and that meet the *Accounting Treatment of Rent Concessions Related to the COVID-19 Epidemic* (Cai Kuai [2020] No. 10) issued by the Ministry of Finance, and does not assess whether a lease modification has occurred or reassess the lease classification. Beyond that:

When a lease modification occurs and the following conditions are also met, the Group accounts for the lease modification as a separate lease:

- The lease modification expands the scope of the lease by adding the right to use one or more of the leased assets.
- The increased consideration is equal to the separate price of the expanded portion of the lease, adjusted for that contract.

If the lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Group reassesses the consideration for the changed contract, redetermines the lease term and remeasures the lease liability at the present value of the modified lease payments and the revised discount rate.

26.2 The Group as lessor

The Group recognises lease receipts under operating leases as rental income on a straight-line basis from period to period over the term of the lease, unless another systematic and rational method better reflects the pattern of depletion of economic benefits arising from the use of the leased asset. Initial direct costs incurred by the lessor in connection with operating leases are capitalized and amortised over the lease term on the same basis as rental income, and are recognised in profit or loss over the period.

26.2.1 Separation of leases

Where the contract contains both leased and non-leased components, the Group apportioned the contract consideration in accordance with the provisions of *Accounting Standards for Business Enterprises No. 14 – Revenue* on transaction price apportionment, based on the separate prices of each of the leased and non-leased components.

26.2.2 Refundable lease deposits

Refundable lease deposits received by the Group are accounted for in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and are measured at fair value on initial recognition. The difference between the fair value and the notional amount at initial recognition is considered to be the additional lease receipts paid by the lessee.

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

26. LEASES (CONTINUED)

26.2 The Group as lessor (Continued)

26.2.3 Classification of leases

A lease that transfers substantially all the risks and rewards of ownership of the leased asset is a finance lease. Leases other than finance leases are operating leases.

26.2.4 The Group records operating lease business as lessor

At various periods during the lease term, the Group recognises lease receipts for operating leases as rental income using the straight-line method or other systematic and reasonable method. Initial direct costs incurred by the Group in connection with operating leases are capitalized as incurred and are amortised over the term of the lease on the same basis as rental income recognition and charged to profit or loss in the current period.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in lease receipts are charged to profit or loss in the period in which they are incurred.

26.2.5 The Group records finance lease business as lessor

At the start of the lease term, the Group records the net lease investment as the value of the finance lease receivables and derecognises the finance lease asset. The net investment in leases is the sum of the unguaranteed residual value and the present value of the lease receivables not yet received at the start of the lease term, discounted at the intrinsic lease rate.

Lease receipts, which represent amounts receivable by the Group from lessees in connection with the assignment of the right to use a leased asset during the lease term, including:

- The amount of the fixed payments to be paid by the lessee and the amount of the substantive fixed payments, less the amount related to the lease incentive, if there is a lease incentive.
- Variable lease payments that depend on an index or rate.
- The exercise price of the purchase option, provided that it is reasonably certain that the lessee will exercise the option.
- Payments required to be made by a lessee exercising a lease termination option, provided that the lease term reflects that the lessee will exercise the lease termination option.
- The residual value of the guarantee provided to the Group by the lessee, a party related to the lessee and an independent third party with the financial ability to meet the guarantee obligations.

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

26. LEASES (CONTINUED)

26.2 The Group as lessor (Continued)

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

Variable lease receivables that are index- or rate-dependent are determined at initial measurement based on an index or rate at the lease term start date. Variable lease receipts that are not included in the net lease investment measurement are charged to profit or loss in the period in which they occur.

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

26.2.6 Sublease

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

26.2.7 Lease modification

The Group has chosen to adopt a simplified method for rent reductions, deferred payments and other rent concessions agreed between the Group as lessor and lessee on existing lease contracts that are directly caused by the COVID-19 epidemic and that meet the *Accounting Treatment of Rent Concessions Related to the COVID-19 Epidemic* (Cai Kuai [2020] No. 10) issued by the Ministry of Finance, and does not assess whether a lease modification has occurred or reassess the lease classification. Beyond that:

Where there is a modification in an operating lease, the Group accounts for it as a new lease from the effective date of the modification, and the amount of lease receipts received or receivable in advance relating to the pre-modification lease is treated as receipts under the new lease.

When a modification in a finance lease occurs and the following conditions are also met, the Group accounts for the modification as a separate lease:

- The modification expands the scope of the lease by adding the right to use one or more of the leased assets.
- The increased consideration is equal to the separate price of the expanded portion of the lease, adjusted for that contract.

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Notes to the Financial Statements

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

26. LEASES (CONTINUED)

26.2 The Group as lessor (Continued)

26.2.7 Lease modification (Continued)

If a modification in a finance lease is not accounted for as a separate lease, the Group treats the modified lease as follows:

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

26.3 Sale and leaseback transactions

26.3.1 The Group as seller and lessee

The Group assesses whether the transfer of an asset in a sale and leaseback transaction is a sale in accordance with the provisions of *Accounting Standards for Business Enterprises No. 14 – Revenue*. If the asset transfer is not a sale, the Group continues to recognise the transferred asset and recognises a financial liability equal to the amount of the transfer proceeds, and accounts for the financial liability in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*. If the transferred asset is a sale, the Group measures the right-of-use asset resulting from the sale and leaseback at the portion of the carrying amount of the original asset that relates to the right of use acquired through leaseback, and recognises gain or loss only on the right transferred to the lessor.

26.3.2 The Group as buyer and lessor

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

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

27. HELD FOR SALE

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

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

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

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

Equity investments in associates or joint ventures are classified in whole or in part as assets held for sale, and the portion classified as held for sale is no longer accounted for under the equity method from the date it is classified as held for sale.

28. SAFETY PRODUCTION COST

The Group extracts safety production costs in accordance with the *Administrative Measures on the Withdrawal and Use of Safety Production Costs by Enterprises No. 16 of Caiqi [2012]* issued jointly by the Ministry of Finance and the State Administration of Work Safety on 14 February 2012, which is recorded in the cost of the relevant products or current profit and loss, and transferred to the special reserves. When using the extracted safety production cost, if it is an expense, it is directly deducted from the special reserves. When the safety production costs are used to form fixed assets, the expenses incurred are collected under the account "Construction in progress" and recognised as fixed assets when the safety projects are completed and ready for use; at the same time, the special reserves is deducted from the cost of the fixed assets and the same amount of accumulated depreciation is recognised. Such fixed assets are not depreciated in subsequent periods.

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Notes to the Financial Statements

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

29. ASSET SECURITISATION BUSINESS

When a financial asset is transferred, it is judged on the basis of the transfer of substantially all the risks and rewards of ownership of the relevant financial asset: If it has been transferred in full, the corresponding financial asset is derecognised; if it has not been transferred and substantially all the risks and rewards of ownership of the relevant financial asset have been retained, derecognition is not possible; if neither substantially all the risks and rewards of ownership of the financial asset are transferred nor retained, derecognition is determined based on the extent of control over the financial asset. If control over the financial asset is relinquished, the financial asset is derecognised; if control over the financial asset is not relinquished, the financial asset is recognised to the extent of its continuing involvement in the financial asset, and the related liability is recognised accordingly.

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

30. DISCONTINUED OPERATION

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

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

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

31. NON-MONETARY ASSET EXCHANGE

Non-monetary asset exchanges are measured at fair value if the non-monetary asset exchange has commercial substance and the fair value of the exchange-in asset or exchange-out asset can be measured reliably. For the exchange-in assets, the fair value of the exchange-out asset and the related tax payable are initially measured as the cost of the exchange-in asset; for the exchange-out assets, the difference between the fair value and the carrying value of the exchange-out asset is recognised in current profit or loss upon derecognition. If there is sufficient evidence that the fair value of the exchange-in asset is more reliable, the fair value of the exchange-in asset and the relevant tax payable are used as the initial measurement amount of the exchanged asset; for the exchange-out asset, the difference between the fair value of the exchange-in asset and the carrying value of the exchange-out asset is charged to the profit or loss for the current period upon derecognition.

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

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

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

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

31. NON-MONETARY ASSET EXCHANGE (CONTINUED)

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

32. DEBT RESTRUCTURING

32.1 Recording debt restructuring obligations as debtor

A debt restructuring in which the debt is settled by assets is derecognised when the relevant assets and the settled debt meet the conditions for derecognition, and the difference between the carrying value of the settled debt and the carrying value of the transferred assets is recognised in profit or loss for the current period.

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

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

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

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Notes to the Financial Statements

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

32. DEBT RESTRUCTURING (CONTINUED)

32.2 Recording debt restructuring obligations as creditor

For debt restructuring in which assets are used to pay off debts, assets other than the transferred financial assets are initially recognised at cost. The cost of inventory includes the fair value of abandoned creditor's rights and other costs directly attributable to the asset, such as taxes, transportation costs, handling charges, insurance premiums, etc., incurred to enable the asset to reach its current position and state. The cost of an investment in an associate or joint venture and the cost of investment property respectively include the fair value of abandoned creditor's rights and other costs directly attributable to the asset, such as taxes. The cost of investment properties includes the fair value of the abandoned creditor's rights and other costs such as taxes that are directly attributable to the assets. The cost of a fixed asset includes the fair value of abandoned creditor's rights and other costs directly attributable to the asset, such as taxes, transportation costs, handling charges, installation costs, professional services fee, incurred before bringing the asset to its intended usable condition. The cost of a biological asset includes the fair value of abandoned creditor's rights and other costs attributable to the asset, such as taxes, transportation costs, insurance premiums. The cost of an intangible asset includes the fair value of abandoned creditor's rights and other costs such as taxes that are directly attributable to bringing the asset to its intended use. The difference between the fair value and the carrying value of abandoned creditor's rights should be recognised in profit or loss for the current period.

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

For debt restructuring using modification of other terms, the Group recognises and measures the restructured claims in accordance with the provisions of *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and *Accounting standards for Business Enterprises No. 37-Presentation of Financial Instruments*.

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

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Notes to the Financial Statements

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V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

1. KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES

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

1.1 Classification of financial assets

The classification and measurement of financial assets is dependent on the contractual cash flow test and the business model test. The Group is required to consider all relevant evidence available at the date of the business model assessment, including the manner in which the enterprise evaluates and reports the performance of financial assets to key management personnel, the risks that affect the performance of financial assets and their management, and the manner in which the relevant business management personnel are compensated. The Group is also required to make a judgment as to whether the contractual cash flows generated from the financial assets held at a particular date are solely payments of principal and interest based on the outstanding principal amount.

1.2 Derecognition of transfers of financial assets

The Group transfers financial assets in the normal course of business through a variety of methods, including conventional transactions, asset securitization and sale and leaseback agreement. The Group is required to make significant judgments and estimates in the process of determining whether or not all of the transferred financial assets can be derecognised.

Where the Group transfers financial assets to a special purpose entity through a structured transaction, the Group analyses and assesses whether the relationship with the special purpose entity substantially demonstrates that the Group has control over the special purpose entity and therefore consolidation is required. The judgment of consolidation will determine whether the derecognition analysis should be performed at the level of the consolidation entity, or at the level of the single entity from which the financial assets are transferred.

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

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

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

1.2 Derecognition of transfers of financial assets (Continued)

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

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

1.3 Recognition of expected credit losses

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

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

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

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

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

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

1.3 Recognition of expected credit losses (Continued)

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

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

1.4 Goodwill impairment

As at 31 December 2021, the carrying value of goodwill is RMB1,982,398,248.66. The Group conducts impairment test on goodwill at least annually. In the impairment test of goodwill, it is necessary to calculate the present value of the expected future cash flow of the relevant asset group or asset group portfolios, and to estimate the future cash flow of the asset group or asset group portfolios. At the same time, it is necessary to determine a pre-tax interest rate that appropriately reflects the time value of currency in the current market and asset specific risks. All these matters involve the judgment of the management.

1.5 Recognition of deferred income tax

Within the limits of deductible temporary differences and deductible losses, the Group is likely to obtain sufficient taxable income in the future to recognise deferred income tax assets for all unused deductible temporary differences and deductible losses. This requires the management of the Group to use a large number of judgments to estimate the time and amount of future taxable income, combined with tax planning strategy, to determine the amount of deferred income tax assets that should be recognised.

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

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

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

1.6 Impairment of long-term equity investments

As at 31 December 2021, the carrying value of the Group's investment in associates amounted to RMB4,090,348,488.40 (31 December 2020: RMB4,162,590,995.79); the carrying value of the Group's investment in joint ventures as at 31 December 2021 amounted to RMB4,321,891,080.22 (31 December 2020: RMB3,588,989,779.73). For long-term equity investments that have indications of impairment, the Group determines whether a long-term equity investment is impaired by estimating the recoverable amount of the long-term equity investment and comparing it with its carrying value. If the carrying amount of the long-term equity investment is greater than the estimated recoverable amount, an impairment provision is made accordingly.

1.7 Fair value of financial instruments

For financial instruments 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.

1.8 Estimated useful life and estimated residual value of fixed assets and intangible assets

The Group determines the useful life and residual value of fixed assets and intangible assets. The estimation is based on the historical experience of the actual useful life and residual value of fixed assets and intangible assets with similar properties and functions, and may have significant changes due to technological innovation and severe industry competition. When the expected useful life and residual value of fixed assets or intangible assets are less than the previous estimates, the Group will increase the depreciation/amortisation, or write off or offset the technologically obsolete fixed assets or intangible assets.

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Notes to the Financial Statements

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

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

1.9 Impairment of non-current assets other than financial assets (other than goodwill, long-term equity investments)

The Group determines at the balance sheet date whether there is any indication that non-current assets other than financial assets may be impaired, and performs impairment tests on those assets when there is an indication of impairment. In addition, intangible assets with indefinite useful lives are tested for impairment annually. The recoverable amount of an asset or asset groups is determined based on the higher of the value in use of the asset or group of assets and net amount of its fair value less disposal expenses. In estimating its value in use, the future cash flows of the asset or asset group are projected and determined using a discount rate discounted to the present value of future cash flows. Management makes an accounting estimate on the use of the asset and forecasts future cash flows on a reasonable and informed basis and determines the present value of the future cash flows using a discount rate that reflects the time value of money in the current market and the specific risks associated with the asset.

1.10 Determine the lease term of a lease contract with a renewal option

For a lease contract signed as a lessee with the renewal option, the Group uses judgment to determine the lease term of the lease contract. The assessment of whether the Group reasonably determines the exercise of this option affects the length of the lease term, which in turn has a significant impact on the amount of lease liability and right-of-use asset recognised under the lease.

1.11 Contingent liabilities

The Group is faced with numerous legal disputes in the course of its going concern, the outcome of which is subject to a significant degree of uncertainty. When the economic benefits associated with a particular legal dispute are considered to be likely to flow out and can be measured reliably, the Group's management makes provision for them based on professional legal advice. Significant contingent liabilities faced by the Group, other than those which are considered to be highly unlikely to result in an outflow of economic benefits, are disclosed in "Note XII. Contingencies". Management uses its judgment to determine whether a related legal dispute should be provided for as a provision or disclosed as a contingent liability.

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Notes to the Financial Statements

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VI. EXPLANATIONS ON THE CHANGES OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. CHANGES OF ACCOUNTING POLICIES AND EFFECTS

The Ministry of Finance issued the *Interpretation of Accounting Standards for Business Enterprises No. 14* (Cai Kuai [2021] No. 1) on 26 January 2021, which regulates the accounting treatment of social capital parties to government and social capital cooperation (PPP) project contracts and the accounting treatment of changes in the basis for determining the relevant contractual cash flows as a result of the reform of the benchmark interest rate. The Group has adopted the above interpretations and provisions for the preparation of the financial statements for the year ended 31 December 2021. The *Interpretation of Accounting Standards for Business Enterprises No. 14* has no significant impact on the Group and the Company.

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

2. CHANGES OF ACCOUNTING ESTIMATES AND EFFECTS

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

3. CORRECTION OF PRIOR ERRORS AND IMPACT

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

4. OTHER ADJUSTMENTS

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

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Notes to the Financial Statements

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VII. TAXES

1. MAIN TAX CATEGORIES AND RATES

Tax categories	Tax bases	Tax rates
Value-added tax	Taxable value added amount (the balance of the output tax less deductible input tax)	3%, 6%, 9%, 13%
Urban maintenance & construction tax	Turnover tax payable	1%, 5%, 7%
Education surcharge and local education surcharge	Turnover tax payable	3%, 2%
Stamp duty	Registered capital, capital reserves, economic contract amount, etc.	0.05%, 0.03%
Property tax	Taxable residual value and rental income of properties	1.2%, 12%
Urban Land use tax	The actual amount of land area	0.6-30 RMB/m ²
Enterprise income tax (Note)	Taxable income	0-38%

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

Country or region	Applicable income tax rate (%)
Hong Kong, China	16.50%
Japan	38%
Belarus	18%
The British Virgin Islands	0.00%
Netherlands	25%
Romania	16%
United Kingdom	19%

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Notes to the Financial Statements

For the Year ended 31 December 2021

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

VII. TAXES (CONTINUED)

2. TAX PREFERENCES AND APPROVALS

2.1 Enterprise income tax

- (1) According to the *Announcement of the Ministry of Finance, the General Administration of Taxation and the National Development and Reform Commission on the Continuation of Enterprise Income Tax Policy for Western Development* (Ministry of Finance Announcement No. 23 of 2020), from 1 January 2021 to 31 December 2030, the enterprises established in Western China whose main business is the industrial projects specified in the *Catalogue of Encouraging Industries in Western China* and whose main business revenue accounts for more than 60% of the total revenue of the enterprises may pay their enterprise income tax at the reduced tax rate of 15%. During the reporting period, some branches and subsidiaries of the Group located in Western China enjoyed a preferential income tax rate of 15%.
- (2) According to the *Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Preferential Tax Reduction and Exemption Policy for Small and Micro Enterprises* (Cai Shui [2019] No.13), from 1 January 2019 to 31 December 2021, the income of the small and micro enterprises shall be included in taxable income at a reduced ratio of 25% and they shall pay enterprise income tax at a tax rate of 20% for the portion of annual taxable income not exceeding RMB1 million; the income of the small and micro enterprises shall be included in taxable income at a reduced ratio of 50% and they shall pay enterprise income tax at a tax rate of 20% for the portion of annual taxable income more than RMB1 million but no exceeding RMB3 million. Some subsidiaries of the Group enjoyed above-mentioned tax preference during the reporting period.
- (3) According to the *Announcement of the State Taxation Administration on the Issues Concerning the Implementation of Income Tax preferences for High-tech Enterprises* (State Administration of Taxation Announcement No. 24 of 2017), after an enterprise obtains the qualification of high-tech enterprise, it shall declare to enjoy tax preferences from the year in which the issuance time of the high-tech enterprise certificate is indicated, and shall go through the filing procedures with the tax authorities in charge as required. Sinotrans Logistics North China Co., Ltd., a subsidiary of the Group, was certified as a high-tech enterprise on 2 December 2020 and enjoys a preferential income tax rate of 15% from 2020 to 2022.
- (4) According to the *Notice of the State Taxation Administration on the Implementation of Several Tax Collection Issues under the Enterprise Income Tax Law* (GSH [2010] No. 79) and Article 26 of the Enterprise Income Tax Law, any dividends, bonuses and other equity investment gains between resident enterprises are exempted from enterprise income tax. The Group is exempted from enterprise income tax on dividends, bonuses and other equity investment gains between resident enterprises.

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Notes to the Financial Statements

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

VII. TAXES (CONTINUED)

2. TAX PREFERENCES AND APPROVALS (CONTINUED)

2.1 Enterprise income tax (Continued)

- (5) In accordance with the No. 326 of the *Decree of the President of the Republic of Belarus* dated 30 June 2014, the occupants in the Great Stone Industrial Park are exempted from income tax on their profits from the sales of independently manufactured goods (projects, services) in the Great Stone Industrial Park for ten calendar years from the date of registration in Belarus; upon expiration of the period of ten calendar years from the date of registration, the profit taxes are paid at half of the tax rate set out in the Decree of the President during the next ten calendar years. In the reporting period, the profits from the sales of self-produced goods in the Great Stone Industrial Park by China Merchants Great Stone Trade Logistics Co., Ltd. (hereinafter referred to as Great Stone Trade Logistics) are exempted from enterprise income tax.
- (6) In accordance with the *Notice of the Ministry of Finance and the State Administration of Taxation on Certain Issues of Enterprise Income Tax Treatment of Enterprise Reorganisation Business* (Cai Shui [2009] No. 59), the *Notice of the Ministry of Finance and the State Administration of Taxation on Enterprise Income Tax Treatment Issues Related to the Promotion of Enterprise Restructuring* (Cai Shui [2014] No. 109) and the *Announcement of the State Administration of Taxation on the Administration of Enterprise Income Tax for the Transfer of Assets (Equity)* (State Administration of Taxation Announcement [2015] No. 40) on the application of special tax treatment, during the reporting period, the Group deferred the payment of enterprise income tax by applying special tax treatment to the initial equity and asset transfers that met the requirements of the aforesaid notices and announcements..

2.2 Value-added tax

- (1) In accordance with the *Notice of the State Taxation Administration on Comprehensively Launching a Pilot Project for the Levy of Value-added Tax in Place of Business Tax* (Cai Shui [2016] No. 36), the international freight forwarding business operated by the Group enjoys the tax concession of exemption from VAT.
- (2) In accordance with the *Proclamation on the Issuance of the Interim Measures for the Administration of the Levy of Value-added Tax on Taxpayers' Real Estate Operating Lease Services* (State Administration of Taxation Announcement [2016] No. 16), general taxpayers may choose to apply a simple tax calculation method to calculate their tax payable at the rate of 5% when leasing out any real estate acquired by them before 30 April 2016. During the reporting period, the Group was subject to VAT at a rate of 5% on the rental of real estate that satisfied the above conditions..

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

VII. TAXES (CONTINUED)

2. TAX PREFERENCES AND APPROVALS (CONTINUED)

2.2 Value-added tax (Continued)

- (3) According to the *Business Tax to VAT Cross-border Taxable Acts VAT Exemption Administration Measures (for Trial Implementation)* (State Administration of Taxation Announcement [2016] No. 29) issued by the State Administration of Taxation, logistics auxiliary services (except warehousing services and collection and delivery services) sold to offshore units that are consumed entirely outside the country are exempt from VAT. The aviation ground services, port terminal services, freight passenger yard services, salvage and rescue services, loading and unloading services provided by taxpayers to foreign units engaged in international transportation and Hong Kong, Macao and Taiwan transportation business are logistics auxiliary services consumed entirely outside China when they stop at China's airports, terminals, stations, airspace, inland waterways and sea areas. Subsidiaries of the Group engaged in the above business are entitled to this tax benefit.
- (4) According to the requirements of the *Announcement of Ministry of Finance, the State Taxation Administration and the General Administration of Customs on the Policies related to Deepening VAT Reforms* (the Announcement No. 39 of 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs), from 1 April 2019 to 31 December 2021, the taxpayers whose sales from the provision of postal services, telecommunication services, modern services, and living services account for more than 50% of their total sales are allowed to deduct taxable amount based on the deductible input tax for the current period plus 10%. The eligible subsidiaries of the Group can enjoy this tax preference during the reporting period.

2.3 Land use tax

- (1) In accordance with the provisions of the *Announcement of the Ministry of Finance and the State Taxation Administration on the Continued Implementation of Preferential Policies for Urban Land Use Tax on Storage Facility Lands for Bulk Commodities of Logistics Enterprises* (Cai Shui [2020] No. 16), from 1 January 2020 to 31 December 2022, the urban land use tax on storage facility lands for bulk commodities owned by logistics enterprises (including self-used and leased lands) shall be levied at the reduced rate of 50% of the applicable tax standard for the land grade to which they belong. Sinotrans Shanghai Haigang International Logistics Co., Ltd., a subsidiary of the Group, enjoyed the above tax benefits during the reporting period.
- (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 [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. Sinotrans Northeast Co., Ltd., a subsidiary of the Group, enjoyed the above tax benefits during the reporting period.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION OF SECONDARY SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION FOR THE YEAR

No.	Name	Enterprise		Registered place	Principal place of business	Business nature	Paid-in capital	Total shareholding	Total voting	Acquisition method	Remark
		Grade	type					ratio of the Group (%)	ratio of the Group (%)		
1	Sinotrans South China Co., Ltd.	2nd	1	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Freight forwarding, logistics and storage and terminal services	1,349,668,931.90	100.00	100.00	1	—
2	Sinotrans Eastern Company Limited	2nd	1	Shanghai	Shanghai	Freight forwarding, logistics and storage and terminal services	1,120,503,439.18	100.00	100.00	1	—
3	Sinotrans Air Transportation Development Co., Ltd.	2nd	1	Beijing	Beijing	Air freight forwarding and logistics	905,461,720.00	100.00	100.00	1	—
4	Sinotrans Changjiang Co., Ltd.	2nd	1	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Freight forwarding and logistics	650,000,000.00	100.00	100.00	1	—
5	Sinotrans Central China Co., Ltd.	2nd	1	Qingdao, Shandong Province	Qingdao, Shandong Province	Freight forwarding, logistics and storage and terminal services	645,339,941.77	100.00	100.00	1	—
6	Sinotrans Chemical International Logistics Co., Ltd.	2nd	1	Shanghai	Shanghai	Integrated logistics	339,554,483.66	59.20	59.20	1	—
7	Sinotrans Fujian Co., Ltd.	2nd	1	Xiamen, Fujian Province	Xiamen, Fujian Province	Freight forwarding, storage and terminal services and others	223,257,965.92	100.00	100.00	1	—
8	Trade Sky International Limited	2nd	3	HKSAR	Xiamen, Fujian Province	Transportation	171,374,160.00	100.00	100.00	1	—
9	Sinotrans North China Co., Ltd.	2nd	1	Tianjin	Tianjin	Freight forwarding	140,193,047.50	100.00	100.00	1	—
10	Sinotrans Hubei Company Limited	2nd	1	Wuhan, Hubei Province	Wuhan, Hubei Province	Freight forwarding and logistics	120,000,000.00	100.00	100.00	1	—
11	Sinotrans Heavy-lift Logistics Co., Ltd.	2nd	1	Jinan, Shandong Province	Jinan, Shandong Province	Lifting and transportation	103,600,000.00	100.00	100.00	3	—
12	Wide Shine Development Limited	2nd	3	HKSAR	HKSAR	Container leasing	79,267,945.35	100.00	100.00	2	—
13	Sinotrans Northeast Co., Ltd.	2nd	1	Dalian, Liaoning Province	Dalian, Liaoning Province	Freight forwarding and logistics	150,000,000.00	100.00	100.00	1	—
14	China Marine Shipping Agency Co., Ltd.	2nd	1	Beijing	Beijing	Freight forwarding	30,000,000.00	100.00	100.00	1	—
15	Sinotrans Chongqing Co., Ltd.	2nd	1	Chongqing	Chongqing	Freight forwarding	60,869,000.00	100.00	100.00	1	—
16	Sinotrans Japan Co., Ltd.	2nd	3	Japan	Japan	Freight forwarding	3,418,111.04	100.00	100.00	2	—
17	Sinotrans Korea Shipping Co., Ltd.	2nd	3	Korea	Korea	Freight forwarding	2,070,000.00	100.00	100.00	2	—
18	Sinotrans Brazil Logistics Co., Ltd.	2nd	3	Brazil	Brazil	Integrated logistics	2,065,554.43	100.00	100.00	1	—
19	Sinotrans (HK) Logistics Limited	2nd	3	HKSAR	HKSAR	Freight forwarding and logistics	530,557.66	100.00	100.00	2	—
20	Sanawat Al-Khajer Company For General Trading And Marine Services	2nd	3	Iraq	Iraq	Integrated logistics	292,842.00	100.00	100.00	1	—

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION OF SECONDARY SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION FOR THE YEAR (CONTINUED)

No.	Name	Enterprise		Principal place of		Business nature	Paid-in capital	Total	Total	Acquisition	Remark
		Grade	type	Registered place	business			shareholding	voting		
							ratio of the	ratio of the	method		
							Group (%)	Group (%)			
21	Sinotrans Logistics Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	1,346,761,911.29	100.00	100.00	2	—
22	Sinotrans Innovative Technology Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Integrated logistics	100,000,000.00	100.00	100.00	1	—
23	Sinotrans Cold Chain Logistics Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	30,000,000.00	100.00	100.00	1	—
24	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	701,410,000.00	42.00	66.67	1	—
25	Sinotrans Logistics Investment Holdings Co., Ltd.	2nd	1	Beijing	Beijing	Logistics	433,110,000.00	100.00	100.00	2	—
26	SE Logistics Holding B.V.	2nd	3	Netherlands	Netherlands	Logistics	7,780.50	100.00	100.00	3	—
27	Sinotrans Overseas Development Co., Ltd.	2nd	3	HKSAR	HKSAR	Freight forwarding	10,611.78	100.00	100.00	1	—

Note: SE Logistics Holding B.V. and Sinotrans Overseas Development Co., Ltd. were formerly subsidiaries of Sinotrans (HK) Logistics Limited and were adjusted as secondary subsidiaries of the Group during the year.

Note: (1) Enterprise type: 1. domestic non-financial subsidiary; 2. domestic financial subsidiary; 3. overseas subsidiary; 4. public institution; 5. infrastructure unit.

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

2. BUSINESS COMBINATIONS UNDER COMMON CONTROL THAT OCCURRED DURING THE YEAR

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

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Notes to the Financial Statements

For the Year ended 31 December 2021

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

Name of the acquiree	Point of acquisition of equity	Cost of acquisition of equity	Shareholding acquisition ratio (%)	Method of acquisition of equity	Purchase day	Basis for determining the purchase date	Revenue of the acquiree from the acquisition date to the end of the year	Net profit of the acquiree at the end of the year from the date of purchase
Wuhu Sanshan Port Co., Ltd.	8 December 2021	170,000,000.00	50.00	Cash acquisitions	8 December 2021	See notes for details	4,600,126.70	-2,413,500.26

Note: The Group entered into the “Equity transfer agreement of Wuhu Sanshan Port Co., Ltd.” with Keppel Telecommunications & Transportation Ltd. (hereinafter referred to as Keppel Telecommunications) on 12 November 2021. According to the aforesaid agreement, the Group acquired 50.00% equity interest in Wuhu Sanshan Port Co., Ltd. (hereinafter referred to as Wuhu Sanshan Port) held by Keppel Telecommunications for RMB170 million in cash. Before the acquisition, the Group already held 50.00% equity interest in Wuhu Sanshan Port. Wuhu Sanshan Port is a joint venture of the Group (please refer to Note IX. 12 for details.) On 3 December 2021, Wuhu Sanshan Port completed the Management record change and the business registration change and the Group held a total of The Group holds a total of 100% equity interest in Wuhu Sanshan Port. On 8 December 2021, the Group signed the “Confirmation of Completion” with Keppel Telecommunications to complete the handover of the management rights. The Group is able to take the lead in the activities related to Wuhu Sanshan Port and enjoy variable returns from 8 December 2021, hence the date of 8 December 2021 is determined as the purchase date.

(2) Consolidation costs and goodwill

Consolidation costs	Wuhu Sanshan Port Co., Ltd.
Consolidation costs	340,000,000.00
– Cash	–
– Fair value of debt issued or assumed	170,000,000.00
– Fair value of equity interests held prior to the date of purchase at the date of purchase	170,000,000.00
Total cost of consolidation	340,000,000.00
Less: share of fair value of identifiable net assets acquired	340,507,907.22
Amount by which goodwill/consolidation cost is less than the share of fair value of identifiable net assets acquired	-507,907.22

Note: As equity assignor, Keppel Telecommunications, is a foreign enterprise, payment of the purchase price is subject to cross-border payment procedures. In accordance with the agreement between the parties, the Group has deposited the equity acquisition price of RMB170 million to the escrow account opened by the Group with Industrial and Commercial Bank of China Limited on 25 November 2021 and 8 December 2021, as at 31 December 2021, the procedures of the seller’s income tax clearance certificate, foreign payment tax filing form and foreign exchange business registration certificate in relation to this acquisition transaction have not yet been completed. The purchase price of the equity interest has not yet been paid to Keppel Telecommunications from the escrow account and the Group has included the amount payable for the equity interest in other payables. As the issue date of the financial statements, the equity purchase price has been paid to Keppel Telecommunications from the escrow account.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL OCCURRED DURING THE YEAR (CONTINUED)

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

Item	Wuhu Sanshan Port Co., Ltd.	
	Fair value at date of purchase	Book value at date of purchase
Assets:	509,227,814.39	465,073,854.42
Cash and bank balances	20,423,883.73	20,423,883.73
Accounts receivables	22,792,032.71	22,792,032.71
Inventories	612,685.05	589,632.21
Fixed assets	380,364,952.44	349,261,114.40
Construction in progress	815,750.90	815,750.90
Intangible assets	81,986,929.76	67,394,516.09
Long-term prepaid expense	2,231,579.80	3,796,924.38
Liabilities:	168,719,907.17	157,681,417.18
Long-term borrowings	143,000,000.00	143,000,000.00
Accounts payables	14,681,417.18	14,681,417.18
Deferred tax liabilities	11,038,489.99	–
Net assets:	340,507,907.22	307,392,437.24
Less: Non-controlling interests	–	–
Net assets acquired	340,507,907.22	307,392,437.24

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

The fair value of the identifiable assets and liabilities of Wuhu Sanshan Port as at the date of purchase was determined based on the results of the asset-based approach valuation in the asset valuation report as Guo Zhong Lian Appraisal No. 3-0153 (2021) issued by Guozhonglian Asset Evaluation Land Real Estate Cost Consulting Co., Ltd. with a base date of 31 July 2021 and taking into account the changes in the net assets of Wuhu Sanshan Port from the base date to the date of purchase.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL OCCURRED DURING THE YEAR (CONTINUED)

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

Name of the acquiree	Book value at the date of purchase of the original holding prior to the date of purchase	Fair value of equity interest originally held prior to the date of purchase at the date of purchase	Gain or loss on remeasurement of previously held equity interest to fair value prior to the date of purchase	Methodology and key assumptions for determining the fair value of the previously held equity interest at the date of purchase	Amount transferred to investment income from other comprehensive income relating to original holding prior to the date of purchase
Wuhu Sanshan Port Co., Ltd.	138,972,458.68	170,000,000.00	31,027,541.32	See notes for details	-

Note: There was no active market quotation for the Group's equity interest in Wuhu Sanshan Port prior to the date of purchase, and it is difficult to obtain quotation information for similar assets in active markets and for the same or similar assets in inactive markets, so the Group determines its fair value through valuation. The valuation adopts the market method. Since the influence of the control premium (discount) in the consideration for the acquisition transaction is not significant, the fair value of the originally held equity on the acquisition date is determined based on the consideration for the acquisition transaction.

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Notes to the Financial Statements

For the Year ended 31 December 2021

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. DISPOSAL OF SUBSIDIARIES DURING THE YEAR

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

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

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Notes to the Financial Statements

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. INCLUSION OF THE GROUP IN THE SCOPE OF CONSOLIDATION WITH LESS THAN HALF OF THE VOTING RIGHTS OR WITH MORE THAN HALF OF THE VOTING RIGHTS BUT NOT INCLUDED IN THE SCOPE OF CONSOLIDATION

Investees with more than half of the voting rights but not included in the scope of consolidation

No.	Company name	Shareholding ratio (%)	Voting ratio (%)	Registered capital	Investment	Reasons for not being included in the scope of consolidation
1	Xinjiang Xintie Sinotrans Logistics Co., Ltd.	51.00	51.00	RMB10 million	RMB5.1 million	As agreed in the Articles of Xinjiang Xintie Sinotrans Logistics Co., Ltd., a resolution of the shareholders' meeting shall be valid only if approved by shareholders representing more than two-thirds of the voting rights. The Group does not hold more than two-thirds of the voting rights and cannot separately control Xinjiang Xintie Sinotrans Logistics Co., Ltd. Therefore, it was not included in the scope of consolidation.
2	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	60.00	60.00	USD19.57 million	USD11.742 million	As agreed in the Articles of Sinotrans High-Tech Logistics (Suzhou) Co., Ltd., the Board of Directors shall decide all major matters of the company, and decisions on major matters shall be unanimously approved by all directors in order to be effective. The Group holds 60% of the voting ratio in the Board of Directors and cannot separately control Sinotrans High-Tech Logistics (Suzhou) Co., Ltd. Therefore, it was not included in the scope of consolidation.
3	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	51.00	51.00	RMB10 million	RMB5.1 million	According to the Articles of Shaanxi Sinotrans Guotie Logistics Co., Ltd., a resolution of the shareholders' meeting shall be valid only if approved by shareholders representing more than two-thirds of the voting rights, the Group does not hold more than two-thirds of the voting rights and cannot control Shaanxi Sinotrans Guotie Logistics Co., Ltd. alone, therefore it is not included in the scope of consolidation.
4	Chengdu Bonded Logistics Investment Co., Ltd.	54.29	54.29	RMB175 million	RMB95 million	According to the articles of association of Chengdu Bonded Logistics Investment Co., Ltd., the shareholders' meeting shall decide all material matters of the Company, and decisions on material matters shall be valid only with the consent of shareholders representing at least two-thirds of the voting rights, the Group holds less than two-thirds of the voting rights and cannot control Chengdu Bonded Logistics Investment Co., Ltd. alone, therefore it is not included in the scope of consolidation.

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Notes to the Financial Statements

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. SIGNIFICANT NON-WHOLLY OWNED SUBSIDIARIES

(1) Non-controlling interests

2021

No.	Company name	Shareholding ratio of non-controlling interests (%)	Profits and losses attributable to non-controlling interests in the year	Dividends paid to non-controlling interests in the year	Cumulative non-controlling interests at the end of the year
1	Sinotrans Chemical International Logistics Co., Ltd.	40.80	21,478,035.31	17,549,576.21	201,448,645.11
2	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	58.00	-11,324,726.04	-	183,323,739.20

2020

No.	Company name	Shareholding ratio of non-controlling interests (%)	Profits and losses attributable to non-controlling interests in the year	Dividends paid to non-controlling interests in the year	Cumulative non-controlling interests at the end of the year
1	Sinotrans Chemical International Logistics Co., Ltd.	40.80	21,897,700.44	16,063,615.93	197,076,427.39
2	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	58.00	-55,088,612.28	-	195,669,933.33

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Notes to the Financial Statements

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. SIGNIFICANT NON-WHOLLY OWNED SUBSIDIARIES (CONTINUED)

(2) Main financial information

Item	Closing balance/Amount in current year		Opening balance/Amount in prior year	
	Sinotrans Chemical International Logistics Co., Ltd.	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	Sinotrans Chemical International Logistics Co., Ltd.	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.
Current assets	815,537,004.76	287,319,252.81	748,416,985.61	215,399,618.44
Non-current assets	316,715,959.76	588,402,521.38	308,479,655.58	594,779,265.12
Total assets	1,132,252,964.52	875,721,774.19	1,056,896,641.19	810,178,883.56
Current liabilities	504,356,017.72	268,507,547.35	446,748,636.03	127,937,234.26
Non-current liabilities	31,287,755.22	290,756,097.81	23,761,986.33	344,496,978.67
Total liabilities	535,643,772.94	559,263,645.16	470,510,622.36	472,434,212.93
Operating income	1,866,598,258.21	1,126,829,973.86	1,673,148,540.26	495,181,733.45
Net profits attributable to shareholders of the Company	52,642,243.40	-19,525,389.72	53,670,834.42	-94,980,366.00
Profits and losses attributable to non-controlling interests	4,372,081.46	-	5,107,874.37	-
Total comprehensive income attributable to shareholders of the Company	52,642,243.40	-21,286,541.60	53,670,834.42	-191,967,717.73
Total comprehensive income attributable to non-controlling interests	4,372,081.46	-	5,107,874.37	-
Net cash flows from operating activities	-6,280,943.46	133,633,800.55	163,868,302.76	-77,238,383.46

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Notes to the Financial Statements

For the Year ended 31 December 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

In the financial statements, unless otherwise specified, “Opening” refers to 1 January 2021, “Closing” refers to 31 December 2021, “Current year ” refers to the year from 1 January to 31 December 2021 and “ Prior year ” refers to the year from 1 January to 31 December 2020.

1. CASH AND BANK BALANCES

Item	Closing balance			Opening balance		
	Amount in original currency	Exchange rate	Amount in RMB	Amount in original currency	Exchange rate	Amount in RMB
Cash on hand	—	—	4,685,267.83	—	—	4,736,644.39
Including: RMB	536,334.46	1.0000	536,334.46	1,319,191.14	1.0000	1,319,191.14
USD	330,452.08	6.3757	2,106,863.33	139,768.55	6.5249	911,975.81
HKD	51,089.08	0.8176	41,770.43	105,812.90	0.8416	89,052.14
JPY	808,872.15	0.0554	44,811.52	689,564.01	0.0632	43,580.45
EUR	32,000.30	7.2197	231,032.57	95,338.89	8.0250	765,094.59
Others	—	—	1,724,455.52	—	—	1,607,750.26
Cash at banks	—	—	14,205,040,046.41	—	—	11,287,699,112.92
Including: RMB	8,738,718,978.62	1.0000	8,738,718,978.62	7,408,996,482.04	1.0000	7,408,996,482.04
USD	719,059,718.02	6.3757	4,584,509,044.18	474,671,219.07	6.5249	3,097,182,237.31
HKD	454,236,556.65	0.8176	371,383,808.72	351,155,648.32	0.8416	295,532,593.63
JPY	1,795,251,406.84	0.0554	99,456,927.94	960,577,164.91	0.0632	60,708,476.82
EUR	33,682,131.19	7.2197	243,174,882.55	30,976,008.84	8.0250	248,582,470.94
Others	—	—	167,796,404.40	—	—	176,696,852.18
Other cash and bank balances	—	—	285,503,252.98	—	—	76,886,824.54
Including: RMB	285,179,081.09	1.0000	285,179,081.09	76,886,824.54	1.0000	76,886,824.54
USD	50,844.91	6.3757	324,171.89	—	—	—
Total	—	—	14,495,228,567.22	—	—	11,369,322,581.85
Including: Total amount deposited abroad	—	—	3,239,972,558.81	—	—	2,640,992,477.41

(1) Restricted use of cash and bank balances at the end of the year

Item	Closing balance	Opening balance	Reasons for restricted use
Equity acquisition payments (Note)	170,000,000.00	—	Escrow account fund
Interest receivable	77,568,913.94	41,392,404.75	Not yet settled
Guarantee money	14,205,473.99	13,721,821.74	Bank deposits
Funds deposited subject to restrictions on the litigation	5,245,520.61	14,609,605.29	Court freeze
Others	18,483,344.44	7,162,992.76	—
Total	285,503,252.98	76,886,824.54	—

Note: The closing balance in restricted fund of RMB170 million was the fund deposited into an escrow account for equity acquisition payments, as detailed in Note VIII.3.(2).

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Notes to the Financial Statements

For the Year ended 31 December 2021

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

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

2. HELD-FOR-TRADING FINANCIAL ASSETS

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	—	—
Including: Held-for-trading debt instrument investments (Note)	—	302,500,000.00
Held-for-trading equity instrument investments	794,623.45	792,565.44
Total	794,623.45	303,292,565.44

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

3. BILLS RECEIVABLE

(1) Classification of bills receivable

Type	Closing balance	Opening balance
Commercial acceptance bills	43,212,806.04	50,643,103.40
Total	43,212,806.04	50,643,103.40

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

(3) The closing balance of endorsed or discounted bills receivable not yet due at the balance sheet date

Type	Amount derecognised at the end of the year	Amount not derecognised at the end of the year
Commercial acceptance bills	—	12,656,059.96
Total	—	12,656,059.96

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

3. BILLS RECEIVABLE (CONTINUED)

- (4) There were no bills transferred to accounts receivable due to non-performance by the drawer at the end of the year.
- (5) As at 31 December 2021 and 31 December 2020, there were no commercial acceptance bills held by the Group subjected to significant credit risk and resulted in significant losses due to default (Bills receivable are expected to be collected in full), therefore, there was no credit loss provision incurred.
- (6) There was no bills receivable mentioned above from shareholders holding more than 5% (including 5%) voting shares of the Company.
- (7) The maturity date of the bill receivables mentioned above is all within 360 days.

4. ACCOUNTS RECEIVABLE

(1) Overall status of accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	14,712,117,360.21	11,486,821,585.10
Less: Credit loss provision	524,849,314.21	466,292,566.87
Total	14,187,268,046.00	11,020,529,018.23

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(2) Classification of accounts receivable

Item	Original value				Credit loss provision				Total	Net value	Original currency	Credit loss accrual reasons	Closing balance of original value
	Aging				Aging								
	Within 180 days	1 year to 1 year	2 years to 2 years	Over 3 years	180 days to 1 year	1 year to 2 years	2 years to 3 years	Over 3 years					
Low risk portfolio	94,763,353.18	1,419,063.28	353,239.75	1,862,321.24	98,337,977.45	-	-	-	98,337,977.45	Note 1		98,337,977.45	
Normal risk portfolio	13,977,924,683.09	253,054,949.57	87,324,716.02	23,414,445.47	14,429,787,849.94	3,689,295.30	36,365,941.59	20,665,369.58	14,478,306,969.63	RMB, USD,		14,429,787,849.94	
Accounts receivable with individual credit loss provision	15,749,647.80	5,938,878.37	33,027,748.97	62,042,406.78	183,891,632.92	5,839,510.67	33,027,748.97	62,042,406.78	173,388,494.00	HKD, Others	High individual risk	183,891,632.92	
Total	14,088,437,694.07	260,412,791.22	120,362,464.99	85,910,092.00	14,712,117,360.21	9,509,805.97	69,424,690.56	82,707,996.36	14,187,269,046.00			14,712,117,360.21	

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

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

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(2) Classification of accounts receivable (CONTINUED)

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

Name of debtor	Book balance	Credit loss provision	Expected credit loss ratio (%)	Reasons for accrual
Entity 1	25,631,857.87	25,631,857.87	100.00	Not expected to be recovered
Entity 2	24,781,848.68	24,781,848.68	100.00	Involved in litigation
Entity 3	13,021,143.02	2,481,559.73	19.06	High business risk
Entity 4	12,976,547.62	12,976,547.62	100.00	Business operating difficulties
Entity 5	10,727,976.21	10,727,976.21	100.00	Involved in litigation
Entity 6	9,482,086.98	9,482,086.98	100.00	Involved in litigation
Entity 7	7,709,254.60	7,709,254.60	100.00	Application for enforcement of unenforceable assets
Entity 8	6,706,283.62	6,706,283.62	100.00	Application for enforcement of unenforceable assets
Entity 9	6,204,569.75	6,204,569.75	100.00	Bankruptcy liquidation in bankruptcy
Entity 10	6,049,304.67	6,049,304.67	100.00	Business reorganisation in bankruptcy
Entity 11	5,155,618.78	5,155,618.78	100.00	Involved in litigation
Others	55,485,041.12	55,461,525.49	99.96	Involved in litigation, disputes, etc.
Total	183,931,532.92	173,368,434.00	—	—

(3) Overall aging of accounts receivable

The aging analysis of accounts receivable based on the transaction date is as follows:

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	14,348,850,485.29	97.53	217,474,630.60	11,031,057,337.95	96.03	86,611,908.33
1 to 2 years (including 2 years)	120,352,464.99	0.82	69,424,690.56	215,937,118.36	1.88	149,271,029.62
2 to 3 years (including 3 years)	85,810,092.00	0.58	82,707,996.36	66,269,878.04	0.58	60,648,517.60
Over 3 years	157,104,317.93	1.07	155,241,996.69	173,557,250.75	1.51	169,761,111.32
Total	14,712,117,360.21	100.00	524,849,314.21	11,486,821,585.10	100.00	466,292,566.87

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(4) Accounts receivable of low risk portfolio

Item	Book balance	Expected credit loss rate over the entire life (%)	Credit loss provision
Accounts receivable from related parties	98,397,977.45	—	—
Total	98,397,977.45	—	—

(5) Accounts receivable of normal risk portfolio

Item	Book balance	Expected credit loss rate over the entire life (%)	Credit loss provision
Within 1 year (including 1 year)	14,230,979,542.66	1.45	206,349,203.35
1 to 2 years (including 2 years)	87,324,716.02	41.68	36,396,941.59
2 to 3 years (including 3 years)	23,414,445.47	88.26	20,665,589.58
Over 3 years	88,069,145.69	100.00	88,069,145.69
Total	14,429,787,849.84	—	351,480,880.21

(6) Changes in credit loss provision of accounts receivable during the year

Item	Opening balance	Accrual	Changes in current year		Other changes	Closing balance
			Recovery or reversal	Carry forward or write-off		
Current year	466,292,566.87	138,772,508.90	41,201,265.19	33,716,199.33	-5,298,297.04	524,849,314.21
Prior year	422,157,845.17	99,861,976.55	3,565,351.54	54,067,365.60	1,905,462.29	466,292,566.87

Note: Other changes are mainly the effect from translation in foreign currency statements and changes in exchange rates.

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

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

Company name	Book balance of accounts receivable	Reason for recovery or reversal	Basis for determining original credit loss provision	Accumulated amount of credit loss provision before recovery or reversal	Recovered or reversal amount
Entity 1	9,604,768.92	Payment recovery	Involved in litigation	9,604,768.92	9,604,768.92
Entity 2	4,407,626.21	Payment recovery	Involved in litigation	4,407,626.21	4,407,626.21
Entity 3	14,937,505.72	Payment recovery	Involved in litigation	14,937,505.72	4,209,529.51
Entity 4	3,965,210.94	Payment recovery	Involved in litigation	3,965,210.94	3,965,210.94
Entity 5	4,601,096.44	Payment recovery	Involved in disputes	4,601,096.44	2,843,861.64
Entity 6	1,645,012.42	Payment recovery	Involved in disputes	1,645,012.42	1,645,012.42
Entity 7	1,379,397.23	Payment recovery	Involved in disputes	1,379,397.23	1,379,397.23
Entity 8	1,345,170.85	Payment recovery	Involved in disputes	1,345,170.85	1,345,170.85
Entity 9	1,310,000.00	Payment recovery	Involved in litigation	1,310,000.00	1,310,000.00
Entity 10	1,215,792.89	Payment recovery	Involved in litigation	1,215,792.89	1,215,792.89
Entity 11	1,050,000.00	Payment recovery	Involved in litigation	1,050,000.00	565,000.00
Others	9,376,894.86	Payment recovery	Involved in litigation, disputes, etc.	9,376,894.86	8,709,894.58
Total	54,838,476.48	—	—	54,838,476.48	41,201,265.19

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(8) Accounts receivable actually write-off during the reporting period

Company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related parties transactions
Entity 1	Logistics	11,763,215.39	Application for enforcement of unenforceable assets	Approved by China Merchants Party Committee	No
Entity 2	Other business	6,671,338.71	Application for enforcement of unenforceable assets	Approved by China Merchants Party Committee	No
Entity 3	Logistics	4,490,923.12	Company bankruptcy	Approved by the General Manager's Office	No
Entity 4	Logistics	2,253,150.11	Account aging is too long to be recovered	Approved by the General Manager's Office	No
Entity 5	Logistics	1,291,069.70	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 6	Logistics	1,076,705.43	Account aging is too long to be recovered	Approved by the General Manager's Office	No
Entity 7	Logistics	1,004,871.03	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 8	Logistics	607,633.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 9	Logistics	552,913.37	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 10	Logistics	463,927.91	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 11	Logistics	441,034.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 12	Logistics	392,779.79	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 13	Logistics	384,586.10	Beyond the statute of limitations	Approved by the General Manager's Office	No
Entity 14	Logistics	346,900.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 15	Logistics	346,122.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 16	Logistics	325,400.00	Company bankruptcy	Approved by the General Manager's Office	No
Others	Logistics	1,303,629.67	—	—	No
Total	—	33,716,199.33	—	—	—

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

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

(10) Top five in terms of accounts receivable

Company name	Relationship with the Group	Amount	Aging	Credit loss provision	Percentage of total accounts receivable (%)
Entity 1	Client	201,827,050.22	Within 1 year	2,926,492.23	1.37
Entity 2	Client	172,062,112.03	Within 1 year	2,494,900.62	1.17
Entity 3	Client	142,565,107.75	Within 1 year	2,067,194.07	0.97
Entity 4	Client	125,422,522.38	Within 1 year	1,818,626.57	0.85
Entity 5	Client	116,143,233.46	Within 1 year	1,684,076.88	0.79
Total	—	758,020,025.84	—	10,991,290.37	5.15

(11) Accounts receivable from related parties

Company name	Relationship with the Group	Amount	Aging	Percentage of total accounts receivable (%)	Credit loss provision
Sinotrans Container Lines Co., Ltd.	Under the control of the ultimate controlling party	13,911,246.98	Within 1 year	0.09	—
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Joint ventures of the Group	8,294,977.18	Within 1 year	0.06	—
Beijing Medlink Supply Chain Management Co., Ltd.	Joint ventures of the Group	6,312,666.29	Within 1 year	0.04	—
Nissin-Sinotrans International Logistics Co., Ltd.	Joint ventures of the Group	5,127,603.25	Within 1 year	0.03	—
NEW SILKWAY LOGISTICS B.V.	Associates of the Group	4,877,845.40	Within 1 year	0.03	—
DHL-Sinotrans International Air Courier Ltd.	Joint ventures of the Group	4,470,750.40	Within 1 year	0.03	—
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Under the control of the ultimate controlling party	3,980,251.94	Within 1 year	0.03	—
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Subsidiary of associates of the Group	3,419,300.52	Within 1 year	0.02	—
Associated Maritime Company (Hong Kong) Limited	Under the control of the ultimate controlling party	3,233,137.23	Within 1 year	0.02	—
Sinotrans Sarens Logistics Co., Ltd.	Joint ventures of the Group	3,150,301.04	Within 1 year	0.02	—
Weihai Weidong Shipping Co., Ltd.	Associates of the Group	2,620,853.98	Within 1 year	0.02	—
Ningbo Taiping Int'l Trade Transportation Co., Ltd.	Joint ventures of the Group	2,354,196.31	Within 1 year	0.02	—

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(11) Accounts receivable from related parties (Continued)

Company name	Relationship with the Group	Amount	Aging	Percentage of total accounts receivable (%)	Credit loss provision
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Joint ventures of the Group	2,275,066.66	Within 1 year	0.02	-
Nanjing Tanker Corporation	Under the control of the ultimate controlling party	2,120,493.91	Within 1 year	0.01	-
Sinotrans Shaanxi Co., Ltd.	Under the control of the ultimate controlling party	2,032,011.24	Within 1 year	0.01	-
CSC Wuhan Qingshan Shipyard Co., Ltd.	Under the control of the ultimate controlling party	1,995,184.06	Within 1 year	0.01	-
Sinotrans Gansu Co., Ltd.	Under the control of the ultimate controlling party	1,894,093.00	Within 1 year	0.01	-
Beijing Sinotrans Huali Logistics Co., Ltd.	Joint ventures of the Group	1,854,206.10	Within 1 year	0.01	-
MAXX LOGISTICS FZCO.	Joint ventures of the Group	1,844,183.14	Within 1 year	0.01	-
Sinotrans Logistics Nanjing China Ltd.	Associates of the Group	1,766,759.09	Within 1 year	0.01	-
Shanghai Tongyun International Logistics Co., Ltd.	Joint ventures of the Group	1,662,510.00	Within 1 year	0.01	-
LONG LINK LIMITED	Under the control of the ultimate controlling party	1,608,662.47	Over 3 years	0.01	-
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	Subsidiary of associates of the Group	1,586,362.06	Within 1 year	0.01	-
Dalian Port Container Logistics Co., Ltd.	Under the control of the ultimate controlling party	1,183,908.78	Within 1 year	0.01	-
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Joint ventures of the Group	1,148,085.37	Within 1 year	0.01	-
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Joint ventures of the Group	1,110,036.75	Within 1 year	0.01	-
Others	—	12,563,284.30	—	0.09	-
Total	—	98,397,977.45	—	0.65	-

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

(13) As at 31 December 2021, there was no accounts receivable transferred, such as securitization and factoring with accounts receivable, that continued to be involved in assets and liabilities recognised.

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

5. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bills receivable	462,137,019.79	577,786,410.97
Including: Bank acceptance bills	462,137,019.79	577,786,410.97
Total	462,137,019.79	577,786,410.97

Note: Bank acceptance bills held by the Group at fair value through other comprehensive income are mainly accepted by large commercial banks with high credit ratings, with maturities of less than 6 months and very low credit risk. At the balance sheet date, the carrying amount of bank acceptance bills receivable approximates to the fair value.

- (1) There were no bank acceptance bills due to defective endorsement, etc. at the end of year.
- (2) There was no pledged bills receivable at the end of the year.
- (3) **The closing balance of endorsed or discounted bills receivable not yet due at the balance sheet date**

Type	Amount derecognised at the end of the year	Amount not derecognised at the end of the year
Bank acceptance bills	398,208,037.09	–
Total	398,208,037.09	–

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

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

5. RECEIVABLES FINANCING (CONTINUED)

- (4) As at 31 December 2021, there was no bills receivable transferred (bank acceptance bills) to accounts receivable due to non-performance by the drawer (31 December 2020: Nil).
- (5) As at 31 December 2021 and 31 December 2020, there were no bank acceptance bills held by the Group subjected to significant credit risk and resulted in significant losses due to default (Bills receivable are expected to be fully recoverable); therefore, there was no credit losses provision incurred.
- (6) There was no bills receivable mentioned above from shareholder holding more than 5% (including 5%) voting shares of the Company.
- (7) The maturity date of the bills receivable mentioned above is all within 360 days.

6. PREPAYMENTS

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

Item	Closing balance			Opening balance		
	Book balance			Book balance		
	Amount	Proportion (%)	Impairment provision	Amount	Proportion (%)	Impairment provision
Within 1 year (including 1 year)	4,691,978,279.65	98.24	-	2,629,946,549.00	97.11	-
1 to 2 years (including 2 years)	50,546,285.44	1.06	-	41,101,739.58	1.52	-
2 to 3 years (including 3 years)	14,735,285.44	0.31	-	14,127,026.32	0.52	-
Over 3 years	18,773,418.40	0.39	-	23,088,562.28	0.85	-
Total	4,776,033,268.93	100.00	-	2,708,263,877.18	100.00	-

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

6. PREPAYMENTS (CONTINUED)

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

Company name	Closing balance	Aging	Reasons for non-settlement
Shanghai Wusongkou International Cruise Port Development Co., Ltd. (Note)	8,687,307.54	Over 3 years	Business not completed
Entity 1	7,503,600.00	1 to 2 years	Business not completed
Entity 2	5,559,038.69	1 to 2 years	Business not completed
Entity 3	5,000,000.00	1 to 2 years	Business not completed
Entity 4	5,000,000.00	2 to 3 years	Business not completed
Total	31,749,946.23	—	—

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

(3) Top five entities in terms of prepayments

Company name	Relationship with the Group	Amount	Aging	Percentage of the total prepayments (%)	Reasons for non-settlement
Entity 1	Supplier	263,586,554.09	Within 1 year	5.52	Business not completed
Entity 2	Supplier	150,639,310.20	Within 1 year	3.15	Business not completed
Entity 3	Supplier	131,766,314.21	Within 1 year	2.76	Business not completed
Entity 4	Supplier	105,272,862.94	Within 1 year, 1 to 2 years	2.20	Business not completed
Entity 5	Supplier	101,605,426.80	Within 1 year	2.13	Business not completed
Total	—	752,870,468.24	—	15.76	—

(4) As at 31 December 2021, there were no outstanding amounts due from shareholders holding 5% (including 5%) voting shares of the Company.

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Notes to the Financial Statements

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

7. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivable	1,417,884.21	1,345,690.81
Dividend receivables	41,721,139.60	44,020,348.80
Other receivables	1,662,407,772.77	1,547,801,492.06
Total	1,705,546,796.58	1,593,167,531.67

(1) Interest receivable

1) Classification of interest receivable

Item	Closing balance	Opening balance
Entrusted Loans	1,417,884.21	1,345,690.81
Total	1,417,884.21	1,345,690.81

2) Significant overdue interest receivable

Loan unit	Closing balance	Overdue time	Reason for overdue	Whether an impairment occurred and judgment basis
MAXX LOGISTICS FZCO.	1,417,884.21	4 years	Funding support for joint ventures	Funding support for joint ventures, expected to be recovered without impairment
Total	1,417,884.21	—	—	—

- 3) As at 31 December 2021, the Management of the Group believes that it is unnecessary to recognise impairment provision for the interest receivable.

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

7. OTHER RECEIVABLES (CONTINUED)

(2) Dividend receivables

Investee	Opening balance	Increase due to changes in the scope of consolidation	Increase in current year	Decrease in current year	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Dividend receivable aged within 1 year	19,362,002.28	-	1,649,309,109.52	1,631,608,318.72	37,062,793.08	—	—
Including: Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	-	-	48,000,000.00	24,000,000.00	24,000,000.00	Declared not issued	No
Sinotrans Logistics Nanjing China Ltd.	-	-	47,367,041.55	34,556,767.28	12,810,274.27	Declared not issued	No
China United Tally (Shenzhen) Co., Ltd.	-	-	252,518.81	-	252,518.81	Declared not issued	No
DHL-Sinotrans International Air Courier Ltd.	-	-	1,215,963,848.79	1,215,963,848.79	-	—	—
China Merchants Loscam International Holdings Co., Ltd.	-	-	175,500,000.00	175,500,000.00	-	—	—
China Southern Airlines Logistics Co., Ltd.	-	-	44,239,920.06	44,239,920.06	-	—	—
Jiangsu Jiangyin Port Group Co., Ltd.	-	-	15,795,000.00	15,795,000.00	-	—	—
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	8,147,201.00	-	15,000,000.00	23,147,201.00	-	—	—
Wuhan Port Container Co., Ltd.	6,000,000.00	-	15,000,000.00	21,000,000.00	-	—	—
New Land Bridge (Lianyungang) Terminal Co., Ltd.	5,214,801.28	-	14,774,466.36	19,989,267.64	-	—	—
Nanjing Port Longtan Container Co., Ltd.	-	-	9,323,084.00	9,323,084.00	-	—	—
Weihai Weidong Shipping Co., Ltd.	-	-	8,616,375.00	8,616,375.00	-	—	—
Chengdu Bonded Logistics Investment Co., Ltd.	-	-	5,744,808.47	5,744,808.47	-	—	—
Wuhu Sanshan Port Co., Ltd.	-	-	5,000,000.00	5,000,000.00	-	—	—
Nissin-Sinotrans International Logistics Co., Ltd.	-	-	5,000,000.00	5,000,000.00	-	—	—
SINO-BLR Industrial Investment Fund	-	-	3,253,429.80	3,253,429.80	-	—	—
Qingdao Huasheng Airport Logistics Co., Ltd.	-	-	2,962,038.04	2,962,038.04	-	—	—
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	-	-	2,836,807.37	2,836,807.37	-	—	—
Ningbo Dagang New Century Container Co., Ltd.	-	-	2,268,059.36	2,268,059.36	-	—	—
Tianjin Runfeng Logistics Co., Ltd.	-	-	2,181,954.76	2,181,954.76	-	—	—
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	-	-	1,659,185.44	1,659,185.44	-	—	—

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For the Year ended 31 December 2021

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

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

7. OTHER RECEIVABLES (CONTINUED)

(2) Dividend receivables (Continued)

Investee	Opening balance	Increase due to changes in the scope of consolidation	Increase in current year	Decrease in current year	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Qingdao Yujiachang Container Storage And Transportation Co., Ltd.	-	-	1,414,019.53	1,414,019.53	-	—	—
Ma'anshan Tianshun Port Co., Ltd.	-	-	1,400,000.00	1,400,000.00	-	—	—
Shenzhen Haiyitong Technology Co., Ltd.	-	-	1,110,000.00	1,110,000.00	-	—	—
Taizhou Yiyou Shipping Agency Co., Ltd.	-	-	1,060,000.00	1,060,000.00	-	—	—
Ningbo Beilun Donghua Container Transportation Service Co., Ltd.	-	-	810,000.00	810,000.00	-	—	—
Shanghai United Cold Chain Logistics Co., Ltd.	-	-	632,653.06	632,653.06	-	—	—
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	-	-	527,820.92	527,820.92	-	—	—
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	-	-	450,000.00	450,000.00	-	—	—
Nantong Sinotrans Prince Port Storage Co., Ltd.	-	-	438,114.93	438,114.93	-	—	—
Shanghai Tongyun International Logistics Co., Ltd.	-	-	408,163.27	408,163.27	-	—	—
Jiangmen Gaosha Foreign Shipping Agency Co., Ltd.	-	-	174,000.00	174,000.00	-	—	—
Pingze Container Terminal Co., Ltd.	-	-	145,800.00	145,800.00	-	—	—
Dividends receivable aged over 1 year	24,658,346.52	-	-	20,000,000.00	4,658,346.52	—	—
Including: China United Tally Co., Ltd.	20,000,000.00	-	-	20,000,000.00	-	—	—
China International Exhibition Transportation Co., Ltd.	2,797,362.80	-	-	-	2,797,362.80	Incomplete payment approval process	No
SINOTRANS ALMAJDOUIE MIDDLE EAST CO. LTD.	1,860,983.72	-	-	-	1,860,983.72	Incomplete payment approval process	No
Total	44,020,348.80	-	1,649,309,109.52	1,651,608,318.72	41,721,139.60	—	—

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For the Year ended 31 December 2021

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

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables

1) Classification of other receivables

Item	Original value						Credit loss provisions				Total	Net value	Original currency	Credit loss accrual reasons	Closing balance of original value	
	Aging						Aging									
	Within 180 days	180 days to 1 year	1 year to 2 years	2 years to 3 years	Over 3 years	Total	Within 180 days	180 days to 1 year	1 year to 2 years	2 years to 3 years						Over 3 years
Low risk portfolio	1,009,863,961.91	196,779,821.03	204,442,431.97	77,321,845.79	113,928,266.74	1,602,336,327.44	-	-	-	-	-	-	-	-	1,602,336,327.44	RMB, Note 1
Normal risk portfolio	19,832,638.46	4,502,071.54	31,837,635.08	35,029,917.54	102,870,699.01	194,072,931.63	773,472.90	175,580.79	10,350,405.41	20,107,172.67	102,870,699.01	134,277,330.78	593,795,600.85	194,072,931.63	194,072,931.63	USD, Note 2
Other receivables with individual credit loss provision	-	9,594,187.41	-	780,664.91	30,863,864.82	41,228,717.14	-	9,584,187.41	-	504,820.43	30,863,864.82	40,932,872.66	275,844.46	41,228,717.14	41,228,717.14	HKD, High risk Others individual risk
Total	1,029,696,600.37	210,896,079.98	236,280,067.05	113,122,428.24	247,662,830.57	1,837,637,976.21	773,472.90	9,759,768.20	10,350,405.41	20,611,993.10	133,734,563.83	175,230,203.44	1,682,407,772.77	1,837,637,976.21		

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

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

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For the Year ended 31 December 2021

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

1) Classification of other receivables (Continued)

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

Debtor	Book balance	Credit loss provision	Expected credit loss ratio (%)	Reasons for accrual
Entity 1	9,584,187.41	9,584,187.41	100.00	Not expected to be recovered
Entity 2	7,016,309.00	7,016,309.00	100.00	Involved in litigation
Entity 3	6,627,781.98	6,627,781.98	100.00	Historical issues, not expected to be recovered
Entity 4	2,500,000.00	2,500,000.00	100.00	Insolvent business, listed as a defaulting creditor
Entity 5	2,291,462.95	2,291,462.95	100.00	Involved in litigation
Entity 6	1,266,533.14	1,266,533.14	100.00	Historic issues, not expected to be recovered
Entity 7	1,242,000.00	1,242,000.00	100.00	Historic issues, not expected to be recovered
Entity 8	1,030,840.00	1,030,840.00	100.00	Involved in litigation
Others	9,669,602.66	9,393,758.18	97.15	Involved in litigation, business disputes, etc.
Total	41,228,717.14	40,952,872.66	—	—

2) Analysis by nature of payments

Item	Closing balance			Opening balance		
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount
Deposits, collateral	979,382,523.63	69,854,726.47	909,527,797.16	866,295,180.88	95,326,957.76	770,968,223.12
Government grants	438,289,608.17	18,744,952.49	419,544,655.68	361,610,305.35	—	361,610,305.35
Related party payments	131,056,706.01	—	131,056,706.01	139,172,418.88	—	139,172,418.88
Advances	81,313,163.15	19,850,953.24	61,462,209.91	130,686,320.93	19,473,187.70	111,213,133.23
Reserves	16,105,801.09	1,277,114.14	14,828,686.95	50,692,121.05	2,198,787.76	48,493,333.29
Compensation	23,542,474.09	18,560,014.45	4,982,459.64	28,330,402.63	22,108,602.30	6,221,800.33
Others	167,947,700.07	46,942,442.65	121,005,257.42	124,744,913.72	14,622,635.86	110,122,277.86
Total	1,837,637,976.21	175,230,203.44	1,662,407,772.77	1,701,531,663.44	153,730,171.38	1,547,801,492.06

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For the Year ended 31 December 2021

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

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

3) Analysis by aging

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	1,240,562,680.35	67.51	10,533,241.10	1,185,781,291.10	69.69	6,115,923.49
1 to 2 years (including 2 years)	236,280,037.05	12.86	10,350,405.41	164,165,262.51	9.65	6,234,954.59
2 to 3 years (including 3 years)	113,132,428.24	6.16	20,611,993.10	95,955,704.08	5.64	1,124,535.29
Over 3 years	247,662,830.57	13.47	133,734,563.83	255,629,405.75	15.02	140,254,758.01
Total	1,837,637,976.21	100.00	175,230,203.44	1,701,531,663.44	100.00	153,730,171.38

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

Credit loss provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Expected credit losses over the entire life (not credit-impaired)	Expected credit losses over the entire life (credit-impaired)	
Opening balance	6,115,923.49	53,922,311.74	93,691,936.15	153,730,171.38
Opening balance in current year	—	—	—	—
- Transfer to stage 2	-1,241,666.60	1,241,666.60	—	—
- Transfer to stage 3	—	-1,543,951.50	1,543,951.50	—
- Reverse to stage 2	—	53,189,199.34	-53,189,199.34	—
- Reverse to stage 1	—	—	—	—
Accrual in current year	-3,834,648.26	25,818,196.93	8,226,038.50	30,209,587.17
Reversal in current year	—	—	-5,316,478.42	-5,316,478.42
Carry forward in current year	—	—	—	—
Write-off in current year	—	—	-3,873,701.50	-3,873,701.50
Other changes	-90,554.94	700,853.98	-129,674.23	480,624.81
Closing balance	949,053.69	133,328,277.09	40,952,872.66	175,230,203.44

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

5) Changes in the book balance of other receivables

Book balance	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Expected credit losses over the entire life (not credit- impaired)	Expected credit losses over the entire life (credit-impaired)	
Opening balance	1,467,721,686.17	140,118,041.12	93,691,936.15	1,701,531,663.44
Opening balance in current year	—	—	—	—
– Transfer to stage 2	-31,837,605.08	31,837,605.08	–	–
– Transfer to stage 3	–	-1,543,951.50	1,543,951.50	–
– Reverse to stage 2	–	53,189,199.34	-53,189,199.34	–
– Reverse to stage 1	–	–	–	–
Accrual in current year	190,786,956.35	-53,862,672.41	8,372,208.75	145,296,492.69
Reversal in current year	–	–	-5,316,478.42	-5,316,478.42
Carry forward in current year	–	–	–	–
Write-off in current year	–	–	-3,873,701.50	-3,873,701.50
Derecognised in current year	–	–	–	–
Other changes	–	–	–	–
Closing balance	1,626,671,037.44	169,738,221.63	41,228,717.14	1,837,637,976.21

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

6) Credit loss provision of other receivables

Item	Opening balance	Accrual	Changes in current year			Closing balance
			Recovery or reversal	Carry-forward or write-off	Other changes	
Current year	153,730,171.38	30,209,587.17	5,316,478.42	3,873,701.50	480,624.81	175,230,203.44
Prior year	162,686,566.17	3,468,460.01	586,173.25	6,267,444.58	-5,571,236.97	153,730,171.38

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

Debtor	Book balance of other receivables	Reason and method of recovered or reversal	Basis for determining the original credit loss provision	Accumulated amount of credit loss	Recovered or reversal amount
				provision before recovered or reversal	
Entity 1	3,510,553.95	Payment recovery	Involved in litigation	3,510,553.95	3,510,553.95
Entity 2	3,661,602.58	Payment recovery	Involved in litigation	3,661,602.58	1,016,502.54
Entity 3	568,393.93	Payment recovery	Historic issues, not expected to be recovered	568,393.93	568,393.93
Entity 4	221,028.00	Payment recovery	Historic issues, not expected to be recovered	221,028.00	221,028.00
Total	7,961,578.46	—	—	7,961,578.46	5,316,478.42

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Notes to the Financial Statements

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

7) Other receivables actually write-off during the reporting period

Company name	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related parties transactions
Entity 1	Collateral	2,000,000.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 2	Advances	490,193.21	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 3	Others	365,165.76	Company liquidation	Approved by the General Manager's Office	No
Entity 4	Reserves	200,000.00	Not expected to be recovered	Approved by the General Manager's Office	No
Entity 5	Advances	121,750.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 6	Collateral	105,000.00	Historic issues, not expected to be recovered	Approved by the General Manager's Office	No
Entity 7	Collateral	100,000.00	Company cancellation	Approved by the General Manager's Office	No
Entity 8	Collateral	100,000.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 9	Advances	73,320.35	Historic issues, not expected to be recovered	Approved by the General Manager's Office	No
Entity 10	Advances	50,584.00	Historic issues, not expected to be recovered	Approved by the General Manager's Office	No
Others	—	267,688.18	—	—	No
Total	—	3,873,701.50	—	—	—

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For the Year ended 31 December 2021

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

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

8) Outstanding debts of shareholders holding more than 5% (including 5%) voting shares of the Company

Company name	Closing balance		Opening balance	
	Amount owed	Credit loss provision	Amount owed	Credit loss provision
SINOTRANS & CSC	42,888,708.00	—	40,000,000.00	—
Total	42,888,708.00	—	40,000,000.00	—

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

Company name	Relationship with the Group	Amount	Aging	Percentage of total other receivables (%)	Credit loss	
					provision	Nature or content
Entity 1	Non-related party	146,750,000.00	Within 1 year, 1 to 2 years	7.99	—	Government grants
Entity 2	Non-related party	110,166,567.99	Within 1 year	6.00	—	Government grants
SINOTRANS & CSC	Under the control of the ultimate controlling party	42,888,708.00	Within 1 year	2.33	—	Related party payments
Entity 3	Non-related party	41,908,801.67	1 to 2 years, 2 to 3 years	2.28	18,744,952.49	Government grants
Entity 4	Non-related party	39,833,199.99	Within 1 year	2.17	—	Government grants
Total	—	381,547,277.65	—	20.77	18,744,952.49	—

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

10) Receivables from related parties

Company name	Relationship with the Group	Amount	Percentage of total other receivables (%)
SINOTRANS & CSC	Under the control of the ultimate controlling party	42,888,708.00	2.33
Shenyang Jinyun Automobile Logistics Co., Ltd.	Joint ventures of the Group	23,257,998.74	1.27
MAXX LOGISTICS FZCO.	Joint ventures of the Group	15,058,190.89	0.82
Sinotrans Beijing Co., Ltd.	Under the control of the ultimate controlling party	7,840,816.67	0.43
Sinotrans Logistics (Pakistan) Limited	Joint ventures of the Group	4,788,165.04	0.26
DHL-Sinotrans International Air Courier Ltd.	Joint ventures of the Group	4,703,269.50	0.26
Zhengzhou Merchants Logistics Co., Ltd.	Under the control of the ultimate controlling party	3,509,095.48	0.19
Guangxi Yunyu Port Co., Ltd.	Associates of the Group	2,680,000.00	0.15
Sinotrans Turkey Limited	Joint ventures of the Group	2,609,709.26	0.14
China Merchants Bonded Logistics Co., Ltd.	Under the control of the ultimate controlling party	2,250,483.56	0.12
Beijing Sinotrans Logistics Center Co., Ltd.	Under the control of the ultimate controlling party	2,169,217.35	0.12
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Joint ventures of the Group	2,168,075.92	0.12
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Associates of the Group	2,030,000.00	0.11
China Merchants Gangrong Big Data Co., Ltd.	Under the control of the ultimate controlling party	1,390,461.40	0.08
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Joint ventures of the Group	1,094,028.70	0.06
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Under the control of the ultimate controlling party	1,001,941.44	0.05
Beijing Sinotrans Huali Logistics Co., Ltd.	Joint ventures of the Group	1,000,000.00	0.05
Others	—	10,616,544.06	0.58
Total	—	131,056,706.01	7.14

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

11) Other receivables in relation to government grants

Company name	Government grant items	Closing balance	Closing aging	Expected time received and amount
Entity 1	Logistics industry subsidies	146,750,000.00	Within 1 year, 1 to 2 years	RMB68 million is expected to be recovered in April 2022, with the remaining RMB78.75 million to be recovered in 2023.
Entity 2	Logistics industry subsidies	110,166,567.99	Within 1 year	Full recovery is expected in the first half of 2022.
Entity 3	Logistics industry subsidies	41,908,801.67	1 to 2 years, 2 to 3 years	RMB23.16 million is expected to be recovered in 2022.
Entity 4	Logistics industry subsidies	39,833,199.99	Within 1 year	Full payment is expected to be recovered in 2022.
Entity 5	Logistics industry subsidies	30,476,857.64	Within 1 year	Full payment is expected to be recovered in April 2022.
Entity 6	Logistics industry subsidies	27,981,016.52	Within 1 year	Full payment is expected to be recovered in April 2022.
Entity 7	Logistics industry subsidies	15,937,956.40	Within 1 year	Full payment is expected to be recovered in May 2022.
Entity 8	Logistics industry subsidies	10,830,272.96	Within 1 year, 1 to 2 years	Full payment is expected to be recovered in June 2022.
Entity 9	Logistics industry subsidies	9,396,000.00	Within 1 year	Full payment is expected to be recovered in April 2022.
Entity 10	Logistics industry subsidies	4,061,250.00	Within 1 year	Recovered as at the date of the report.
Entity 11	Logistics industry subsidies	661,880.00	Within 1 year	Full payment is expected to be recovered in April 2022.
Entity 12	Logistics industry subsidies	221,000.00	Within 1 year	Full payment is expected to be recovered in April 2022.
Entity 13	Logistics industry subsidies	64,805.00	Within 1 year	Full payment is expected to be recovered in October 2022.
Total	—	438,289,608.17	—	—

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

- 12) There were no other receivables derecognized due to the transfer of financial assets during the year.

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

13) As at 31 December 2021, there were no other receivables transferred, such as securitization and factoring with other receivables, that continues to be involved in assets and liabilities recognised.

14) There were no prepayments transferred to other receivables during the year.

8. INVENTORIES

(1) Classification of inventories

Item	Closing balance			Opening balance		
	Book balance	Provision for value reduction	Carrying amount	Book balance	Provision for value reduction	Carrying amount
Raw materials	31,523,081.95	2,995,950.82	28,527,131.13	32,007,730.26	2,995,950.82	29,011,779.44
Goods in stock (finished goods)	28,639,888.10	3,045,443.29	25,594,444.81	41,524,534.30	3,045,443.29	38,479,091.01
Revolving materials (packaging, low-value consumables, etc.)	16,632,515.38	1,757,000.00	14,875,515.38	16,025,790.64	1,757,000.00	14,268,790.64
Total	76,795,485.43	7,798,394.11	68,997,091.32	89,558,055.20	7,798,394.11	81,759,661.09

(2) Provision for price reduction of inventories

Item	Opening balance	Increase in current year		Decrease in current year		Closing balance
		Accrual	Others	Reversal or carry-forward	Others	
Raw materials	2,995,950.82	-	-	-	-	2,995,950.82
Goods in stock (finished goods)	3,045,443.29	8,101,106.85	-	8,101,106.85	-	3,045,443.29
Revolving materials (packaging, low-value consumables, etc.)	1,757,000.00	-	-	-	-	1,757,000.00
Total	7,798,394.11	8,101,106.85	-	8,101,106.85	-	7,798,394.11

9. NON-CURRENT ASSETS DUE WITHIN ONE YEAR

Item	Closing balance	Opening balance
Long-term receivables due within one year	15,909,170.38	12,325,000.00
Total	15,909,170.38	12,325,000.00

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For the Year ended 31 December 2021

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

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

10. OTHER CURRENT ASSETS

Item	Closing balance	Opening balance
Deductible VAT taxation expenses	582,917,064.75	515,375,029.53
Prepaid taxes	19,458,045.30	24,710,040.76
Subtotal	602,375,110.05	540,085,070.29
Less: Impairment provision	-	-
Total	602,375,110.05	540,085,070.29

11. LONG-TERM RECEIVABLES

Item	Closing balance			Opening balance			Range of discount rates at the end of the year
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount	
Amounts due from associates and joint ventures (Note 1)	60,345,000.00	-	60,345,000.00	72,670,000.00	-	72,670,000.00	1.2%, 12.5%
Other long-term receivables (Note 2)	62,829,917.78	59,661,577.02	3,168,340.76	63,326,784.90	60,298,990.43	3,027,794.47	—
Total	123,174,917.78	59,661,577.02	63,513,340.76	135,996,784.90	60,298,990.43	75,697,794.47	—
Less: Long-term receivables due within one year	15,909,170.38	-	15,909,170.38	12,325,000.00	-	12,325,000.00	—
Long-term receivables due after one year	107,265,747.40	59,661,577.02	47,604,170.38	123,671,784.90	60,298,990.43	63,372,794.47	—

Note 1: The Group's receivables from associates and joint ventures included are as follows:

Shanghai Pu'an Storage Co., Ltd. (hereinafter referred to as Shanghai Pu'an"), an associate of the Group, obtained an entrusted loan of 45.16 million from the Group in April 2017 to supplement its circulating funds, with the maturity date of December 2024 at an annual interest rate of 12.50%. According to the arrangements under the loan contract, Shanghai Pu'an shall repay the principal and interest on a quarterly basis from June 2017 to November 2024. As at 31 December 2021, the balance of the borrowing was 24.72 million (31 December 2020: 29.92 million), of which 7.2 million was due within one year.

Sinotrans Suzhou Logistics Center Co., Ltd. (hereinafter referred to as Suzhou Logistic Center), a joint venture of the Group, obtained an entrusted loan of 57 million from the Group in August 2016. The loan term is 10 years and the annual interest rate is 1.20%, with the maturity date of August 2026. The loan is a policy-specific loan provided by the Agricultural Development Fund to the Company through the Agricultural Development Bank of China, and is dedicated to the Suzhou Logistics Center Wusongjiang Integrated Logistics Park Project. After the construction period of the project, Suzhou Logistics Center will repay the principal in equal shares for 8 years from August 2019 to August 2026. As at 31 December 2021, the balance of the loan was 35.625 million (31 December 2020: 42.75 million), of which 7.125 million was due within one year.

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Notes to the Financial Statements

For the Year ended 31 December 2021

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

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

11. LONG-TERM RECEIVABLES (CONTINUED)

Note 2: Sinoair, a subsidiary of the Group, has started its freight forwarding business with Uni-top Airlines Co., Ltd., and two related parties, UT CHARTER BROKER LTD. and Huali Logistics Co., Ltd. since 2010. As at March 2018, UT CHARTER BROKER LTD. owed Sinoair HKD10,726,517.54, Huali Logistics Co., Ltd. owed Sinoair HKD55,974,597.46, while Uni-top Airlines Co., Ltd. owed Sinoair RMB29,880,000.00. On 13 March 2018, Sinoair, Uni-top Airlines Co., Ltd, UTCHARTER BROKER LTD., Huali Logistics Co., Ltd., Uni-top Shenzhen Industrial Co., Ltd. (hereinafter referred to as Uni-top Industry) and Uni top Shenzhen City Holdings Co., Ltd. (hereinafter referred to as Uni-top Holdings) reached a debt restructuring agreement, stipulating that Uni-top Industry will repay the above debts in six installments within three years and the interest calculated according to the actual number of days and benchmark the interest rate of bank loans for the same period. Uni-top Holdings assumed joint and several liabilities guarantee for the above debts.

As at 31 December 2021, the long-term receivables from Sinoair to Uni-top Industry amounted to RMB59,661,577.02. As Uni-top Industry did not repay the amount according to the agreement and was incurred serious financial difficulties, the full amount of credit loss provision accrued in the long-term receivables.

- (1) There were no long-term receivables derecognised due to transfer of financial assets during the year.
- (2) As at 31 December 2021, there were no assets and liabilities from the transfer of long-term receivables and that continued to involved.

12. LONG-TERM EQUITY INVESTMENTS

(1) Classification of long-term equity investments

Item	Opening balance	Increase in current year	Decrease in current year	Other increases (decreases)	Effects from changes in the scope of consolidation	Effects from translation in foreign currency statements	Closing balance
Investments in joint ventures	3,593,010,052.87	2,188,612,167.19	1,315,681,524.48	-	-138,972,458.68	-1,056,883.54	4,325,911,353.36
Investments in associates	4,170,673,390.65	205,373,574.24	275,605,351.18	8,122,321.98	-	-10,363,538.98	4,098,200,396.71
Subtotal	7,763,683,443.52	2,393,985,741.43	1,591,286,875.66	8,122,321.98	-138,972,458.68	-11,420,422.52	8,424,111,750.07
Less: Impairment provision of long-term equity investments	12,102,668.00	-	-	-	-	-230,486.55	11,872,181.45
Total	7,751,580,775.52	—	—	—	—	—	8,412,239,568.62

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For the Year ended 31 December 2021

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

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

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

Investee	Investment costs	Opening balance	Opening balance of impairment provision	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Changes in current year				Effects from transition in foreign currency statements	Closing balance
							Investment profit or loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared		
Sinotrans Logistics (Pakistan) Limited	1,457,004.00	17,825,941.75	-	-	6,771,732.33	-	-	-	-	-	-	24,597,094.28
Ningbo Dagang New Century Container Co., Ltd.	19,815,790.28	23,277,259.16	-	-	3,421,655.30	-	-	-2,688,050.36	-	-	-	24,430,855.10
Wenfa Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	14,700,000.00	16,144,335.94	-	-	2,442,535.45	-	-	-	-	-	-	18,586,894.39
Shanghai United Cold Chain Logistics Co., Ltd.	15,000,000.00	15,455,507.31	-	-	1,667,620.69	-	-	-632,653.06	-	-	-	16,490,620.94
Xinyang New Railway Sinotrans Logistics Co., Ltd.	5,100,000.00	10,842,268.16	-	-	4,613,910.54	-	-	-	-	-	-	15,456,178.70
Xuzhou Wanquan Foreign Transport Co., Ltd.	15,242,491.77	12,873,454.89	-	-	227,603.79	-	-	-2,021	-	-	-	13,101,037.47
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	4,813,397.39	9,418,037.29	-	-	4,383,133.82	-	-	-1,659,185.44	-	-	-	12,141,985.67
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	6,723,579.00	11,639,395.56	-	-	1,08,694.22	-	-	-450,000.00	-	-	-	11,268,090.78
Jiangsu Yuntong Port Logistics Development Co., Ltd.	9,800,000.00	-	-	9,800,000.00	-	-	-	-8,493.84	-	-	-	9,791,506.16
Shenzhen Sinotrans Guolie Logistics Co., Ltd.	5,100,000.00	-	-	5,100,000.00	-	-	-	1,049,272.41	-	-	-	6,149,272.41
Wuhu Sanshan Port Co., Ltd. (Note 2)	-	138,551,913.46	-	-138,972,458.68	-	-	-	5,420,545.22	-	-	-	-
Others	65,676,026.31	74,420,767.43	4,020,273.14	-	9,800,000.00	-	-	14,173,706.89	-	-	-219,431.31	97,394,705.28
												4,020,273.14

Note 1: Jiangsu Sinotrans Lvsi Port Heavy Logistics Development Co., Ltd. (hereinafter referred to as Jiangsu Heavy Logistics) was established by Sinotrans Eastern, a subsidiary of the Group, and Sinotrans Logistics & Packaging Co., Ltd. (hereinafter referred to as Sinotrans Logistics & Packaging) and Jiangsu Lvsi Port Group Co., Ltd. (hereinafter referred to as Jiangsu Lvsi Port Group) on 8 September 2021, with the Group's total capital contribution of RMB40 million, representing 50% shareholding, of which, Sinotrans Eastern contributed RMB24 million, representing 24% shareholding, and Sinotrans Logistics & Packaging contributed RMB16 million, representing 16% shareholding. According to the articles of association of Jiangsu Heavy Logistics, the Group and Jiangsu Lvsi Port Group jointly control Jiangsu Heavy Logistics, so the equity method is accounted for accounting. As at 31 December 2021, Jiangsu Heavy Logistics was in the preparatory stage.

Note 2: The details of the investment movement in Wuhu Sanshan Port are described in Note VIII, "3. Significant business combinations not under common control occurred during the year "

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2021

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

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

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

Investee	Investment costs	Opening balance	Opening balance of impairment provision	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Changes in current year					Effects from transition in foreign currency statements	Closing balance	Closing balance of impairment provision	
							Investment profit or loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision				Others
Associates	3,656,179,664.96	4,170,673,330.65	8,082,394.86	-	46,975,758.99	-	286,806,804.55	-131,597,913.89	3,089,924,459	-275,605,351.18	-	-10,363,538.98	8,122,321.98	4,089,200,386.71	7,851,908.31
China Merchants Lascam International Holdings Co., Ltd.	2,012,021,379.89	2,365,034,946.27	-	-	-	-	176,650,061.76	-127,358,276.33	-	-175,500,000.00	-	-	-	2,239,026,731.70	-
Shenzhen Hailing Harbor Development Co., Ltd.	442,365,642.42	373,204,789.81	-	-	-	-	-33,789,985.71	-	-	-	-	-	-	339,445,784.10	-
China Merchants Hainan Development Investment Co., Ltd.	351,328,381.51	334,288,239.91	-	-	-	-	12,839,595.89	-	-	-	-	-9,832,935.18	-	337,594,920.62	-
Jiangsu Jiangyin Port Group Co., Ltd.	59,319,000.00	232,173,253.92	-	-	-	-	58,788,767.95	-	3,103,014.21	-15,795,000.00	-	-	-	278,232,053.08	-
Weihai Weibong Shipping Co., Ltd.	206,722,602.90	196,589,388.50	-	-	-	-	25,781,132.66	-4,239,837.36	-	-8,613,750.00	-	-	-	209,421,508.83	-
Wulumuqi Port Container Co., Ltd.	127,189,584.38	175,538,372.44	-	-	-	-	18,919,290.09	-	-6,676.51	-15,000,000.00	-	-	-	179,450,994.02	-
Shimans Logistics Nanjing China Ltd.	152,200,000.00	192,386,120.93	-	-	-	-	20,638,568.67	-	-11,522.21	-47,367,041.55	-	-	-	165,646,120.84	-
Shanghai Pujun Storage Co., Ltd.	78,173,640.00	76,641,324.80	-	-	-	-	933,272.66	-	-	-	-	-	-	77,574,597.46	-
Zhejiang Seaport Chengyong Port Co., Ltd.	36,300,000.00	41,270,793.22	-	-	16,200,000.00	-	584,006.82	-	-	-	-	-	-	58,054,801.04	-
Ma'anshan Transhub Port Co., Ltd.	21,000,000.00	31,323,588.66	-	-	-	-	925,254.67	-	-	-1,400,000.00	-	-	-	30,848,843.33	-
Qingdao Huasheng Airport Logistics Co., Ltd.	18,000,000.00	23,317,279.25	-	-	-	-	569,664.15	-	-	-2,862,038.04	-	-	-	20,924,905.36	-
Shenyang Fyren Cold Chain Logistics Co., Ltd.	20,000,000.00	17,762,792.26	-	-	-	-	2,515,288.49	-	-	-	-	-	-	20,278,081.75	-
Eurasian Rail Gateway Closed Joint-Stock Company	19,080,978.81	3,141,875.82	-	-	15,949,102.99	-	-789,891.18	-	-	-	-	-567,218.29	-	17,963,868.34	-
Land and Sea New Channel Operation Co. Ltd.	14,089,080.00	4,252,818.51	-	-	9,826,656.00	-	-	-	-	-	-	-	-	14,079,474.51	-
Shanghai Haihui International Container Repair Co., Ltd.	12,451,024.91	12,683,616.23	-	-	-	-	-8,739.21	-	-	-	-	-	-	12,665,077.02	-
Others	86,006,350.14	91,073,980.04	8,082,394.86	-	5,000,000.00	-	2,192,491.04	-	2,112.10	-3,864,685.59	-	-473,365.51	8,122,321.98	96,942,633.06	7,851,908.31
Total	5,380,815,429.36	7,763,883,443.52	12,102,688.00	-138,972,453.68	111,675,758.99	-	-2,410,820,143.09	-131,597,913.89	3,087,753.24	-1,591,288,875.66	-	-11,420,422.52	8,122,321.98	8,424,111,730.07	11,872,611.45

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(3) The changes in the impairment provision of long-term equity investments are as follows:

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current year	Decrease in current year Decrease	Reason for decrease	Effects from translation in foreign currency statements	Closing balance
Beijing China Merchants Science City Real Estate Development Co., Ltd.	5,415,696.00	-	-	-	-	-154,440.00	5,261,256.00
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	4,020,273.14	-	-	-	-	-	4,020,273.14
Beijing Sima Ling Clothing Co., Ltd.	1,378,540.80	-	-	-	-	-39,312.00	1,339,228.80
Beijing Shungang Clothing Accessories Co., Ltd.	1,288,158.06	-	-	-	-	-36,734.55	1,251,423.51
Total	12,102,668.00	-	-	-	-	-230,486.55	11,872,181.45

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

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(4) Significant joint venture investments

Name of invested entities	Place of registration	Nature of business	Registered capital	Shareholding Ratio (%)	Voting ratio (%)	Total assets at the end of the year	Total liabilities at the end of the year	Total net assets at the end of the year	Total operating income for the year	Net profit for the year	Net profit of the investee attributable to the company for the year
Joint ventures											
DHL SinoTrans International Air Courier Ltd.	Beijing, PRC	Air-freight courier	USD/14.5M	50.00	50.00	6,088,609,704.78	3,495,962,349.68	4,572,647,355.10	21,629,137,585.77	3,973,277,715.36	3,973,277,715.36
Dongguan Port Container Port Co., Ltd.	Dongguan, Guangdong province	Harbour operating	RMB670M	49.00	49.00	1,459,833,994.48	769,197,606.79	690,636,387.69	236,341,072.83	15,701,819.90	15,701,819.90
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang, Jiangsu province	Port development, freight forwarding	RMB395M	42.00	42.00	580,768,766.55	73,684,167.29	507,084,599.26	311,570,570.94	38,022,467.68	38,022,467.68
Chengdu Bonded Logistics Investment Co., Ltd.	Chengdu, Sichuan province	Logistics	RMB175M	54.29	54.29	235,874,736.53	13,446,980.70	222,427,755.83	33,051,954.43	-1,007,609.01	-1,007,609.01
Total						10,345,087,202.34	4,352,291,104.46	5,992,796,097.88	22,210,101,163.97	4,025,994,393.93	4,025,994,393.93

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

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(5) Main financial information of material joint ventures

Item	Current year				Prior year			
	DHL-Shotrans International Air Courier Ltd.	Dongguan Port Container Port Co., Ltd.	New Land Bridge (Lianyungang) Terminal Co., Ltd.	Chengdu Bonded Logistics Investment Co., Ltd.	DHL-Shotrans International Air Courier Ltd.	Dongguan Port Container Port Co., Ltd.	New Land Bridge (Lianyungang) Terminal Co., Ltd.	Chengdu Bonded Logistics Investment Co., Ltd.
Current assets	7,027,548,586.26	157,495,589.25	233,106,513.63	43,859,218.00	4,891,324,211.44	173,122,256.46	224,974,880.44	58,312,528.29
Non-current assets	1,041,061,118.52	1,302,338,405.23	347,662,252.92	192,015,518.53	970,429,494.94	1,356,226,575.48	329,219,336.81	191,241,452.26
Total assets	8,068,609,704.78	1,459,833,994.48	580,768,766.55	235,874,736.53	5,861,753,706.38	1,529,348,831.94	554,194,217.25	249,553,980.55
Current liabilities	3,216,735,020.03	29,919,032.79	35,458,421.21	13,446,980.70	2,616,326,525.46	31,818,107.67	43,406,583.20	15,536,909.18
Non-current liabilities	279,227,329.65	739,278,574.00	38,225,746.08	-	214,129,843.62	822,596,156.47	6,548,201.61	-
Total liabilities	3,495,962,349.68	769,197,606.79	73,684,167.29	13,446,980.70	2,830,456,369.08	854,414,264.14	49,954,784.81	15,536,909.18
Net assets	4,572,647,355.10	690,636,387.69	507,084,599.26	222,427,755.83	3,031,297,337.30	674,934,567.80	504,239,432.44	234,017,071.37
Equity attributable to shareholders of the Company	4,572,647,355.10	690,636,387.69	507,084,599.26	222,427,755.83	3,031,297,337.30	674,934,567.80	504,239,432.44	234,017,071.37
Share of net assets calculated at the shareholding ratio	2,286,323,677.55	338,411,829.97	212,975,531.69	120,756,028.64	1,515,648,668.66	330,717,938.22	211,780,561.62	127,047,888.04
Adjustments	-	-	-	-	-	-	-	-
Carrying amount of equity investments in joint ventures	2,286,323,677.55	338,411,829.97	212,975,531.69	120,756,028.64	1,515,648,668.66	330,717,938.22	211,780,561.62	127,047,888.04
Fair value of equity investments with open market price	-	-	-	-	-	-	-	-
Operating income	21,629,137,585.77	236,341,072.83	311,570,570.94	33,051,954.43	18,188,133,232.55	196,999,388.11	280,196,978.80	31,799,997.51
Finance costs	-60,022,565.55	38,283,028.46	-736,688.82	-617,715.32	-26,530,713.73	38,082,429.14	-3,252,915.32	-509,362.65
Income tax expenses	1,437,891,216.93	-	-	1,232,102.25	817,131,305.69	-	11,755,332.03	1,471,393.10
Net profit	3,973,277,715.36	15,701,819.90	38,022,467.68	-1,007,609.01	2,432,091,917.77	-37,601,675.51	39,085,889.85	6,316,983.96
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	3,973,277,715.36	15,701,819.90	38,022,467.68	-1,007,609.01	2,432,091,917.77	-37,601,675.51	39,085,889.85	6,316,983.96
Dividends from joint ventures for the year	1,215,963,848.79	-	19,989,267.64	5,744,808.47	989,694,634.05	-	5,475,541.37	-

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(6) Significant associate investments

Name of invested entities	Place of registration	Nature of business	Registered capital	Shareholding Ratio (%)	Voting ratio (%)	Total assets at the end of the year	Total liabilities at the end of the year	Total net assets at the end of the year	Total operating income for the year	Net profit for the year	Net profit of the investee attributable to the company for the year
Associates											
China Merchants Logistic International Holdings Co., Ltd.	The British Virgin Islands	Logistics equipment leasing	USD 0.1	45.00	45.00	7,597,113,254.70	4,089,495,817.37	3,507,617,437.33	1,861,922,100.37	393,000,137.24	393,000,137.24
Shenzhen Hailing Harbor Development Co., Ltd.	Shenzhen, Guangdong province	Warehouse and port services	RMB30.73 million	33.00	33.00	2,904,676,603.20	1,876,053,015.01	1,028,623,588.19	65,877,422.38	-102,299,956.70	-102,299,956.70
Sinotrans Logistics Nanning China Ltd.	Nanning, Jiangsu province	Logistic	RMB50 million	45.00	45.00	298,531,599.59	210,812,032.21	87,719,567.38	310,467,351.42	45,863,474.82	45,863,474.82
Wuhan Port Container Co., Ltd.	Wuhan, Hubei province	Containers handling and freight forwarding	RMB40 million	30.00	30.00	738,005,990.88	162,367,363.41	595,638,627.47	151,989,710.29	63,064,326.96	63,064,326.96
Total						11,558,327,438.37	6,338,728,238.00	5,219,599,200.37	2,390,256,564.46	399,627,982.32	399,627,982.32

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(7) Main financial information of material associates

Item	Current year				Prior year			
	China Merchants Loscam International Holdings Co., Ltd.	Shenzhen Haixing Harbor Development Co., Ltd.	Sinotrans Logistics Nanjing China Ltd.	Wuhan Port Container Co., Ltd.	China Merchants Loscam International Holdings Co., Ltd.	Shenzhen Haixing Harbor Development Co., Ltd.	Sinotrans Logistics Nanjing China Ltd.	Wuhan Port Container Co., Ltd.
Current assets	1,655,016,261.51	116,996,284.78	169,469,593.90	241,650,693.68	1,236,688,598.96	65,233,282.68	170,465,951.99	254,762,536.35
Non-current assets	5,942,094,993.19	2,767,676,318.42	129,061,995.69	516,955,297.20	5,642,590,254.67	2,260,038,203.89	70,043,254.37	562,668,960.27
Total assets	7,597,113,254.70	2,904,676,603.20	298,531,589.59	758,605,990.88	6,879,278,853.65	2,345,271,486.57	240,509,206.36	817,450,896.62
Current liabilities	939,490,401.44	1,372,107,624.10	155,376,855.52	48,876,064.82	2,784,526,760.22	847,631,054.21	92,839,168.98	59,310,621.47
Non-current liabilities	3,150,005,415.93	503,945,390.91	55,433,196.69	113,491,268.59	3,071,066,380.19	366,716,887.48	528,271.57	175,543,811.63
Total liabilities	4,089,495,817.37	1,876,053,015.01	210,812,052.21	162,367,333.41	3,091,623,160.41	1,214,347,941.69	93,367,446.55	234,854,333.10
Net assets	3,507,617,437.33	1,028,623,588.19	87,719,537.38	595,638,637.47	3,787,655,693.24	1,130,923,544.88	147,141,759.81	582,596,565.52
Equity attributable to shareholders of the Company	3,507,617,437.33	1,028,623,588.19	87,719,537.38	595,638,637.47	3,787,655,693.24	1,130,923,544.88	147,141,759.81	582,596,565.52
Share of net assets calculated at the shareholding ratio	1,578,427,846.80	339,445,784.10	39,473,791.82	178,691,591.24	1,704,436,061.96	373,204,769.81	66,213,791.91	174,778,969.66
Adjustments	660,598,884.90	-	126,172,293.02	759,402.78	660,598,884.31	-	126,172,293.02	759,402.78
Carrying amount of equity investments in associates	2,239,026,731.70	339,445,784.10	165,646,120.84	179,450,994.02	2,365,034,946.27	373,204,769.81	192,386,120.93	175,538,372.44
Fair value of equity investments with open market price	-	-	-	-	-	-	-	-
Operating income	1,861,922,100.37	65,877,422.38	310,487,351.42	151,969,710.29	1,729,956,321.07	27,289,496.25	255,866,780.83	96,559,178.44
Finance costs	36,713,708.34	28,560,618.82	3,487,551.75	-2,272,422.14	46,748,103.96	-112,168.03	75,788.19	-2,637,771.16
Income tax expenses	213,017,993.24	-	7,182,694.11	14,019,796.30	169,135,221.90	-	4,594,551.79	10,412,500.00
Net profit	383,000,137.24	-102,299,956.70	45,863,474.82	63,064,326.96	304,939,353.54	-33,304,094.60	44,399,264.00	19,641,577.38
Other comprehensive income	-283,013,028.67	-	-	-	-452,946,171.97	-	-	-
Total comprehensive income	109,987,108.57	-102,299,956.70	45,863,474.82	63,064,326.96	-148,006,818.43	-33,304,094.60	44,399,264.00	19,641,577.38
Dividends from associates for the year	175,500,000.00	-	34,556,767.28	21,000,000.00	-	-	-	6,000,000.00

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

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

Item	Current year	Prior year
Joint ventures:	—	—
Total carrying amount of investments	1,363,424,012.37	1,403,794,743.19
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	114,158,183.61	101,322,795.59
Other comprehensive income	—	—
Total comprehensive income	114,158,183.61	101,322,795.59
Associates:	—	—
Total carrying amount of investments	1,166,778,857.74	1,056,426,786.34
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	104,257,866.74	101,873,350.43
Other comprehensive income	-4,239,637.56	-14,454,037.38
Total comprehensive income	100,018,229.18	87,419,313.05

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

(10) Excess losses incurred by joint ventures or associates

Name of joint venture or associate	Accumulated unrecognised losses in prior year	Unrecognised losses for the year (or net profit shared for the year)	Cumulative unrecognised losses at the end of the year
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	-682,493.45	77,734.60	-604,758.85
Total	-682,493.45	77,734.60	-604,758.85

As at 31 December 2021, there was no significant restriction on the Group's ability to transfer funds from joint ventures or associates to the Group.

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Notes to the Financial Statements

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

13. OTHER EQUITY INSTRUMENT INVESTMENTS

(1) Details of other equity instrument investments

Item	Reasons for designation as other equity instrument investments	Closing balance	Opening balance	Dividend income
Other equity instrument investments – Listed company equity instrument investments	—	26,336,370.61	21,605,631.53	—
Including: Air China Limited	Strategic purpose holding	26,336,370.61	21,605,631.53	—
Total	—	26,336,370.61	21,605,631.53	—

(2) Other equity instrument investments at the end of the year

Item	Dividend income recognised during the year	Cumulative gains	Cumulative losses	Transfer of other comprehensive income to retained earnings	Reasons for designation as at fair value through other comprehensive income	Reasons for transfer of other comprehensive income to retained earnings
Air China Limited	—	18,259,499.01	—	—	Strategic purpose holding	—

(3) There were no other equity instrument investments derecognised during the year.

14. OTHER NON-CURRENT FINANCIAL ASSETS

Item	Closing balance	Opening balance
Financial assets classified as measured at fair value through profit or loss	797,864,160.84	871,156,840.33
Including: Equity instrument investments (Note)	797,864,160.84	871,156,840.33
Total	797,864,160.84	871,156,840.33

Note: As at 31 December 2021, other non-current financial assets were investments in equity instruments held by the Group, mainly comprising: the investment in China Southern Airlines Logistics Co., Ltd. of RMB223,636,365.50; the investment in Nanjing Port Longtan Container Co., Ltd of RMB135,095,172.28; the investment in CHINA MERCHANTS LOGISTICS SYNERGY LIMITED PARTNERSHIP of RMB216,832,697.85; the investment in Ouyeel Cloud Commerce Co., Ltd. of RMB147,747,600.00; the investment in SINO-BLR Industrial Investment Fund, L.P. of RMB53,020,187.60; and the investment in Shenyang Airport Logistics Co., Ltd. of RMB14,930,000.00, etc.

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

15. INVESTMENT PROPERTIES

(1) Investment properties measured at cost

Item	Buildings	Land use rights	Total
I. Original value	—	—	—
Opening balance	2,373,343,072.99	113,964,157.79	2,487,307,230.78
Acquisition for the year	145,520.72	—	145,520.72
Conversion of fixed assets to investment properties	253,986,870.66	—	253,986,870.66
Conversion of intangible assets to investment properties	—	2,679,246.47	2,679,246.47
Disposal for the year	22,930,934.64	—	22,930,934.64
Transfer from investment properties to fixed assets	72,596,295.23	—	72,596,295.23
Effects from translation in foreign currency statements	-60,271,509.42	—	-60,271,509.42
Closing balance	2,471,676,725.08	116,643,404.26	2,588,320,129.34
II. Accumulated depreciation and accumulated amortisation	—	—	—
Opening balance	247,044,314.60	34,486,853.48	281,531,168.08
Accrued amount for the year	78,963,861.08	2,788,195.15	81,752,056.23
Conversion of fixed assets to investment properties	66,129,980.21	—	66,129,980.21
Conversion of intangible assets to investment properties	—	907,178.46	907,178.46
Disposal for the year	3,720,591.97	—	3,720,591.97
Transfer from investment properties to fixed assets	8,688,942.58	—	8,688,942.58
Effects from translation in foreign currency statements	-5,787,337.41	—	-5,787,337.41
Closing balance	373,941,283.93	38,182,227.09	412,123,511.02
III. Impairment provision	—	—	—
Opening balance	1,528,858.01	—	1,528,858.01
Closing balance	1,485,259.40	—	1,485,259.40
IV. Net amount	—	—	—
Opening balance	2,124,769,900.38	79,477,304.31	2,204,247,204.69
Closing balance	2,096,250,181.75	78,461,177.17	2,174,711,358.92

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

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

15. INVESTMENT PROPERTIES (CONTINUED)

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

Item	Carrying amount	Reason for not obtaining the title certificate
Tianzhu Airport Logistics Center	139,849,976.90	Incomplete procedures and in progress
Sichuan Observation Tower Film and Culture Plaza (Block C, Building 339, Chengdu) 10th Floor, Building 3	26,228,296.51	Firefighting not yet accepted
Total	166,078,273.41	—

16. FIXED ASSETS

Item	Closing balance	Opening balance
Fixed assets	14,068,398,921.65	12,442,063,895.48
Disposal of fixed assets	—	112,689.68
Total	14,068,398,921.65	12,442,176,585.16

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Notes to the Financial Statements

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

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

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets

1) Details of fixed assets classification

Item	Buildings	Port and terminal facilities	Motor vehicles and vessels	Machinery, equipment, furniture, appliances and other equipment	Total
I. Original value	—	—	—	—	—
Opening balance	12,263,396,153.04	1,029,677,897.16	1,481,805,464.50	5,755,668,667.23	20,530,548,181.93
Effect of change in scope of consolidation	28,293,480.53	282,322,646.39	1,257,338.25	68,491,487.27	380,364,952.44
Acquisitions for the year	35,058,956.21	4,702,008.33	147,454,698.52	340,621,256.33	527,836,919.39
Revaluation increase	—	—	—	—	—
Transfer to construction in progress for the year	1,384,672,951.69	544,917,543.89	1,080,898.64	200,471,272.42	2,131,142,666.64
Transfer to investment properties for the year	72,596,295.23	—	—	—	72,596,295.23
Other additions	743,500.00	—	104,878.11	1,260,128.99	2,108,507.10
Disposals, obsolescence for the year	52,243,578.16	—	188,444,903.97	207,816,613.58	448,505,095.71
Reclassification	29,885,176.40	-33,502,424.48	5,709,213.93	-2,091,965.85	—
Transfer to investment properties for the year	253,986,870.66	—	—	—	253,986,870.66
Other decreases (Note)	23,495,190.57	—	580,468.22	1,362,232.55	25,437,891.34
Effect from translation in foreign currency statements	-11,475,481.67	-1,619.71	-30,787,747.74	-34,616,150.61	-76,880,999.73
Closing balance	13,473,445,392.04	1,828,116,051.58	1,417,599,372.02	6,120,625,849.65	22,839,786,665.29
II. Accumulated depreciation	—	—	—	—	—
Opening balance	3,526,918,511.36	508,793,541.32	1,004,985,970.52	3,024,776,978.03	8,065,475,001.23
Effect of change in scope of consolidation	—	—	—	—	—
Accrual for the year	469,235,851.17	40,534,870.60	123,343,495.37	366,608,195.87	999,722,413.01
Transfer to construction in progress for the year	—	—	—	—	—
Transfer to investment properties for the year	8,688,942.58	—	—	—	8,688,942.58
Other additions	—	—	88,495.58	1,778,097.78	1,866,593.36
Disposals, obsolescence for the year	19,868,743.47	—	161,961,966.86	176,898,679.61	358,729,389.94
Reclassification	14,377,476.87	-25,378,602.41	4,833,342.39	6,167,783.15	—
Transfer to investment properties for the year	66,129,980.21	—	—	—	66,129,980.21
Other decreases	1,050,442.35	—	133,334.43	1,221,106.84	2,404,883.62
Effect from translation in foreign currency statements	-1,736,375.57	-166.44	-22,885,930.26	-11,034,611.26	-35,657,083.53
Closing balance	3,930,435,240.38	523,949,643.07	948,270,072.31	3,210,176,657.12	8,612,831,612.88
III. Impairment provision	—	—	—	—	—
Opening balance	3,921,918.22	—	19,087,367.00	—	23,009,285.22
Closing balance	139,568,608.84	—	18,747,270.32	240,251.60	158,556,130.76
IV. Net amount	—	—	—	—	—
Opening balance	8,732,555,723.46	520,884,355.84	457,732,126.98	2,730,891,689.20	12,442,063,895.48
Closing balance	9,403,441,542.82	1,304,166,408.51	450,582,029.39	2,910,208,940.93	14,068,398,921.65
Net mortgaged assets at the end of the year	89,684,640.70	—	—	—	89,684,640.70

Note: Other decreases are mainly the adjustment of prior years' pre-fixed amounts by SinoTrans Logistics Guangxi Co., Ltd. and SinoTrans Logistics Zhenjiang Co., Ltd., subsidiaries of the Group, based on the construction settlement.

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

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

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

Item	Amount	Remark
1. Original value of fixed assets fully depreciated at the end of the year but still in use	2,807,010,953.45	—
2. Original value of temporarily idle fixed assets at the end of the year	7,186,865.56	—
3. Disposal and scrap of fixed assets for the year	—	—
(1) Original value of disposal and scrap of fixed assets for the year	448,505,095.71	—
(2) Net value of disposal and scrap of fixed assets for the year	89,775,705.77	—
(3) Gains and losses from disposal and scrap of fixed assets for the year	86,941,596.10	—

3) Temporary idle fixed assets

Item	Original book value	Accumulated depreciation	Impairment provision	Carrying amount	Remark
Machinery, equipment, furniture, appliances and other equipment	5,534,206.26	4,306,259.27	-	1,227,946.99	—
Buildings	1,652,659.30	12,103.00	-	1,640,556.30	—
Total	7,186,865.56	4,318,362.27	-	2,868,503.29	—

4) Fixed assets rented through operating lease

Item	Carrying amount
Machinery, equipment, furniture, appliances and other equipment	555,668,632.94
Motor vehicles and vessels	71,628.00
Total	555,740,260.94

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

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

5) Significant fixed assets without the title certificate

Item	Closing carrying amount	Reason for not obtaining the title certificate
Warehouse of China Merchants Logistics Group Guangxi Co., Ltd.	219,393,091.51	Progressing
Nanchang Distribution Center	86,539,333.73	Part of the land has been expropriated and new land certificates are still being processed
Harbin Distribution Center Phase II	81,403,904.78	Progressing
Caidian Logistics Base	58,491,679.60	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 0	57,680,985.63	Progressing
Pudong International Airport Storage Project	40,548,932.22	Progressing
Office building of Sinotrans (Zhengzhou) Airport Logistics Co., Ltd.	37,918,802.48	The procedure is not complete, and temporarily suspended
Changchun Distribution Center Warehouse No. 1	34,838,244.30	Progressing
Rongcheng 7-11 warehouse and office building	34,621,031.05	Progressing
Office building of Sinotrans (Changchun) Logistics Co., Ltd.	33,434,920.82	Progressing
Changchun Distribution Center Warehouse No. 7	31,942,056.01	Progressing
China Merchants Logistics Group Qingdao Logistics Centre 1# Warehouse	30,843,682.25	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 5	30,532,071.65	Progressing
China Merchants Logistics Group Qingdao Logistics Centre 3# Warehouse	29,740,544.42	Progressing
Changchun Distribution Center Warehouse No. 3	29,477,369.02	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 1	29,376,167.54	Progressing
China Merchants Logistics Group Qingdao Logistics Centre 2# Warehouse	29,076,430.44	Progressing
Changchun Distribution Center Warehouse No. 5	25,895,964.83	Progressing
Block C, Building 339, Chengdu	25,521,270.45	Progressing
China Merchants Logistics Group Changchun Warehouse Package 1	24,038,526.88	Progressing
China Merchants Logistics Group Qingdao Logistics Centre Complex	23,273,007.21	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 3	22,889,462.23	Progressing
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 1	22,718,151.01	The procedure is not complete, and temporarily suspended
China Merchants Logistics Group Qingdao Logistics Centre 4# Warehouse	22,347,126.35	Progressing

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

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

5) Significant fixed assets without the title certificate

Item	Closing carrying amount	Reason for not obtaining the title certificate
China Merchants Logistics Group Qingdao Logistics Centre 5# Warehouse	20,361,759.34	Progressing
Wuhu Sanshan Port Warehouse	19,143,934.67	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 2	17,947,850.73	Progressing
Wuhu Sanshan Port Joint Inspection Building and Dormitory Building	16,832,545.16	Progressing
Office building 1, Tianzhu Airport Logistics Park	16,735,214.51	Progressing
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse No. 2	14,551,836.90	Temporary suspension of demolition
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse No. 1	14,350,766.19	Temporary suspension of demolition
Sinotrans Logistics Zhenjiang Co., Ltd. 6# Office Building	12,912,146.24	Progressing
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 2	12,791,164.62	The procedure is not enough, and temporarily suspended
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse No. 4	12,617,857.19	Temporary suspension of demolition
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 3	11,856,165.98	The procedure is not enough, and temporarily suspended
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse No. 3	10,647,659.00	Temporary suspension of demolition
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 5# Warehouse	10,042,615.44	Progressing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 4# Warehouse	7,856,757.38	Progressing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 3# Warehouse	7,844,529.97	Progressing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 1# Warehouse	7,835,481.81	Progressing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 2# Warehouse	7,818,432.05	Progressing
Wuhu Sanshan Port Waiting Building	7,506,627.43	Progressing
China Merchants Logistics Group Changchun phase I complex	6,967,126.31	Progressing
Total	1,299,163,227.33	—

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

16. FIXED ASSETS (CONTINUED)

(2) Disposal of fixed assets

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

17. CONSTRUCTION IN PROGRESS

(1) Listed by classification

Item	Closing balance	Opening balance
Construction in progress	1,070,736,580.52	2,678,713,748.77
Construction materials	-	-
Total	1,070,736,580.52	2,678,713,748.77

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

17. CONSTRUCTION IN PROGRESS (CONTINUED)

(2) Details of construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Jiaozhou Smart Logistics Warehouse	201,309,791.10	-	201,309,791.10	239,271,961.72	-	239,271,961.72
Yunnan Company Distribution Center	149,872,253.13	-	149,872,253.13	71,686,332.42	-	71,686,332.42
Sinotrans Chengdu Qingbaijiang Cold Chain Logistics Park Project	147,013,046.50	-	147,013,046.50	67,903,497.27	-	67,903,497.27
Lianyungang Shanghe Logistics Park Project	126,076,758.87	-	126,076,758.87	64,268,414.82	-	64,268,414.82
Jinxia Logistics Center	88,870,300.36	-	88,870,300.36	9,841,073.80	-	9,841,073.80
Sinotrans Tianjin Airport Comprehensive Logistics Base Project	56,991,865.96	-	56,991,865.96	71,021,250.24	-	71,021,250.24
Comprehensive Bonded Zone Storage Project	48,239,778.83	-	48,239,778.83	52,550,203.72	-	52,550,203.72
Dockside 500-day shoreline modification and expansion declaration project	39,748,424.27	-	39,748,424.27	29,441,083.79	-	29,441,083.79
Shaanxi Company Distribution Center	34,577,030.34	-	34,577,030.34	348,361,952.24	-	348,361,952.24
Warehouse equipment installation and integration (Smart logistics)	24,858,797.96	-	24,858,797.96	20,297,144.59	-	20,297,144.59
Sinotrans Logistics Development Hefei Supply and Marketing Logistics Park	16,842,553.39	-	16,842,553.39	1,970,546.09	-	1,970,546.09
Xinjiang Ganquanbao Distribution Center	12,558,053.46	-	12,558,053.46	12,075,680.21	-	12,075,680.21
Terminal expansion project	12,051,171.36	-	12,051,171.36	7,778,784.80	-	7,778,784.80
Shandong Qingzhou Sinotrans Storage & Transportation Co., Ltd. Storage House	8,991,334.41	-	8,991,334.41	593,627.99	-	593,627.99
Sinotrans Middle East Co., Ltd. SHEIN Project	8,292,986.23	-	8,292,986.23	4,002,429.14	-	4,002,429.14
Chemical International Logistics Shanghai Base Electrical Renovation Project	7,286,966.39	-	7,286,966.39	3,492,539.80	-	3,492,539.80
Air Transport Development Headquarters Office Building Phase 2 Renovation	7,003,317.77	-	7,003,317.77	-	-	-
Guangzhou Sinotrans Changjiang Logistics Infrastructure-Warehouse	6,995,697.99	-	6,995,697.99	6,995,697.99	-	6,995,697.99
Jiangmen High-tech Zone Public Pier	5,910,310.74	-	5,910,310.74	883,913,543.00	-	883,913,543.00
Jinhua Sinotrans International Logistics Centre Phase II	5,185,243.64	-	5,185,243.64	3,363,775.02	-	3,363,775.02
Other Projects	65,672,302.99	3,611,405.17	62,060,897.82	800,706,225.02	20,822,014.90	779,884,210.12
Total	1,074,347,985.69	3,611,405.17	1,070,736,580.52	2,699,535,763.67	20,822,014.90	2,678,713,748.77

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

17. CONSTRUCTION IN PROGRESS (CONTINUED)

(3) Construction in progress with the top ten book balance at the end of the year

Item	Budget	Opening balance	Increase in current year	Effects from changes in the scope of consolidation	Transfer to fixed assets or intangible assets	Other decreases	Closing balance	Proportion of project investment to budget amount (%)	Project Progress (%)	Accumulated amount of interest capitalisation	Including: Amount of interest capitalisation for the year	Interest rate for the year	Sources of funds
Jiaozhou Smart Logistics Warehouse	570,000,000.00	239,271,961.72	138,925,994.62	-	176,888,165.14	-	201,399,791.10	66.35	70.00	-	-	-	Self-owned capital
Yunan Company Distribution Center	219,704,582.49	71,686,332.42	78,185,920.71	-	-	-	149,872,253.13	68.22	70.00	5,026,907.81	2,667,574.97	4.04	Bank loan, Self-owned capital
Sinotrans Chengde Qinghai Cold Chain Logistics Park Project	261,237,354.74	67,908,497.27	79,109,549.23	-	-	-	147,018,046.50	56.28	80.00	1,176,525.57	1,157,768.27	2.94	Bank loan, Self-owned capital
Lianyungang Shengjie Logistics Park Project	375,000,000.00	64,268,414.82	61,808,344.05	-	-	-	126,076,758.87	33.62	50.00	-	-	-	Self-owned capital
Jinxi Logistics Center	202,000,000.00	9,841,073.80	79,029,226.56	-	-	-	88,870,300.36	44.00	60.00	-	-	-	Self-owned capital
Sinotrans Tianjin Airport Comprehensive Logistics Base Project	101,370,960.00	71,021,250.24	4,601,169.98	-	18,630,554.26	-	56,991,865.96	74.60	85.89	-	-	-	Self-owned capital
Comprehensive Bonded Zone Storage Project	78,090,000.00	52,550,203.72	-	-	-	4,310,424.89	48,239,778.83	61.77	98.00	-	-	-	Self-owned capital
Dockside 500-day shoreline modification and expansion declaration project	66,450,315.65	29,441,083.79	10,307,340.48	-	-	-	39,748,424.27	60.00	60.00	-	-	-	Self-owned capital
Shaanxi Company Distribution Center (Note)	460,000,000.00	348,361,952.24	43,271,150.75	-	317,916,072.65	39,140,000.00	34,577,030.34	95.00	95.00	25,498,101.64	6,125,471.83	4.04	Bank loan, Self-owned capital
Warehouse equipment installation and integration (Smart logistics)	51,250,606.83	20,297,144.59	4,561,563.37	-	-	-	24,858,797.96	48.50	60.00	-	-	-	Self-owned capital
Total	2,385,103,799.71	974,642,914.61	469,800,349.65	-	513,434,792.05	43,450,424.89	917,556,047.32	-	-	31,701,535.22	9,940,805.07	-	-

Note: Other decreases are the adjustment of land use rights previously recognized construction in progress to intangible assets by SinoTrans Logistics Northwest Co., Ltd.

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

17. CONSTRUCTION IN PROGRESS (CONTINUED)

(4) Impairment provision for construction in progress during the year

Item	Accrual amount for the year	Reason for accrual
Lianyungang Chemical Logistics Project	3,511,405.17	Project is on hold with future exit expected
Total	3,511,405.17	—

18. RIGHT-OF-USE ASSETS

(1) Details of right-of-use assets classification

Item	Buildings	Land use right	Port and terminal facilities	Motor vehicles and vessels	Machinery, equipment, furniture, appliances and other equipment	Others	Total
I. Original value	—	—	—	—	—	—	—
Opening balance	3,669,545,771.81	1,935,660.63	1,706,060.05	19,148,109.61	23,952,010.08	21,593,517.88	3,737,881,130.06
Effects from changes in the scope of consolidation	-	-	-	-	-	-	-
Increase in current year	777,441,042.81	8,264,163.03	-	3,922,461.22	12,002,325.46	2,651,410.56	804,281,403.08
Decrease in current year (Note)	611,019,871.78	-	-	2,800,479.23	5,952,340.56	101,685.01	619,874,376.58
Effects from translation in foreign currency statements	-52,209,965.12	-	-	-327,454.99	-857,518.18	-62,006.01	-53,456,944.30
Closing balance	3,783,756,977.72	10,199,823.66	1,706,060.05	19,942,636.61	29,144,476.80	24,081,237.42	3,868,831,212.26
II. Accumulated depreciation	—	—	—	—	—	—	—
Opening balance	1,409,117,171.93	193,566.07	873,631.80	11,437,261.10	13,067,487.13	14,625,272.74	1,449,314,390.77
Effects from changes in the scope of consolidation	-	-	-	-	-	-	-
Accrued amount for the year	720,234,506.57	4,519,213.68	832,428.25	6,713,524.77	5,760,341.77	4,186,459.19	742,246,474.23
Decrease in current year (Note)	459,766,853.72	-	-	1,075,038.67	5,888,204.31	101,685.01	466,831,781.71
Effects from translation in foreign currency statements	-14,709,134.34	-	-	-19,429.06	-645,584.81	-32,207.79	-15,406,356.00
Closing balance	1,654,875,690.44	4,712,779.75	1,706,060.05	17,056,318.14	12,294,039.78	18,677,839.13	1,709,322,727.29
III. Impairment provision	—	—	—	—	—	—	—
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
IV. Net amount	—	—	—	—	—	—	—
Opening balance	2,260,428,599.88	1,742,094.56	832,428.25	7,710,848.51	10,884,522.95	6,968,245.14	2,288,566,739.29
Closing balance	2,128,881,287.28	5,487,043.91	-	2,886,318.47	16,850,437.02	5,403,398.29	2,159,508,484.97

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

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

18. RIGHT-OF-USE ASSETS (CONTINUED)

(1) Details of right-of-use assets classification (CONTINUED)

Note: The decrease in the original value of buildings and accumulated depreciation of right-of-use assets for the year was mainly the simultaneous reduction of the original value of right-of-use assets and accumulated depreciation upon expiry of the leases and the reduction of the original value of right-of-use assets by Shenzhen Henglu Logistics Limited Company (hereinafter referred to as Henglu Logistics), a subsidiary of the Group, as a result of lease changes.

The Group leases a number of assets, including buildings, land use rights, port and terminal facilities, motor vehicles and vessels, machinery, equipment, furniture, appliances and other equipment, etc., with leases period of 1 to 50 years.

The short-term lease expenses charged to current profit or loss for the year under simplified treatment amounted to RMB624,456,936.85 (prior year: RMB411,920,438.17) and the lease expenses for low-value assets amounted to RMB33,746,437.07 prior year: RMB10,761,678.70).

The terms of the Group's leases do not provide for variable lease payments. The total cash outflow in relation to leases for the year was RMB1,476,704,848.72 (prior year: RMB1,021,876,624.68).

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Notes to the Financial Statements

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

19. INTANGIBLE ASSETS

Item	Amortisation period	Opening balance	Effects from changes in the scope of consolidation (Note 2)	Increase in current year	Decrease in current year (Note 1)	Reclassification	Effects from translation in foreign currency statements	Closing balance
I. Total original value	—	7,873,709,059.47	81,986,929.76	391,162,259.22	77,946,264.86	-2,679,246.47	-90,653,818.91	8,175,578,918.21
Including: Land use rights	10-99 years	6,638,603,803.87	80,674,304.98	265,517,209.76	51,501,797.90	-2,679,246.47	-39,182,434.88	6,891,431,839.36
Trademark rights	—	5,007,651.46	-	-	-	-	-	5,007,651.46
Software	5 years	660,802,220.96	1,312,624.78	122,212,134.85	26,434,758.22	58,867.93	-1,865,027.24	756,086,063.06
Customer relationship	9 years	480,914,945.40	-	-	-	-	-48,259,290.41	432,655,654.99
Others	5 years	88,380,437.78	-	3,432,914.61	9,708.74	-58,867.93	-1,347,066.38	90,397,709.34
II. Total accumulated amortisation	—	1,680,385,033.69	-	277,655,096.32	53,463,975.54	-907,178.46	-13,407,600.54	1,890,261,375.47
Including: Land use rights	10-99 years	1,169,250,575.54	-	144,298,023.29	27,577,228.93	-907,178.46	-2,735,139.35	1,282,329,052.09
Trademark rights	—	1,990.53	-	1,530.29	-	-	-	3,520.82
Software	5 years	422,978,201.84	-	79,334,928.22	25,881,406.84	33,347.75	-1,229,893.33	475,235,177.64
Customer relationship	9 years	53,434,993.92	-	50,977,317.12	-	-	-8,266,609.96	96,145,701.08
Others	5 years	34,719,271.86	-	3,043,297.40	5,339.77	-33,347.75	-1,175,957.90	36,547,923.84
III. Total impairment provision	—	58,913,956.77	-	-	-	-	-	58,913,956.77
Including: Land use rights	10-99 years	3,887,400.00	-	-	-	-	-	3,887,400.00
Trademark rights	—	5,000,000.00	-	-	-	-	-	5,000,000.00
Software	5 years	-	-	-	-	-	-	-
Customer relationship	9 years	-	-	-	-	-	-	-
Others	5 years	50,026,556.77	-	-	-	-	-	50,026,556.77
IV. Total carrying amount	—	6,134,410,069.01	—	—	—	—	—	6,226,403,585.97
Including: Land use rights	10-99 years	5,465,465,828.33	—	—	—	—	—	5,605,215,387.27
Trademark rights	—	5,660.93	—	—	—	—	—	4,130.64
Software	5 years	237,824,019.12	—	—	—	—	—	280,850,885.42
Customer relationship	9 years	427,479,951.48	—	—	—	—	—	336,509,953.91
Others	5 years	3,634,609.15	—	—	—	—	—	3,823,228.73

Note 1: The decrease in the original cost of intangible assets and accumulated depreciation for the year was mainly the disposal of land use rights and software by Sinotrans South China Co., Ltd. (hereinafter referred to as Sinotrans South China) and Sinoair subsidiaries of the Group.

Note 2: The details of effect from the change in scope of consolidation are described in Note VIII. "3. Significant business combinations not under common control occurred during the year.

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

19. INTANGIBLE ASSETS (CONTINUED)

(1) Closing carrying amount of intangible assets without the title certificate and reason

Item	Carrying amount	Reason for not obtaining the title certificate
Land use rights of Rongcheng Pulin Shandong Project	21,665,404.10	In negotiation with the government for processing
Land use rights for the Nanchang Distribution Centre	14,287,074.05	In negotiation with the government for processing
Land use rights of Sinotrans container yard in Kaishan District, Dayaowan	2,962,423.14	Currently in communication with the seller for processing
Total	38,914,901.29	—

20. DEVELOPMENT EXPENDITURE

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current year		Decrease in current year			Effects from translation in foreign currency statements	Closing balance
			Internal development expenditures	Others	Transfer to intangible assets	Accrued in current profit or loss	Others		
ABCDT Digital Technology Application and R & D Project	43,072,847.71	-	11,246,263.41	30,604,131.26	24,736,153.10	18,959,017.87	-	-	41,228,071.41
LLCT	-	-	4,926,403.87	12,968,905.58	-	4,926,403.87	-	-	12,968,905.58
Guanwu Cloud Construction	3,469,339.53	-	818,173.41	2,226,471.64	-	818,173.41	-	-	5,695,811.17
Master Data Platform Construction and Implementation Project	5,217,353.98	-	34,613.15	94,191.77	-	34,613.15	-	-	5,311,545.75
Logistics system optimisation and operation projects	2,667,692.06	-	1,091,956.40	2,971,509.36	705,660.39	1,162,711.12	-	-	4,862,786.31
ORACLE Development	2,950,528.31	-	1,903,092.36	5,178,830.17	3,477,735.85	1,903,092.36	-	-	4,651,622.63
Booking centre construction project	3,434,787.75	-	336,586.61	915,943.40	-	336,586.61	-	-	4,350,731.15
Smart Field Construction Project (2019)	2,783,018.87	-	511,345.40	1,391,509.43	-	511,345.40	-	-	4,174,528.30
The company's strategic major customer logistics control tower construction project	10,140,566.04	-	113,362.68	308,490.57	6,505,660.38	113,362.68	-	-	3,943,396.23
Financial Sharing	-	-	1,395,019.58	3,796,226.42	-	1,395,019.58	-	-	3,796,226.42
Shipping system optimisation and operation projects	8,649,500.47	-	1,773,129.17	4,825,165.10	9,337,877.32	2,768,978.27	-	-	3,140,939.15
Procurement of technical services for the operation and maintenance of a unified authentication system for external customers (2019)	694,528.00	-	893,276.69	2,430,848.00	-	893,276.69	-	-	3,125,376.00
Sinotrans Sailing	-	-	16,136,209.35	2,875,000.00	-	16,136,209.35	-	-	2,875,000.00
BMS Item	1,072,169.81	-	771,958.21	2,100,707.55	-	1,707,807.27	-	-	2,237,028.30
EDI platform functionality enhancement project	393,962.28	-	553,986.39	1,507,547.14	-	553,986.39	-	-	1,901,509.42
CFS Construction Operations Centre Project	877,405.65	-	-	701,924.52	-	-	-	-	1,579,330.17
Others	46,477,206.67	-	68,536,769.98	87,073,677.52	55,536,920.81	119,374,952.52	-	-	27,175,780.84
Total	131,900,907.13	-	111,042,146.66	161,971,079.43	100,300,007.85	171,595,536.54	-	-	133,018,588.83

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

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

21. GOODWILL

(1) Details of goodwill:

Investee	Formation	Opening balance	Increase in current year		Decrease in current year		Effects from translation in foreign currency statements	Closing balance
			Business combination	Other increases	Derecognition of disposal of subsidiaries	Other decreases		
7 companies including KLG EUROPE EERSEL B.V. (Note 1)	Combination not under common control	2,159,738,397.00	-	-	-	-	-216,727,393.28	1,943,011,003.72
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	Combination not under common control	215,048,533.68	-	-	-	-	-	215,048,533.68
Shenzhen Henglu Logistics Limited Company	Combination not under common control	134,843,091.03	-	-	-	-	-	134,843,091.03
Sinotrans Cold Chain Logistics Harbin Co., Ltd.	Combination not under common control	29,621,440.67	-	-	-	-	-	29,621,440.67
Others	Combination not under common control	44,566,080.86	-	-	-	2,942,087.77	-	41,623,993.09
Total	—	2,583,817,543.24	-	-	-	2,942,087.77	-216,727,393.28	2,364,148,062.19
Goodwill impairment provision	—	305,070,330.57	—	—	—	—	—	381,749,813.53
Total net goodwill	—	2,278,747,212.67	—	—	—	—	—	1,982,398,248.66

Note 1: The effect from translation in foreign currency statements is the decreased exchange rate in Euro to RMB during the year.

(2) Details of goodwill impairment provision

Investee	Opening balance	Effects from changes in the scope of consolidation		Effects from translation in foreign currency statements		Decrease in current year	Closing balance
		Accrual in current year					
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	148,512,392.37	-	66,536,141.31	-	-	-	215,048,533.68
Shenzhen Henglu Logistics Limited Company	134,843,091.03	-	-	-	-	-	134,843,091.03
Sinotrans Cold Chain Logistics Harbin Co., Ltd.	18,772,759.40	-	10,848,681.27	-	-	-	29,621,440.67
China Merchants International Cold Chain (Shenzhen) Co., Ltd.	-	-	2,236,748.15	-	-	-	2,236,748.15
Keppel Logistics (Hong Kong) Limited	2,942,087.77	-	-	-	-	2,942,087.77	-
Total	305,070,330.57	-	79,621,570.73	-	-	2,942,087.77	381,749,813.53

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

21. GOODWILL (CONTINUED)

(3) Significant goodwill impairment tests

Name of asset group	Whether there is an indication of impairment	Whether an valuation report for financial reporting purposes is obtained in the impairment test	Valuation agency and assessment report number	Type of valuation	Carrying amount of groups of assets or groups of assets containing goodwill	Recoverable amount of an asset group or combination of asset groups	Amount of goodwill impairment provision accrued in prior year	Amount of goodwill impairment provision accrued during the year
7 companies including KLG EUROPE EERSEL B.V.	No	Yes	JLL, CON100802651-BV	Expected present value of future net cash flows	RMB2684.76 million	RMB3091.44 million	-	-
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	Yes, operating profit was significantly lower than expected	Yes	Guozhongjian, Guozhongjian Assessment No. 3-0025 of 2022	Expected present value of future net cash flows	RMB109.88 million	RMB42.72 million	RMB148.51 million	RMB66.54 million

Name of asset group	Operating income growth rate for the forecast period	Forecast period profitability	Stabilisation period	Operating income growth rate for the stabilisation period (%)	Discount rate (%)
7 companies including KLG EUROPE EERSEL B.V.	3.48%-10.00%	13.00%-13.70%	After 2030	1.56	11.94
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd. (Note 2)	-0.67%-0.80%	4.50%-4.99%	After 2026	-	15.76

Note 1: For the Group's impairment testing of goodwill related to 7 companies including KLG EUROPE EERSEL B.V., it was treated as an asset group and a high-speed growth period until 2030(as in 2020) based on Management's judgement on the Company's growth cycle and market conditions, after which a fixed growth rate was applied, with the fixed growth rate selected as the long-term inflation rates of the countries in which the main business units are located. The Group's forecast was made after reviewing the historical revenue levels and profits of the seven companies mentioned above, and their actual revenue after the acquisition exceeded expectations. The Group's forecast is reasonable considering that the seven companies will continue to enhance the Group's on-the-ground operations in the EU region in the future and their synergies will be further demonstrated in the future. The discount rate used is a pre-tax discount rate of 11.94% (2020: 11.80%) that reflects the specific risks of the relevant asset group and asset group portfolio.

Note 2: The key assumptions and parameters used by the Group for the goodwill test relating to Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd. have not changed significantly from previous years. The test is based on a management-approved 5-year (2020: 5-year) forecast, after which cash flows are forecast at the level of cash flows in year 5 (as in 2020) and using a pre-tax discount rate of 15.76% (2020: 17.04%).

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

22. LONG-TERM PREPAID EXPENSE

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

Item	Opening balance	Effects from changes in the scope of consolidation	Transfer from fixed assets	Increase in current year	Amortisation for the year	Effects from translation in foreign currency statements	Other decreases	Closing balance	Reasons for other decreases
Modification of assets	175,789,863.46	2,231,579.80	3,599,278.72	66,150,067.05	56,331,314.10	13,902.06	3,974,439.52	187,478,937.47	Reclassification
Software expenses	7,485,798.85	-	-	1,665,601.54	4,351,518.95	-	-	4,799,881.44	—
Others	25,008,606.64	-	-	26,845,041.60	11,953,709.26	-103,820.36	-3,974,439.52	43,770,558.14	Reclassification
Total	208,284,268.95	2,231,579.80	3,599,278.72	94,660,710.19	72,636,542.31	-89,918.30	-	236,049,377.05	—

23. DEFERRED INCOME TAX

(1) Deferred tax assets not offset

Item	Closing balance		Opening balance	
	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses
Impairment provision unapproved by tax authorities	76,253,565.60	307,170,499.56	47,068,495.87	192,552,140.76
Unpaid wages	71,743,275.46	287,120,998.67	75,323,051.95	301,900,178.41
Provision for pending litigation	38,117,730.90	152,470,923.58	5,515,911.10	22,063,644.40
Deductible losses	7,124,521.08	28,498,084.32	36,623,224.85	146,492,899.40
Provision for one-time housing subsidy	5,648,196.65	22,592,786.60	5,648,196.65	22,592,786.58
Changes in fair value of other non-current financial assets	4,700,000.00	18,800,000.00	-	-
Depreciation of fixed assets	2,817,852.80	11,271,411.20	2,646,736.99	10,586,947.96
Other deductible temporary differences	66,948,037.15	284,074,220.91	60,943,341.00	253,019,752.88
Total	273,353,179.64	1,111,998,924.84	233,768,958.41	949,208,350.39

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

23. DEFERRED INCOME TAX (CONTINUED)

(1) Deferred tax assets not offset (Continued)

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

Item	Closing balance	Opening balance
Deductible temporary differences	694,807,922.77	597,428,537.90
Deductible losses	2,001,585,758.26	1,542,330,234.83
Total	2,696,393,681.03	2,139,758,772.73

Note: The Group recognises deferred tax assets to the extent of the taxable income used to deduct deductible temporary differences and deductible losses that is likely to be obtained in the future, and the excess of deductible temporary differences and deductible losses over the future taxable income is not recognised as deferred tax assets.

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

Year	Closing balance	Opening balance	Remark
2021	—	115,326,616.64	—
2022	92,448,627.17	93,962,334.72	—
2023	345,410,896.28	347,265,555.68	—
2024	368,262,012.56	386,000,572.04	—
2025	565,996,584.63	599,775,155.75	—
2026	629,467,637.62	—	—
Deductible losses without maturity date	—	—	—
Total	2,001,585,758.26	1,542,330,234.83	—

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

23. DEFERRED INCOME TAX (CONTINUED)

(2) Deferred tax liabilities not offset

Item	Closing balance		Opening balance	
	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference
Adjustment of the fair value of assets acquired by business combination	159,320,224.96	660,073,124.84	170,974,255.77	714,622,018.22
Depreciation and amortisation	22,934,117.25	92,084,841.91	10,257,450.21	41,253,486.89
Changes in fair value of held-for-trading financial assets and liabilities	9,255,337.70	56,092,955.76	3,341,402.57	20,250,924.68
Other taxable temporary differences	2,018,332.90	8,215,215.56	2,083,288.11	8,752,473.63
Total	193,528,012.81	816,466,138.07	186,656,396.66	784,878,903.42

(3) Deferred tax assets or liabilities shown in the net amount after offset

Item	Offset amount of deferred tax assets against deferred tax liabilities at the end of the year	Closing balance of deferred tax assets or deferred tax liabilities after offset	Opening balance	
			Offset amount of deferred come tax assets against deferred tax liabilities at the beginning of the year	Opening balance of deferred tax assets or deferred tax liabilities after offset
Deferred tax assets	-13,676,119.36	259,677,060.28	-5,952,928.48	227,816,029.93
Deferred tax liabilities	-13,676,119.36	179,851,893.45	-5,952,928.48	180,703,468.18

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

24. OTHER NON-CURRENT ASSETS

Item	Closing balance	Opening balance
Lanshi Port related assets (Note)	324,454,648.11	234,686,047.29
Prepayment for land use rights	23,265,050.27	23,265,050.27
Others	2,723,539.27	993,966.80
Subtotal	350,443,237.65	258,945,064.36
Less: Impairment provision	—	—
Total	350,443,237.65	258,945,064.36

Note: Sinotrans South China, a subsidiary of the Group, and its subsidiary, Sinoway Shipping Limited (hereinafter referred to as Sinoway Shipping), entered into equity transfer agreements with Guangdong Sinotrans Limited (hereinafter referred to as Guangdong Sinotrans) and Keppel Telecommunications & Transportation Ltd. (hereinafter referred to as Keppel Telecom) respectively on 27 September 2019 to acquire the entire equity interest in Keppel Logistics (Foshan) Co., Ltd. (hereinafter referred to as Keppel Foshan). According to the equity transfer agreement, after the equity transfer, Keppel Telecom and Guangdong Sinotrans (hereinafter collectively referred to as the original shareholders) are still entitled to Keppel Foshan's equity interests (including the right of gain and risk of loss) and related liabilities of Langshi Port and related areas. Until the liquidation of Langshi Port and related areas was completed, the assets equity and related liabilities shall be accounted for other non-current assets and other non-current liabilities respectively.

25. ASSETS UNDER RESTRICTED OWNERSHIP OR USE RIGHTS

Assets under restricted ownership or use rights	Closing balance	Opening balance	Reasons for restriction
I. Assets used for security	—	—	—
Including: Cash and bank balances	32,688,818.43	20,884,814.50	Note 1
Investment properties	1,822,784,684.75	1,943,027,037.93	Note 2
Fixed assets	89,684,640.70	51,358,931.77	Note 3
Intangible assets	992,391,280.18	1,029,131,117.81	Note 2, Note 3
II. Other reasons	—	—	—
Including: Cash and bank balances	252,814,434.55	56,002,010.04	Note 1
Other non-current assets-			
Lanshi Port related assets	324,454,648.11	234,686,047.29	Note 4
Total	3,514,818,506.72	3,335,089,959.34	—

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

25. ASSETS UNDER RESTRICTED OWNERSHIP OR USE RIGHTS (CONTINUED)

- Note 1: The cash and bank balances under restricted use right at the end of the year mainly included escrow account funds, deposit for letter of guarantee and lawsuit freeze payment, as detailed in Note IX. 1.
- Note 2: In order to meet the financing needs of the construction of the Hong Kong “Tsing Yi 181 Project” logistics center, the Group’s subsidiary, KONGWELL LOGISTICS LIMITED (hereinafter referred to as “KONGWELL LOGISTICS”) signed an agreement with the China Development Bank to obtain bank facility of HKD2.9 billion. CHINA MERCHANTS HOLDINGS (HONG KONG) COMPANY LIMITED, a related party of the Group, provided full guarantees. At the same time, KONGWELL LOGISTICS and China Development Bank signed a debenture on 26 June 2015, in which KONGWELL LOGISTICS was the charger, who (i) pledged the real estate rights and interests of 181 plots owned by KONGWELL LOGISTICS by the first charge; (ii) pledged the existing or future business, property, assets, goodwill, rights and income of Hong Kong KONGWELL LOGISTICS with floating charges, (iii) pledged of 181 land parcels by the form of construction mortgage; (iv) secured of the equipment of KONGWELL LOGISTICS with the first fixed charge and its rights, interests, ownership and rights and interests under the relevant contract as mortgages for long-term loans.
- Note 3: Sinotrans Chemical International Logistics Co., Ltd. (hereinafter referred to as Chemical Logistics), a subsidiary of the Group, used fixed assets with a carrying amount of RMB49,162,931.95 and intangible assets with a carrying amount of RMB30,140,910.60 as collateral for long-term borrowings of Nantong Sinotrans Chemical Logistics Co., Ltd and used fixed assets with a carrying value of RMB40,521,708.75 and intangible assets with a carrying amount of 16,047,421.38 as collateral for long-term borrowings of the headquarters of Chemical Logistics.
- Note 4: The details are described in Note IX. 24

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

26. ASSET IMPAIRMENT PROVISION AND CREDIT LOSS PROVISION

Item	Opening balance	Effect of changes in the scope of consolidation	Provision for the year	Reversal for the year	Write-off and carry-forward for the year	Transfer-out for the year due to sale	Other increases in the year	Other decreases in the year	Effects from translation in foreign currency statements or exchange rate changes	Closing balance
Credit loss provision for accounts receivable	466,292,566.87	-	138,772,508.90	41,201,265.19	33,716,199.33	-	-	-	-5,298,297.04	524,849,314.21
Credit loss provision for other receivables	153,730,171.38	-	30,209,587.17	5,316,478.42	3,873,701.50	-	-	-	480,624.81	175,230,203.44
Provision for value reduction of inventories	7,798,394.11	-	8,101,106.85	-	7,990,406.85	110,700.00	-	-	-	7,798,394.11
Impairment provision for long-term receivables	60,298,990.43	-	-	-	-	-	-	-	-637,413.41	59,661,577.02
Impairment provision for long-term equity investments	12,102,688.00	-	-	-	-	-	-	-	-230,486.55	11,872,181.45
Impairment provision for investment properties	1,528,868.01	-	-	-	-	-	-	-	-43,598.61	1,485,269.40
Impairment provision for fixed assets	23,009,285.22	-	135,930,395.70	-	-	340,096.68	-	-	-43,453.48	158,556,130.76
Impairment provision for construction in progress	20,822,014.90	-	3,511,405.17	-	20,722,014.90	-	-	-	-	3,611,405.17
Impairment provision for intangible assets	58,913,956.77	-	-	-	-	-	-	-	-	58,913,956.77
Impairment provision for goodwill	305,070,330.57	-	79,621,570.73	-	-	-	-	2,942,087.77	-	381,749,813.53
Total	1,109,567,236.26	-	396,146,574.52	46,517,743.61	66,302,322.58	450,796.68	-	2,942,087.77	-5,772,624.28	1,383,728,235.86

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

27. SHORT-TERM BORROWINGS

(1) Classification of short-term borrowings

Category	Closing balance	Opening balance
Fiduciary loans	100,113,513.90	502,472,110.58
Guaranteed loans (Note 1)	300,328,597.79	–
Mortgage loans (Note 2)	38,011,400.00	–
Total	438,453,511.69	502,472,110.58

Note 1: On 30 July 2021, Sinotrans Logistics, a subsidiary of the Group, added a guaranteed loan of RMB200 million from China Merchants Bank Co., Ltd. (Hereinafter referred to as China Merchants Bank) with a maturity date of 12 months and an effective interest rate of 3.85% per annum; on 13 August 2021, China Merchants Logistics Shenzhen Co., Ltd., a subsidiary of the Group, added a guaranteed loan of RMB100 million from Agricultural Bank of China Limited with a maturity date of 12 months and an effective interest rate of 3.85% per annum.

Note 2: On 29 December 2021, Chemical Logistics, a subsidiary of the Group, added a mortgage loan of RMB38 million from Bank of China Limited with a maturity date of 12 months and an effective interest rate of 3.6% per annum.

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

28. BILLS PAYABLE

Category	Closing balance	Opening balance
Bank acceptance bill	59,800,000.00	25,717,690.68
Total	59,800,000.00	25,717,690.68

Note: As at 31 December 2021, there was no overdue outstanding notes payable.

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

29. ACCOUNTS PAYABLE

(1) Details of accounts payable

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	13,499,748,468.09	97.34	10,267,426,587.05	96.03
1 to 2 years (including 2 years)	146,623,063.33	1.06	226,782,906.46	2.12
2 to 3 years (including 3 years)	88,303,654.21	0.64	74,988,888.78	0.70
Over 3 years	134,003,704.33	0.96	122,536,285.20	1.15
Total	13,868,678,889.96	100.00	10,691,734,667.49	100.00

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

(2) Significant accounts payable aged over one year

Company name	Amount	Aging	Reasons for non-repayment
Entity 1	40,758,955.32	2 to 3 years, Over 3 years	Unsettled
Entity 2	29,242,682.14	1 to 2 years, 2 to 3 years	Unsettled
Entity 3	12,723,135.12	1 to 3 years, Over 3 years	Unsettled
Entity 4	9,736,611.33	1 to 2 years	Unsettled
Entity 5	9,581,492.64	Over 3 years	Unsettled
Entity 6	9,316,831.73	1 to 3 years, Over 3 years	Unsettled
Entity 7	7,615,198.74	1 to 2 years	Unsettled
Total	118,974,907.02	—	—

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

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

30. CONTRACT LIABILITIES

(1) Details of contract liabilities

Item	Closing balance	Opening balance
Forwarding and related business advanced receipt	3,681,874,130.60	2,346,284,335.77
Logistics business advanced receipt	421,756,156.01	387,987,300.56
E-commerce business advanced receipt	208,698,860.65	53,692,130.57
Subtotal	4,312,329,147.26	2,787,963,766.90
Less: Contract liabilities included in other non-current liabilities	—	—
Total	4,312,329,147.26	2,787,963,766.90

- (2) The revenue included the opening balance of contract liabilities recognised in the current year was RMB2,787,963,766.90, including contract liabilities arising from forwarding and related business advanced receipt of RMB2,346,284,335.77, contract liabilities arising from logistics business advanced receipt of RMB387,987,300.56, contract liabilities arising from e-commerce business advanced receipt of RMB53,692,130.57.

(3) Qualitative and quantitative analysis of contract liabilities

As at 31 December 2021, the transaction price, net of estimated output tax, apportioned by the Group to the outstanding logistics and transportation service contracts was RMB4,312,329,147.26 (31 December 2020: RMB2,787,963,766.90). This amount represents the amount of revenue that the Group expects to recognize when the customer obtains control of the services in the future. The Group expects that RMB4,312,329,147.26 will be recognised as revenue in one year from the current reporting period.

(4) Significant changes in contract liabilities during the year

Item	Change amount	Reason
Forwarding and related business advanced receipt	1,335,589,794.83	Business scale growth
E-commerce business advanced receipt	155,006,730.08	Business scale growth
Total	1,490,596,524.91	—

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

31. EMPLOYEE REMUNERATION PAYABLE

(1) Classification of employee remuneration payable

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Short-term compensation	1,555,535,769.33	6,472,036,352.09	6,170,124,344.91	1,857,447,776.51
II. Post-employment benefits				
defined contribution plans	59,348,459.38	726,581,354.82	702,968,038.52	82,961,775.68
III. Termination benefits	31,191,281.37	34,437,342.52	36,145,899.61	29,482,724.28
IV. Other benefits due within one year	-	-	-	-
V. Others	12,368,812.85	36,285,189.63	38,058,240.14	10,595,762.34
Total	1,658,444,322.93	7,269,340,239.06	6,947,296,523.18	1,980,488,038.81

(2) Short-term compensation

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Wages, bonuses, allowances and subsidies	1,449,280,516.71	5,022,641,769.63	4,719,631,647.01	1,752,290,639.33
II. Employee welfare benefits	550,903.92	229,887,453.72	229,634,663.86	803,693.78
III. Social insurance premiums	11,547,152.63	303,758,372.45	305,815,479.96	9,490,045.12
Including: Medical insurance	9,115,689.42	267,684,468.96	268,270,663.90	8,529,494.48
Work-related injury insurance	1,875,154.54	16,454,085.68	17,943,857.83	385,382.39
Maternity insurance	554,468.70	16,722,355.14	16,796,384.85	480,438.99
Others	1,839.97	2,897,462.67	2,804,573.38	94,729.26
IV. Housing provident fund	4,829,268.18	344,382,550.11	344,123,327.33	5,088,490.96
V. Trade union funds and staff education funds	45,400,943.44	80,905,008.64	81,579,459.73	44,726,492.35
VI. Short-term paid absences	-	-	-	-
VII. Short-term profit-sharing scheme	-	-	-	-
VIII. Other short-term compensation	43,926,984.45	490,461,197.54	489,339,767.02	45,048,414.97
Total	1,555,535,769.33	6,472,036,352.09	6,170,124,344.91	1,857,447,776.51

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

31. EMPLOYEE REMUNERATION PAYABLE (CONTINUED)

(3) Defined contribution plan

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Basic pension insurance premiums	6,073,157.62	505,784,775.68	496,915,375.97	14,942,557.33
II. Unemployment insurance premiums	1,818,903.26	22,000,148.41	23,115,272.16	703,779.51
III. Enterprise annuity contributions	51,456,398.50	198,796,430.73	182,937,390.39	67,315,438.84
Total	59,348,459.38	726,581,354.82	702,968,038.52	82,961,775.68

Note 1: According to the pension and unemployment insurance plan set up by the government institutions, the Group pays to such plans a contribution on the basis of 12% to 20% and 0.48% to 2% of the employees' basic wages on a monthly basis. Apart from the above monthly payment, the Group bears no longer further payment obligation. Corresponding expenses are recorded in the profit or loss of the current period or the cost of the related assets.

Note 2: The enterprise annuity contribution of the Group is jointly borne by the entity and its employees. The total annual contribution of the entity is 5% of the total wages of the prior year, and is distributed to the individual account of employees on the basis of 8% of the individual contribution base of employees. The individual monthly contribution base of employees is the average monthly wage of employees for the prior year (the maximum individual contribution base shall not exceed 5 times the average contribution base of the Group). The rest is included in the enterprise account. The individual contribution of employees accounts for 25% of the Group's contribution for them and is deducted by the Group from the wages of employees.

Note 3: The annuity fund of the Group adopts the mode of legal person entrustment management, and the enterprise annuity fund pooled is entrusted by SINOTRANS & CSC to the trustee for the entrusted management, and a contract for the trusted management of the enterprise annuity fund is signed.

Note 4: The Group should respectively contribute RMB704,581,206.41 and RMB22,000,148.41 (2020: RMB269,101,595.95 and RMB19,854,559.84) to the pension insurance and unemployment insurance plan for the current year. As at 31 December 2021, the Group has RMB82,257,996.17 and RMB703,779.51 (31 December 2020: RMB57,529,556.12 and RMB1,818,903.26) of contributions payable to the pension and unemployment insurance plan which are due and unpaid during the reporting period. The contributions payable was paid after the reporting period. The significant increase in the Group's contributions payable to the pension insurance in the current year as compared to the prior year was mainly affected by the reduction policy for the pension insurance premiums for COVID-19 epidemic.

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

32. TAXES AND DUES PAYABLE

Item	Closing balance	Opening balance
Enterprise income tax	328,271,136.54	336,668,508.11
Value-added tax	80,077,102.57	71,101,333.18
Individual income tax	45,497,691.97	32,397,489.68
Property tax	21,440,076.00	16,712,723.33
Land use tax	9,329,223.67	9,976,428.81
Stamp duty	4,117,696.60	2,576,713.00
Urban maintenance & construction tax	3,391,356.23	2,400,304.27
Education surcharge	3,371,646.17	1,968,850.72
Deed tax	344,023.32	342,654.39
Other taxes	5,544,749.53	8,305,261.20
Total	501,384,702.60	482,450,266.69

33. OTHER PAYABLES

Item	Closing balance	Opening balance
Interest payables	31,879,954.13	29,875,857.94
Dividends payable	64,040,629.95	50,028,253.71
Other payables	1,751,445,095.14	1,601,707,226.77
Total	1,847,365,679.22	1,681,611,338.42

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

33. OTHER PAYABLES (CONTINUED)

(1) Interest payables

1) Details of interest payables

Item	Closing balance	Opening balance
Interest on long-term payables	24,390,639.68	22,026,685.58
Interest on short-term borrowings	4,479,314.45	4,839,172.36
Interest on long-term borrowings with interest payable in installments	3,010,000.00	3,010,000.00
Total	31,879,954.13	29,875,857.94

2) Significant overdue interest

Creditor	Overdue amount	Reason for overdue
SINOTRANS & CSC	31,879,954.13	No repayment request from related parties
Total	31,879,954.13	—

(2) Dividends payable

Item	Company name	Closing balance	Opening balance
Ordinary share dividend	SINOTRANS & CSC	36,125,719.92	36,125,719.92
	Guangdong Sanshui Development Holding Investment Co., Ltd.	11,200,000.00	—
	Guangdong Nanhai Food Import & Export Co., Ltd.	8,004,430.55	7,054,430.55
	Guangdong Food Import and Export Group Co., Ltd.	6,403,544.44	5,643,544.44
	Changsha Communications Investment Holding Group	1,135,771.79	—
	Nantong Economic and Technological Development Zone Holding Group Co., Ltd.	944,866.33	797,669.09
	China Ocean Shipping Tally Co., Ltd.	154,037.06	—
	Sinotrans Jiangxi Company	72,259.86	72,259.86
	Public shares	—	334,629.85
Total	—	64,040,629.95	50,028,253.71

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

33. OTHER PAYABLES (CONTINUED)

(3) Other payables

1) Other payables by nature of payment

Item	Closing balance	Opening balance
Deposits and guarantees collected	554,614,767.58	464,961,149.77
Financial transactions with non-related parties	326,007,835.61	301,542,591.14
Current payables to related parties	269,823,296.67	309,491,922.84
Payment for project, equipment and land	209,208,323.38	192,446,311.05
Equity acquisition payments	170,000,000.00	–
Advances and receivables payable	58,774,318.22	169,391,156.50
Others	163,016,553.68	163,874,095.47
Total	1,751,445,095.14	1,601,707,226.77

2) Aging analysis of other payables

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	1,310,702,185.38	74.83	1,127,198,398.96	70.37
1 to 2 years (including 2 years)	84,691,756.61	4.84	226,790,557.12	14.16
2 to 3 years (including 3 years)	158,521,473.81	9.05	61,986,893.42	3.87
Over 3 years	197,529,679.34	11.28	185,731,377.27	11.60
Total	1,751,445,095.14	100.00	1,601,707,226.77	100.00

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

33. OTHER PAYABLES (CONTINUED)

(3) Other payables (Continued)

3) Significant other payables aged over one year

Company name	Amount owed	Aging	Reasons for non-repayment
Sinotrans Logistics Nanjing China Ltd.	43,732,916.26	2 to 3 years	Not yet due for settlement
Entity 1	35,024,773.14	1 to 3 years	Not yet due for settlement, warranty deposit
SINOTRANS & CSC	24,051,000.00	2 to 3 years, Over 3 years	No agreed term
Entity 2	18,256,686.40	Over 3 years	No agreed term
Shanghai Tongyun International Logistics Co., Ltd.	14,100,000.00	Over 3 years	Not yet due for settlement
Entity 3	12,367,487.06	1 to 2 years	Warranty deposit
Guangxi Sinotrans Co., Ltd.	7,023,525.22	Over 3 years	No agreed term
China United Tally (Shenzhen) Co., Ltd.	7,000,000.00	2 to 3 years	Not yet due for settlement
Entity 4	5,810,701.20	1 to 2 years	Not yet due for settlement
Entity 5	5,377,743.74	Over 3 years	Not yet due for settlement
Entity 6	5,347,700.88	1 to 2 years	Not yet due for settlement
Total	178,092,533.90	—	—

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

33. OTHER PAYABLES (CONTINUED)

(3) Other payables (Continued)

4) Significant other payables at the end of the year

Company name	Amount owed	Aging	Nature or content
Entity 1	170,000,000.00	Within 1 year	Equity acquisition payment
RED BRAVES FINANCE LTD.	107,012,060.20	Within 1 year	Current payables to related parties
Entity 2	85,564,785.68	Within 1 year	Financial transactions with non-related parties
Entity 3	64,903,055.14	Within 1 year	Financial transactions with non-related parties
Entity 4	47,687,733.26	Within 1 year	Others
Sinotrans Logistics Nanjing China Ltd.	44,927,349.66	Within 1 year, 2 to 3 years	Current payables to related parties
Entity 5	35,078,060.34	Within 1 year, 1 to 3 years	Payment for project, equipment and land
Sichuan Sinotrans Storage Service Co., Ltd.	26,314,959.96	Within 1 year	Current payables to related parties
Entity 6	24,389,123.54	Within 1 year	Financial transactions with non-related parties
SINOTRANS & CSC	24,051,000.00	2 to 3 years, Over 3 years	Current payables to related parties
Total	629,928,127.78	—	—

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

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

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

34. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Item	Closing balance	Opening balance
Long-term borrowings due within one year	239,435,720.29	2,229,849,340.84
Including: Mortgage loans	136,907,509.15	105,249,977.30
Guaranteed loans	53,345,110.27	2,100,236,597.06
Fiduciary loans	34,160,396.50	13,989,886.20
Secured borrowings	15,022,704.37	10,372,880.28
Lease liabilities due within one year	542,676,930.71	596,532,696.24
Bonds payable due within one year	66,586,301.37	3,420,736,443.82
Long-term payables due within one year	97,635,233.24	4,430,166.18
Total	946,334,185.61	6,251,548,647.08

35. OTHER CURRENT LIABILITIES

Item	Closing balance	Opening balance
Pending output VAT	317,808,684.84	205,522,931.03
Total	317,808,684.84	205,522,931.03

36. LONG-TERM BORROWINGS

Type of loan	Closing balance	Opening balance	Interest rate range at the end of the year (%)
Guaranteed loans	4,262,908,371.58	4,445,655,697.78	1.50-2.10
Mortgage loans	1,805,686,856.23	1,800,626,129.16	1.40-4.80
Fiduciary loans	1,718,048,435.92	1,908,645,625.00	1.10-4.42
Secured borrowings	414,862,492.48	331,380,740.04	4.16-8.30
Total	8,201,506,156.21	8,486,308,191.98	—
Less: Long-term borrowings due within one year	239,435,720.29	2,229,849,340.84	—
Including: Guaranteed loans	53,345,110.27	2,100,236,597.06	—
Mortgage loans	136,907,509.15	105,249,977.30	—
Fiduciary loans	34,160,396.50	13,989,886.20	—
Secured borrowings	15,022,704.37	10,372,880.28	—
Long-term borrowings due after one year	7,962,070,435.92	6,256,458,851.14	—

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

36. LONG-TERM BORROWINGS (CONTINUED)

(1) Top five long-term borrowings in closing balance (including principal and interest due within one year)

Loan unit	Borrowing start date	Borrowing Termination Date	Currency	Interest rate (%)	Closing balance		Opening balance	
					Foreign currency	Domestic currency	Foreign currency	Domestic currency
DBS Bank	2021-06-25	2024-06-24	HKD	1.50	2,423,849,204.12	1,981,739,109.29	-	-
DBS Bank	2020-12-22	2023-12-21	HKD	1.55	1,428,425,108.38	1,167,880,368.61	1,432,769,566.93	1,205,818,867.53
China Development Bank	2015-06-30	2027-12-31	HKD	2.89	1,231,465,525.51	1,006,846,213.66	1,347,237,251.88	1,133,834,871.18
Export-Import Bank	2020-12-16	2027-12-16	EUR	1.10	113,500,000.00	819,435,950.00	115,000,000.00	922,875,000.00
China Development Bank	2020-12-16	2027-12-16	EUR	1.27	108,270,136.00	781,677,900.88	109,000,000.00	874,725,000.00

(2) Extended long-term borrowings in closing balance

Borrower	Principal	Interest	Extension conditions	New due date	Estimated repayment period
CHINA ASSESS INVESTMENT LIMITED	1,167,483,744.00	396,624.61	None	2023-12-21	2023-12-21
China Merchants Shipping Enterprise Co., Ltd.	778,322,496.00	264,416.41	None	2023-12-21	2023-12-21

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

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	2,906,209,947.65	196,498,835.43
2 to 5 years (including 5 years)	3,416,051,797.30	3,549,904,955.08
Over 5 years	1,639,808,690.97	2,510,055,060.63
Total	7,962,070,435.92	6,256,458,851.14

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

37. BONDS PAYABLE

(1) Bonds payable

Item	Closing balance	Opening balance
2021 medium term notes (phase I)	1,997,561,643.85	–
2021 corporate bonds (phase I)	1,998,903,890.41	–
Total	3,996,465,534.26	–

Note 1: The Group's bonds payable include:

Bonds payable presented in non-current liabilities due within one year at the beginning of the year:

On 2 March 2016, approved by CSRC, the Company was permitted to issue unsecured corporate bonds with a nominal value of RMB100 and a total amount of RMB2,000 million (2016 corporate bonds (phase I) – RMB2,000M). The bonds were issued with a term of 5 years, with fixed coupon and effective interest rates of 3.20% and 3.24% per annum, respectively, and the principal and interest repayment were made in one instalment. The Company was fully repaid on 2 March 2021.

On 24 August 2016, approved by CSRC, the Company was permitted to issue unsecured corporate bonds with a nominal value of RMB100 and a total amount of RMB1,500 million (2016 corporate bonds (phase II) – RMB1,500M). The bonds were issued with a term of 5 years, with fixed coupon and effective interest rates of 2.94% and 2.98% per annum, respectively, and the principal and interest repayment were made in one instalment. On 24 August 2019, the Company redeemed the bonds in the amount of RMB150,000,000 and increased the coupon rate of the subsequent term by 76 basis points from the redemption date, and the fixed coupon and effective interest rate were adjusted to 3.70% and 3.73% per annum, respectively. The Company was fully repaid on 20 August 2021.

New bonds payable for the year:

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

On 26 July 2021, approved by CSRC, the Company was permitted to issue unsecured corporate bonds with a nominal value of RMB100 and an total amount of RMB2,000 million (2021 corporate bonds (phase I)). The bonds were issued with a term of 5 years, with fixed coupon and effective interest rates of 3.15% and 3.16% per annum, respectively, and the principal and interest repayment were made in one instalment.

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

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

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

37. BONDS PAYABLE (CONTINUED)

(3) Bonds payable increase/decrease statement

Bond name	Face value	Issue date	Bond term	Issue amount	Opening balance	Effects from changes in the scope of consolidation	Issued in current year	Interest accrued at face value	Amortisation of premium and discount	Current repayments and interest payments	Effects from translation in foreign currency statements	Closing balance
2021 medium term notes (phase I)	2,000,000,000.00	2021-06-07	3 years	2,000,000,000.00	-	-	1,997,000,000.00	39,315,068.50	561,643.85	-	-	2,036,876,712.35
2021 corporate bonds (phase I)	2,000,000,000.00	2021-07-26	5 years	2,000,000,000.00	-	-	1,998,800,000.00	27,271,232.87	103,890.41	-	-	2,026,175,123.28
2016 corporate bonds (phase II)												
- RMB1,500M	1,500,000,000.00	2016-08-24	5 years	1,500,000,000.00	1,367,569,232.82	-	-	32,091,041.17	289,726.01	1,399,950,000.00	-	-
2016 corporate bonds (phase I)												
- RMB2,000M	2,000,000,000.00	2016-03-02	5 years	2,000,000,000.00	2,053,167,211.00	-	-	10,802,290.41	133,698.59	2,064,103,200.00	-	-
Total	7,500,000,000.00	—	—	7,500,000,000.00	3,420,736,443.82	-	3,995,800,000.00	109,479,632.95	1,088,958.86	3,464,053,200.00	-	4,063,051,835.63
Less: Bonds payable due within one year	—	—	—	—	3,420,736,443.82	—	—	—	—	—	—	66,586,301.37
Bonds payable due after one year	—	—	—	—	—	—	—	—	—	—	—	3,996,465,534.26

38. LEASE LIABILITIES

(1) Lease liabilities

Item	Closing balance	Opening balance
Lease payments	2,804,991,801.64	3,047,481,039.36
Less: Unrecognised finance charges expenses	548,165,115.01	650,882,024.50
Total	2,256,826,686.63	2,396,599,014.86
Less: Lease liabilities due within one year	542,676,930.71	596,532,696.24
Lease liabilities due after one year	1,714,149,755.92	1,800,066,318.62

(2) Maturity of lease liabilities

Item	Closing balance
Year 1 after balance sheet date	624,914,976.08
Year 2 after balance sheet date	472,243,618.95
Year 3 after balance sheet date	318,342,690.22
Future years	1,389,490,516.39
Total	2,804,991,801.64

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

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

39. LONG-TERM PAYABLES

Item	Closing balance	Opening balance
Related party loans	182,577,479.63	196,761,958.93
Others	32,981,356.97	4,123,837.75
Total	215,558,836.60	200,885,796.68
Less: Long-term payables due within one year	97,635,233.24	4,430,166.18
Long-term payables due after one year	117,923,603.36	196,455,630.50

(1) Top five long-term payables in the closing balance (including long-term payables due within one year)

Item	Closing balance	Opening balance
Guangdong Sinotrans Co., Ltd. (Note 1)	91,938,455.02	91,938,455.02
SINOTRANS & CSC (Note 2)	80,000,000.00	89,718,773.77
Shenzhen International Holdings (Shenzhen) Co., Ltd. (Note 3)	27,535,240.00	–
OCEAN LIFTER I LIMITED (Note 4)	10,639,024.61	15,104,730.14
Dongguan Shilong Industrial Investment Development Co., Ltd.	3,396,890.00	–
Total	213,509,609.63	196,761,958.93

Note 1: Guangxi Wuzhou Lijiazhuang Container Landing Co., Ltd. borrowed RMB91.94 million from Guangdong Sinotrans in 2012, with a loan term of 10 years, and the interest rate of the loan was executed with reference to the bank's lending rate for the same period, and the total principal and interest at the end of the year was RMB91.94 million.

Note 2: Sinotrans Guangxi Logistics Co., Ltd. (hereinafter referred to as Sinotrans Guangxi), a subsidiary of the Group, borrowed RMB179.92 million from SINOTRANS & CSC in 2014, with a loan interest rate of 5.65% per annum. Sinotrans Guangxi repaid RMB99.2 million in 2018, RMB11.0 million in 2020 and RMB9.72 million in the current year, leaving a principal amount of RMB60 million outstanding at the end of the year;

Sinotrans Logistics Investment Holding Co., Ltd., a subsidiary of the Group, borrowed RMB20 million from SINOTRANS&CSC in 2016 with a loan term of 18 years and the interest rate of the loan was executed with reference to the interest rate of bank loans for the same period.

Note 3: Sinotrans Shenzhen International Logistics Co., Ltd., a subsidiary of the Group, borrowed RMB27.2 million from Shen International Holdings (Shenzhen) Co., Ltd. in 2021 with a loan term of 3 years. The loan interest rate is executed at 4.35% APR. Interest will be paid quarterly and the principal will be repaid at maturity. The total principal and interest at the end of the year was RMB27,535,200, of which the interest of RMB335,200 was shown in non-current liabilities due within one year.

Note 4: Sinotrans Djibouti Transportation and Shipping Agency Co., Ltd., a subsidiary of the Group, purchased fixed assets from OCEAN LIFTER I LIMITED by instalments in 2020, with a total discounted price of USD2,310,000, a loan term of 4 years and a loan interest rate of LIBOR plus 2.6%. As at 31 December 2021, the long-term payables mentioned above is USD1,661,000 and USD573,200 is presented as non-current liabilities due within one year.

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

39. LONG-TERM PAYABLES

(2) The maturity date of long-term payables is analysed as follows

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	3,788,491.90	73,115,664.03
2 to 5 years (including 5 years)	34,135,111.46	103,339,966.47
Over 5 years	80,000,000.00	20,000,000.00
Total	117,923,603.36	196,455,630.50

40. LONG-TERM EMPLOYEE REMUNERATION PAYABLE

Item	Opening balance	Provision for the year	Payment for the year	Actuarial adjustments	Interest adjustments	Foreign currency translation differences	Changes in the scope of consolidation	Closing balance
I. Net liability for post-employment benefits – defined benefit plans	1,012,794.06	-	56,394.76	-	28,703.82	-	-	985,103.12
II. Termination benefits	354,052.45	-	88,233.70	-	13,245.89	-	-	279,064.64
III. Other long-term benefits	1,314,905.76	-	-	-	-	-	-	1,314,905.76
Total	2,681,752.27	-	144,628.46	-	41,949.71	-	-	2,579,073.52
Less: Long-term employee compensation due within one year	-	--	--	--	--	--	--	-
Long-term employee compensation due after one year	2,681,752.27	--	--	--	--	--	--	2,579,073.52

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

41. ESTIMATED LIABILITIES

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current year	Decrease in current year	Effects from translation in foreign currency statements	Closing balance	Reason
Pending litigation (Note 1)	170,631,358.10	-	152,235,051.69	135,740,411.23	-	187,125,998.56	Carry-forward, reimbursement and accruals based on risk items
One-time housing subsidy (Note2)	22,592,786.58	-	-	-	-	22,592,786.58	—
Disposal costs (Note3)	15,089,018.46	-	-	5,814,361.37	-	9,274,657.09	Reductions based on third-party budget reports
Others (Note 4)	22,874,103.92	-	92,867,454.60	21,604,103.92	-	94,137,454.60	Carry-forward, reimbursement and accruals based on risk items
Total	231,187,267.06	-	245,102,506.29	163,158,876.52	-	313,130,896.83	—

Note 1: In respect of the disputes and litigation arising in the ordinary course of the Group's business, the Group's Management estimated the risk in accordance with relevant laws and regulations, and the amount of the estimated liability accrued for such pending litigation that is likely to result in losses as at 31 December was RMB187,125,998.56 (31 December 2020: RMB170,631,358.10).

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

Note 3: The disposal cost was the renovation of the leased cold storage by Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd. and China Merchants International Cold Chain (Shenzhen) Co., Ltd. According to the lease contract, the costs were expected to be incurred to restore the warehouse to the original condition. The decrease in the current year was the adjustment of the estimated restoration expenditure based on the *Budget Report of Warehouse Demolition and Restoration Project* prepared by Changjiang Shipping Planning Design Institute.

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

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

42. DEFERRED INCOME

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current year	Decrease in current year	Closing balance
Government grants (Note)	416,551,170.88	–	43,898,335.52	34,338,880.62	426,110,625.78
Total	416,551,170.88	–	43,898,335.52	34,338,880.62	426,110,625.78

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

Government grants items:

Item	Opening balance	New grants increase in current year	Amount included in non-operating income for the year	Amount included in other income for the year	Other changes	Closing balance	Related to assets/revenue
Railway Express subsidy	259,672,595.97	29,550,554.09	4,523,015.63	14,301,306.86	–	270,398,827.57	Asset-related
Relocation compensation	66,218,677.30	2,247,611.43	–	5,877,207.96	–	62,589,080.77	Asset-related
Land restitution	62,265,353.25	2,402,432.00	48,452.40	1,505,488.56	–	63,113,844.29	Asset-related
Others	28,394,544.36	9,697,738.00	–	8,083,409.21	–	30,008,873.15	Revenue-related
Total	416,551,170.88	43,898,335.52	4,571,468.03	29,767,412.59	–	426,110,625.78	—

43. OTHER NON-CURRENT LIABILITIES

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Liabilities associated with Langshi Port (Note)	196,349,994.80	73,554,399.98	–	269,904,394.78
Total	196,349,994.80	73,554,399.98	–	269,904,394.78
Less: Other non-current liabilities due within one year	–	–	–	–
Other non-current liabilities due after one year	196,349,994.80	73,554,399.98	–	269,904,394.78

Note: The details of liabilities associated with Langshi Port are described in Note IX.24.

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

44. SHARE CAPITAL

Item	Opening balance		Increase in current year	Decrease in current year	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Total shares	7,400,803,875.00	100.00	-	-	7,400,803,875.00	100.00
Total	7,400,803,875.00	100.00	-	-	7,400,803,875.00	100.00

45. CAPITAL RESERVES

2021

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Share capital premium	6,056,467,842.94	-	-	6,056,467,842.94
1. Capital invested by investors	3,103,350,547.94	-	-	3,103,350,547.94
2. Differences arising from the acquisition of non-controlling interests	1,945,510,847.79	-	-	1,945,510,847.79
3. Others	1,007,606,447.21	-	-	1,007,606,447.21
II. Other capital reserves	15,636,774.96	3,087,753.24	-	18,724,528.20
1. Other changes in equity of investees other than net gains and losses, other comprehensive income and profit distributions	15,636,774.96	3,087,753.24	-	18,724,528.20
2. Others	-	-	-	-
Total	6,072,104,617.90	3,087,753.24	-	6,075,192,371.14
Including: Exclusively state-owned capital reserves	-	-	-	-

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

45. CAPITAL RESERVES (CONTINUED)

2020

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Share capital premium	6,078,574,868.36	-	22,107,025.42	6,056,467,842.94
1. Capital invested by investors	3,103,350,547.94	-	-	3,103,350,547.94
2. Differences arising from the acquisition of non-controlling interests	1,945,510,847.79	-	-	1,945,510,847.79
3. Others	1,029,713,472.63	-	22,107,025.42	1,007,606,447.21
II. Other capital reserves	4,761,642.50	10,875,132.46	-	15,636,774.96
1. Other changes in equity of investees other than net gains and losses, other comprehensive income and profit distributions	4,761,642.50	10,875,132.46	-	15,636,774.96
2. Others	-	-	-	-
Total	6,083,336,510.86	10,875,132.46	22,107,025.42	6,072,104,617.90
Including: Exclusively state-owned capital reserves	-	-	-	-

Note: In 2020, the Group adjusted the capital reserves by RMB10,630,000.00 due to the occurrence of business combination under common control of Jiaying Gangyun Logistics Co., Ltd. and Hunan Sinotrans Customs Declaration Co., Ltd.; the Group decreased the capital reserves by RMB21,801,695.16 due to the consolidation consideration payments.

46. SPECIAL RESERVES

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Production safety costs	69,249,908.68	88,483,290.78	75,347,275.37	82,385,924.09
Total	69,249,908.68	88,483,290.78	75,347,275.37	82,385,924.09

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

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

47. SURPLUS RESERVES

2021

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Statutory surplus reserves	1,097,484,710.77	310,524,527.04	–	1,408,009,237.81
Total	1,097,484,710.77	310,524,527.04	–	1,408,009,237.81

Note: According to the provisions of the Articles of Association of the Company, the statutory surplus reserves shall be withdrawn at the rate of 10% of the net profit. If the accumulated statutory surplus reserves of the Company reach 50% or more of the Company's registered capital, it may not be withdrawn.

2020

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Statutory surplus reserves	899,046,022.99	198,438,687.78	–	1,097,484,710.77
Total	899,046,022.99	198,438,687.78	–	1,097,484,710.77

48. RETAINED EARNINGS

Item	Amount in current year	Amount in prior year
Closing balance of prior year	15,920,974,640.15	14,170,510,834.74
Add: Adjustments to opening retained earnings (Note 1)	–	-1,074,863.03
Including: Change of accounting policies	–	–
Change in scope of consolidation under common control	–	-1,074,863.03
Opening balance	15,920,974,640.15	14,169,435,971.71
Increase in current year	3,726,417,073.70	2,841,636,098.34
Including: Net profit attributable to shareholders of the Company for the year	3,713,404,960.13	2,754,422,810.84
Others (Note)	13,012,113.57	87,213,287.50
Decrease in current year	1,199,213,192.94	1,090,097,429.90
Including: Appropriation to statutory surplus reserves for the year	310,524,527.04	198,438,687.78
Dividends Distribution	888,096,465.00	888,096,465.00
Others	592,200.90	3,562,277.12
Closing balance of current year	18,448,178,520.91	15,920,974,640.15

Note: Others of increase in current year is the disposal of non-trading equity instrument investment (shares of BOE Technology Group Co., Ltd.) designated as fair value through other comprehensive income. The final settlement and payment were completed in the current year, and the enterprise income tax payable was adjusted.

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

49. OPERATING INCOME, COSTS

Item	Current year		Prior year	
	Income	Costs	Income	Costs
Forwarding and related business	85,909,358,661.26	82,467,498,243.19	57,775,688,360.16	55,129,259,034.68
Logistics	24,183,318,054.67	22,076,949,134.09	19,585,303,438.15	17,576,824,014.17
E-commerce	14,252,854,133.71	14,173,208,957.57	7,175,849,580.81	6,889,857,785.32
Total	124,345,530,849.64	118,717,656,334.85	84,536,841,379.12	79,595,940,834.17

- (1) The transaction prices apportioned to outstanding (or partially outstanding) performance obligations and the expected time recognised as revenue at the end of the year are as follows:

Item	Within 1 year	1 to 2 years	2-3 years	Over 3 years	Total
Forwarding and related business	3,681,874,130.60	-	-	-	3,681,874,130.60
Logistics	421,756,156.01	-	-	-	421,756,156.01
E-commerce	208,698,860.65	-	-	-	208,698,860.65

- (2) Operating income classified by point of recognition
2021

Item	Forwarding and related business	Logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point	85,909,358,661.26	24,183,318,054.67	14,011,963,809.60
Recognition within a certain period	-	-	-
Lease income	-	-	240,890,324.11
Total	85,909,358,661.26	24,183,318,054.67	14,252,854,133.71

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

49. OPERATING INCOME, COSTS (CONTINUED)

(2) Operating income classified by point of recognition (Continued)

2020

Item	Forwarding and related business	Logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point	57,775,688,360.16	19,585,303,438.15	6,959,416,317.84
Recognition within a certain period	—	—	—
Lease income	—	—	216,433,262.97
Total	57,775,688,360.16	19,585,303,438.15	7,175,849,580.81

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

50. TAX AND SURCHARGES

Item	Current year	Prior year
Property tax	99,945,181.72	81,494,136.22
Land use tax	41,536,206.82	37,239,612.42
Stamp duty	32,404,745.02	19,872,747.80
Urban maintenance & construction tax	26,602,952.88	18,537,678.51
Education surcharge	16,688,618.72	14,534,378.34
Others	5,520,326.71	5,945,722.05
Total	222,698,031.87	177,624,275.34

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

51. SELLING EXPENSES

Item	Current year	Prior year
Employee benefits	805,543,308.59	630,343,946.91
Business entertainment expenses	39,448,045.28	31,405,608.88
Travel expenses	19,295,494.12	16,716,781.49
Depreciation and amortization charges on other assets	19,220,765.17	25,951,678.90
Office expenses	14,374,205.30	13,124,014.10
Depreciation of right-of-use assets	13,828,900.60	14,320,092.31
Short-term, low-value lease expenses	13,542,599.64	8,565,734.15
Vehicle expenses	12,264,345.81	9,343,461.49
Technical service fee for communication network	10,400,643.45	12,312,010.49
Others	25,572,386.78	44,256,269.13
Total	973,490,694.74	806,339,597.85

52. ADMINISTRATION EXPENSES

Item	Current year	Prior year
Employee benefits	2,228,428,127.86	1,890,380,045.81
Depreciation and amortization charges on other assets	250,512,812.41	265,424,063.63
Technical service fee for communication network	113,674,821.85	105,721,179.52
Intermediary service fee	75,737,445.61	45,448,841.80
Including: Audit fees	16,092,797.32	12,345,080.44
Depreciation of right-of-use assets	73,553,252.99	61,956,991.25
Property and utilities and gas fees	70,205,619.04	65,994,138.25
Business entertainment expenses	42,450,687.70	41,751,626.00
Short-term, low-value lease expenses	38,432,228.40	26,907,327.11
Office expenses	36,029,604.94	37,805,711.39
Vehicle expenses	35,631,927.52	33,441,948.66
Travel expenses	28,290,303.22	27,606,734.29
Others	133,509,036.87	132,835,067.82
Total	3,126,455,868.41	2,735,273,675.53

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

53. RESEARCH AND DEVELOPMENT EXPENSES

Item	Current year	Prior year
Information System Development	171,595,536.54	149,205,749.71
Total	171,595,536.54	149,205,749.71

54. FINANCIAL COSTS

Item	Current year	Prior year
Interest expenses	440,571,458.18	482,857,709.47
Including: Bank and other loans	220,468,040.58	257,767,478.43
Bond interest and notes discounts	110,568,591.81	115,200,000.03
Interest expenses on lease liabilities	101,508,912.42	107,968,732.36
Others	8,025,913.37	1,921,498.65
Less: Capitalized interest expense	23,892,574.21	25,955,215.83
Less: Interest income	138,319,499.86	148,062,344.53
Net exchange losses (net gain denoted by a "-")	107,022,773.87	295,494,048.79
Others	14,200,135.79	20,836,101.40
Total	399,582,293.77	625,170,299.30

55. OTHER INCOME

Item	Current year	Prior year
Railway Express subsidy	1,781,133,665.95	1,421,494,111.45
Additional deduction for value-added tax	85,739,137.20	60,020,588.34
Relocation compensation	5,949,707.96	5,878,807.96
Land restitution	1,700,524.56	1,505,488.56
Job stabilization subsidy	5,468,644.05	24,970,718.81
Others	13,018,193.29	24,857,552.61
Total	1,893,009,873.01	1,538,727,267.73

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

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

56. INVESTMENT INCOME

Item	Current year	Prior year
Income from long-term equity investments under the equity method	2,410,820,143.09	1,567,887,685.14
Investment income from holding other non-current financial assets	58,022,233.86	9,232,486.17
Gain on remeasurement of equity at fair value upon acquisition of control (Note 1)	31,027,541.32	-
Investment income from the disposal of long-term equity investments (Note 2)	9,470,025.33	48,161.44
Investment income from the disposal of held-for-trading financial assets	2,678,422.27	338,607.47
Investment income from the disposal of other non-current financial assets	722,404.43	255,000.00
Investment income from the disposal of receivables financing	-5,079,671.41	-
Investment income from debt restructuring	-13,664.08	-
Investment income from holding held-for-trading financial assets	-	-
Dividend income from holding other equity instruments investments	-	768,133.80
Gain on derecognition of financial assets at amortised cost	-	-5,770,893.99
Total	2,507,647,434.81	1,572,759,180.03

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

Note 2: The details of Investment income from the disposal of long-term equity investments are described in Note VIII. 4.

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

57. GAIN FROM CHANGES IN FAIR VALUE

Item	Current year	Prior year
Held-for trading financial assets	-19,027.44	-13,454.09
Other non-current financial assets	-34,761,715.88	-30,627,711.42
Total	-34,780,743.32	-30,641,165.51

Note: The Change in fair value of financial assets at fair value through profit or loss held by the Group during the year was RMB-34.7807 million, mainly including: RMB37.1940 million of CHINA MERCHANTS LOGISTICS SYNERGY LIMITED PARTNERSHIP, RMB-56.5831 million of Nanjing Port Longtan Container Co., Ltd. and RMB-18.80 million of Shenyang Airport Logistics Co., Ltd.

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

58. CREDIT LOSS IMPAIRMENT

Item	Current year	Prior year
Impairment losses on notes receivable	-	200,000.00
Impairment loss on accounts receivable	-97,571,243.71	-96,296,625.01
Impairment losses on other receivables	-24,893,108.75	-2,882,286.76
Impairment losses on long-term receivables	-	-30,331,580.06
Total	-122,464,352.46	-129,310,491.83

59. IMPAIRMENT OF ASSETS

Item	Current year	Prior year
Loss on decline in value of Inventories	-8,101,106.85	-750,000.00
Impairment loss on fixed assets	-135,930,395.70	-4,494.80
Impairment loss on construction in progress	-3,511,405.17	-14.90
Impairment loss on goodwill	-79,621,570.73	-53,603,341.88
Total	-227,164,478.45	-54,357,851.58

60. INCOME FROM DISPOSAL OF ASSETS

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Gain on disposal of non-current assets	116,988,430.05	35,013,247.97	116,988,430.05
Including: Gain on disposal of fixed assets	86,303,831.33	25,184,449.08	86,303,831.33
Gain on disposal of intangible assets	4,216,612.96	2,794,477.56	4,216,612.96
Others (Note)	26,467,985.76	7,034,321.33	26,467,985.76
Total	116,988,430.05	35,013,247.97	116,988,430.05

Note: Others are mainly gains from the derecognition of right-of-use assets and lease change of Keppel Foshan and Henglu Logistics, subsidiaries of the Group.

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

61. NON-OPERATING INCOME

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Government grants	27,384,476.02	58,570,962.40	27,384,476.02
Unpayable accounts payable	16,225,407.48	11,150,389.22	16,225,407.48
Liquidated damages, compensation	10,542,517.03	12,995,654.32	10,542,517.03
Income from scrapping of non-current assets	10,270,400.61	8,511,421.71	10,270,400.61
Income from demolition and relocation compensation	638,875.38	94,284,818.95	638,875.38
Gain from the fair value of the identifiable net assets enjoyed of the investee where the investment cost is less than the investment acquired (Note)	507,907.22	—	507,907.22
Others	13,259,334.38	10,027,878.09	13,259,334.38
Total	78,828,918.12	195,541,124.69	78,828,918.12

Note: The details of gain from the investment cost less than the fair value of the identifiable net assets of the investee at the time of investment acquired are described in Note VIII. 3.

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

Item	Current year	Prior year	Related to assets/revenue
Special subsidy for logistics	9,413,595.42	7,548,394.94	Assets/revenue- related
Relocation compensation	8,930,445.48	16,201,562.69	Revenue-related
Special treatment subsidies for zombie enterprises	—	19,406,300.00	Revenue-related
Other government grants	9,040,435.12	15,414,704.77	Revenue-related
Total	27,384,476.02	58,570,962.40	—

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

62. GOVERNMENT GRANTS

Details of government grants

Item	Current year	Prior year
Government grants obtained related to assets:	—	—
Fixed assets investment subsidy	21,029,789.52	45,097,807.55
Municipal engineering construction award	13,170,808.00	—
Special subsidy for service industry development	—	19,700,000.00
Subtotal	34,200,597.52	64,797,807.55
Government grants obtained related to revenue:	—	—
Railway Express subsidy	1,771,722,938.88	1,460,763,868.13
Relocation compensation	9,002,945.48	16,201,562.69
Other government grants (Note)	29,288,184.85	28,726,983.01
Subtotal	1,810,014,069.21	1,505,692,413.83
Total	1,844,214,666.73	1,570,490,221.38
Less: Government grants included in deferred income	43,898,335.52	65,142,257.55
Add: Government grants transferred from deferred income to current profit or loss	34,338,880.62	31,929,677.96
Less: Government grants to offset related costs	—	—
Government grants included in current profit and loss	1,834,655,211.83	1,537,277,641.79
Including: Government grants included in other income	1,807,270,735.81	1,478,706,679.39
Government grants included in non-operating income	27,384,476.02	58,570,962.40

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

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

63. NON-OPERATING EXPENSES

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Compensation, liquidated damages and penalty expenses (Note 1)	109,293,497.97	39,154,747.24	109,293,497.97
Pending litigation losses (Note 2)	85,231,509.22	-20,660,483.96	85,231,509.22
Loss on destruction and retirement of non-current assets	9,632,635.84	6,955,165.87	9,632,635.84
Donation expenditure	7,098,110.20	9,865,666.06	7,098,110.20
Others	2,580,259.79	4,034,276.91	2,580,259.79
Total	213,836,013.02	39,349,372.12	213,836,013.02

Note 1: The compensation, liquidated damages and penalty expenses was mainly estimated compensation expenses accrued by Sinoair, a subsidiary of the Group, for cargo damage disputes incurred in the ordinary course of business

Note 2: The pending litigation losses was mainly the Group's pending litigation losses amounted to RMB152.2351 million for cargo damage and other business disputes incurred in the ordinary course of business; in the current year, Sinotrans North China Co., Ltd. and Sinotrans (Tianjin) Storage and Transportation Co., Ltd., subsidiaries of the Group, reversed the pending litigation losses of RMB62.6794 million accrued in prior year due to litigation settlement, mediation settlement and others.

64. INCOME TAX EXPENSES

(1) Income tax expenses table

Item	Current year	Prior year
Current income tax	834,186,748.79	690,711,498.46
Deferred income tax adjustment	-34,628,610.89	-27,553,447.10
Total	799,558,137.90	663,158,051.36

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

64. INCOME TAX EXPENSES (CONTINUED)

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

Item	Current year
Accounting profit	4,732,281,158.20
Income tax expense at the rate of 25% (prior year: 25%)	1,183,070,289.55
Tax implications of non-deductible expenses	90,590,433.99
Income not subject to tax	-624,967,479.57
Unrecognised deductible temporary differences and deductible losses	181,711,755.62
Utilization of deductible temporary differences and deductible losses in prior years	-13,721,374.39
Effect of different tax rates applicable to subsidiaries in other regions	-13,050,348.59
Withholding tax based on the expected current earnings of subsidiaries, joint ventures and associates established outside the company's domicile	4,921,135.74
Impact of the subsidiary tax credit	-7,488,095.75
Change in deferred income tax asset/liability balance at the beginning of the year due to tax rate adjustments	-
Unrecognised taxable temporary differences	-
Retroactive payment (refund) of prior year' taxes	-1,508,178.70
Others	-
Income tax expenses	799,558,137.90

65. EARNINGS PER SHARE

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

Item	Current year	Prior year
Revenue	—	—
Net profit attributable to shareholders of the Company for the period	3,713,404,960.13	2,754,422,810.84
Including: Net profit from continuing operations	3,713,404,960.13	2,754,422,810.84
Shares	—	—
Weighted average of the Company's outstanding ordinary shares	7,400,803,875.00	7,400,803,875.00
Basic earnings per share (RMB/share)	0.50	0.37
Diluted earnings per share (RMB/share)	0.50	0.37

Note: The Company had no dilutive potential ordinary shares outstanding in 2021 and 2020.

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

66. LEASES

(1) The Group as lessor

1) Operating lease details

Item	Amount
I. Income status	—
Lease income	240,890,324.11
Including: Income related to variable lease payments not included in lease receipts	—
II. Undiscounted lease payments to be received after the balance sheet date	418,576,093.51
Year 1	211,732,383.11
Year 2	101,191,273.80
Year 3	45,024,514.55
Year 4	20,563,326.73
Year 5	15,840,932.03
Over 5 years	24,223,663.29

- 2) The Group's operating leases as lessor relate to buildings, vehicles and equipment for a term of 1-8 years, with a partial renewal option.
- 3) The Group does not consider the unguaranteed residual value of these assets to be a material risk to the Group due to lease subject with a small amount, high versatility and short leasing periods.
- 4) Revenue relating to operating leases for the year amounted to RMB240,890,324.11 (prior year: RMB216,433,262.97), of which income related to variable lease payments not included in lease receipts amounted to 0.

(2) The Group as lessee

Item	Amount
Interest expenses of lease liabilities	101,508,912.42
Short-term lease payments with simplified treatment included in the cost of the related assets or in current profit or loss	624,456,936.85
Lease expenses for low-value assets (other than short-term lease expenses for low-value assets) with simplified treatment included in the cost of the related assets or in current profit or loss	33,746,437.07
Variable lease payments not included in the lease liability but included in the cost of the related asset or in current profit or loss	—
Including: Parts arising from sale leaseback transactions	—
Income from sublease of right-of-use assets	4,859,953.80
Total cash outflows related to leases	1,476,704,848.72

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

67. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

Item	Amount in current year			Amount in prior year		
	Amount before taxes	Income taxes	Net amount after taxes	Amount before taxes	Income taxes	Net amount after taxes
I. Other comprehensive income not to be subsequently reclassified to profit or loss	17,742,852.65	-	17,742,852.65	-20,588,075.90	-	-20,588,075.90
1. Change in amount arising from re-measurement of the defined benefit plan	-	-	-	-	-	-
2. Other comprehensive income not to be reclassified to profit or loss under the equity method	-	-	-	-	-	-
3. Changes in fair value of other equity instruments investments	17,742,852.65	-	17,742,852.65	-20,588,075.90	-	-20,588,075.90
4. Changes in fair value attributable to changes in credit risk	-	-	-	-	-	-
5. Other comprehensive income not to be subsequently reclassified to profit or loss	-	-	-	-	-	-
II. Other comprehensive income to be subsequently reclassified to profit or loss	-207,708,912.22	-	-207,708,912.22	153,160,027.88	-	153,160,027.88
1. Other comprehensive income to be reclassified to profit or loss under the equity method	-131,597,913.89	-	-131,597,913.89	57,355,458.28	-	57,355,458.28
Less: Transfer to profit or loss in the current year that charged to the comprehensive income in the prior year	-	-	-	-	-	-
Subtotal	-131,597,913.89	-	-131,597,913.89	57,355,458.28	-	57,355,458.28
2. Translation difference of the financial statements in foreign currency	-77,311,236.62	-	-77,311,236.62	95,804,569.60	-	95,804,569.60
Less: Transfer to profit or loss in the current year that charged to the comprehensive income in the prior year	-1,200,238.29	-	-1,200,238.29	-	-	-
Subtotal	-76,110,998.33	-	-76,110,998.33	95,804,569.60	-	95,804,569.60
3. Other comprehensive income to be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income	-189,966,059.57	-	-189,966,059.57	132,571,951.98	-	132,571,951.98

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

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

(2) Reconciliation of items of other comprehensive income

2021

Item	Opening balance	Add change in current year (Decrease denoted by a "-")	Closing balance
Amount of change arising from re-measurement of the defined benefit plan	-	-	-
Other comprehensive income not to be reclassified to profit or loss under the equity method	1,707,132.75	-	1,707,132.75
Changes in fair value of other equity instruments investments	19,619,762.67	4,730,739.08	24,350,501.75
Changes in fair value attributable to changes in credit risk	-	-	-
Other comprehensive income not to be reclassified to profit or loss	-	-	-
Other comprehensive income to be reclassified to profit or loss under the equity method	116,774,627.33	-131,597,913.89	-14,823,286.56
Changes in fair value of other debt investments	-	-	-
Reclassification of financial assets to other comprehensive income	-	-	-
Credit impairment provision of other debt investments	-	-	-
Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)	-	-	-
Translation difference of the financial statements in foreign currency	-250,714,569.50	-76,110,998.33	-326,825,567.83
Other comprehensive income to be reclassified to profit or loss	-	-	-
Subtotal	-112,613,046.75	-202,978,173.14	-315,591,219.89

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

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

(2) Reconciliation of items of other comprehensive income

2020

Item	Opening balance	Add change in current year (Decrease denoted by a "-")	Closing balance
Amount of change arising from re-measurement of the defined benefit plan	-	-	-
Other comprehensive income not to be reclassified to profit or loss under the equity method	1,707,132.75	-	1,707,132.75
Changes in fair value of other equity instruments investments	127,421,126.07	-107,801,363.40	19,619,762.67
Changes in fair value attributable to changes in credit risk	-	-	-
Other comprehensive income not to be reclassified to profit or loss	-	-	-
Other comprehensive income to be reclassified to profit or loss under the equity method	59,419,169.05	57,355,458.28	116,774,627.33
Changes in fair value of other debt investments	-	-	-
Reclassification of financial assets to other comprehensive income	-	-	-
Credit impairment provision of other debt investments	-	-	-
Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)	-	-	-
Translation difference of the financial statements in foreign currency	-346,519,139.10	95,804,569.60	-250,714,569.50
Other comprehensive income to be reclassified to profit or loss	-	-	-
Subtotal	-157,971,711.23	45,358,664.48	-112,613,046.75

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

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

68. ITEMS IN THE CONSOLIDATED CASH FLOWS STATEMENT

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

1) Cash received from other operating activities

Item	Current year
Government grants	1,767,535,363.91
Income from leasing assets	262,570,453.28
Collection of deposits, guarantees and advance payment, etc.	217,539,138.13
Interest income	102,070,797.27
Others	44,066,556.92
Total	2,393,782,309.51

2) Cash paid for other operating activities

Item	Current year
Deposits, guarantees, collection and advance payment, etc.	314,098,498.12
Information technology costs	273,406,751.92
Intermediary service fee	87,413,445.30
Business entertainment expenses	81,898,732.98
Property and utilities and gas fees	78,144,090.80
Short-term low-value lease costs	51,974,828.04
Office expenses	50,403,810.24
Vehicle expenses	47,896,273.33
Travel expenses	47,585,797.34
House renovation fee	32,136,893.86
Compensation and liquidated damages	29,696,200.66
Handling charge	26,226,920.36
Communication fee	22,264,249.92
Insurance premium	21,727,482.99
Others	81,106,163.61
Total	1,245,980,139.47

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

68. ITEMS IN THE CONSOLIDATED CASH FLOWS STATEMENT (CONTINUED)

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

3) Cash received from other investing activities

Item	Current year
Repayment from Sinotrans Suzhou Logistics Center Co., Ltd.	7,125,000.00
Repayment from Shanghai Pu'an Storage Co., Ltd.	5,200,000.00
Repayment from Dalian Jingda International Freight Forwarding Co., Ltd.	1,600,000.00
Total	13,925,000.00

4) Cash received from other financing activities

Item	Current year
Temporary loan of Chongqing Waiyun Logistics Company	4,500,000.00
Total	4,500,000.00

5) Cash paid for other financing activities

Item	Current year
Principal and interest on lease liabilities	818,501,474.80
Return of temporary loans to China Merchants Logistics Group Nanjing Co., Ltd.	35,609,193.62
Total	854,110,668.42

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Notes to the Financial Statements

For the Year ended 31 December 2021

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

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

68. ITEMS IN THE CONSOLIDATED CASH FLOWS STATEMENT (CONTINUED)

(2) Supplementary information of the cash flow statement

Item	Current year	Prior year
1. Reconciliation of net profit to cash flows from operating activities:	—	—
Net profit	3,932,723,020.30	2,872,510,835.24
Add: Impairment of assets	227,164,478.45	54,357,851.58
Credit loss impairment	122,464,352.46	129,310,491.83
Depreciation of fixed assets and investment properties	1,081,474,469.24	1,078,499,474.79
Depreciation of right-of-use assets	742,246,474.23	684,100,366.35
Amortisation of intangible assets	277,655,096.32	255,871,432.66
Amortisation of long-term prepaid expenses	72,636,542.31	66,467,571.82
Losses from disposal of assets (gain denoted by "-")	-116,988,430.05	-35,013,247.97
Losses from damage and scrapping of non-current assets (gains denoted by "-")	-637,764.77	-1,556,255.84
Losses from changes in fair value (gains denoted by "-")	34,780,743.32	30,641,165.51
Financial costs (income denoted by "-")	528,470,595.20	620,218,984.61
Investment loss (income denoted by "-")	-2,507,647,434.81	-1,572,759,180.03
Decrease in deferred tax assets (increase denoted by "-")	-31,861,030.35	-14,504,636.07
Increase in deferred tax liabilities (decrease denoted by "-")	-2,767,580.54	-13,048,811.03
Decrease in inventories (increase denoted by "-")	4,661,462.92	48,313,956.30
Decrease in operating receivables (reduction denoted by "-")	-5,208,822,205.57	-1,207,658,774.73
Increase in operating payables (reduction denoted by "-")	5,009,346,955.84	960,633,789.98
Net cash flows from operating activities	4,164,899,744.50	3,956,385,015.00
2. Major investing and financing activities not involving cash receipts and payments:	—	—
Conversion of debts into capital	-	-
Convertible corporate bonds due within one year	-	-
Fixed assets under financing lease	-	-
Conversion of the balance of salary difference in the prior year into national capital	-	-
3. Net changes in cash and cash equivalents:	—	—
Closing cash balance	14,209,725,314.24	11,292,435,757.31
Less: Opening cash balance	11,292,435,757.31	10,389,909,366.83
Add: Adjustments of the classification of account settlement reserves at the beginning of the year	-	-
Net increase in cash and cash equivalents	2,917,289,556.93	902,526,390.48

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

68. ITEMS IN THE CONSOLIDATED CASH FLOWS STATEMENT (CONTINUED)

(3) Net cash from acquisition and disposal of subsidiaries for the current year

Item	Current year
I. Information on the acquisition of subsidiaries	—
1. Price of acquisition of subsidiaries	170,000,000.00
2. Cash or cash equivalents paid in the current year for business combinations occurred in the current year:	170,000,000.00
Less: Cash and cash equivalents held by subsidiaries on the date of purchase	20,423,883.73
Add: Cash or cash equivalents paid in the current year for business combinations that occurred in prior year	41,237,529.86
3. Net cash paid for acquisition of subsidiaries	190,813,646.13
4. Net assets of subsidiaries acquired	340,507,907.22
Current assets	43,828,601.49
Non-current assets	465,399,212.90
Current liabilities	14,681,417.18
Non-current liabilities	154,038,489.99
II. Information about the disposal of subsidiaries	—
1. Price of disposal of subsidiaries	—
2. Cash or cash equivalents received in the current year from the disposal of subsidiaries in the current year	—
Less: Cash and cash equivalents held by subsidiaries at the time of loss of control	26,112.59
Add: Received cash or cash equivalents by subsidiaries in the current year the disposal in prior year	1,594,197.52
3. Received net cash by disposal of subsidiaries	1,568,084.93
4. Dispose of the net assets of subsidiaries	-10,670,263.62
Current assets	9,467,127.03
Non-current assets	112,689.68
Current liabilities	20,250,080.33
Non-current liabilities	—

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

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

68. ITEMS IN THE CONSOLIDATED CASH FLOWS STATEMENT (CONTINUED)

(4) Cash paid for distribution of dividends, profits or settlement of interest

Item	Current year	Prior year
Ordinary share dividend paid	888,431,094.85	888,805,370.59
Cash paid for interest repayment	337,995,954.45	374,122,788.64
Dividends and profits paid by non-controlling interests	140,343,727.83	140,402,942.92
Total	1,366,770,777.13	1,403,331,102.15

69. CASH AND CASH EQUIVALENTS

Item	Closing balance	Opening balance
I. Cash	14,209,725,314.24	11,292,435,757.31
Including: Cash on hand	4,685,267.83	4,736,644.39
Cash at bank readily available for payment	14,205,040,046.41	11,287,699,112.92
Other cash and bank balances readily available for payment	—	—
II. Cash equivalents	—	—
III. Balance of cash and cash equivalents at the end of the year	14,209,725,314.24	11,292,435,757.31
Including: Restricted used in cash and cash equivalents by the Company or subsidiaries of the Group	—	—

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Notes to the Financial Statements

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

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

70. FOREIGN CURRENCY MONETARY ITEMS

Item	Foreign currency balance at the end of the year	Exchange rate of translation	Closing balance in RMB
Cash and bank balances	—	—	5,470,794,173.05
Including: USD	719,441,015.01	6.3757	4,586,940,079.40
HKD	454,287,645.73	0.8176	371,425,579.15
EUR	33,714,131.49	7.2197	243,405,915.12
JPY	1,796,060,278.99	0.0554	99,501,739.46
Others	—	—	169,520,859.92
Accounts receivable	—	—	5,988,589,806.43
Including: USD	795,046,447.06	6.3757	5,068,977,632.52
HKD	538,586,623.64	0.8176	440,348,423.49
EUR	12,403,857.36	7.2197	89,552,128.98
JPY	422,640,769.00	0.0554	23,414,298.60
Others	—	—	366,297,322.84
Long-term receivables	—	—	41,426,519.57
Including: HKD	50,668,443.70	0.8176	41,426,519.57
Accounts payable	—	—	4,640,538,457.64
Including: USD	579,948,627.88	6.3757	3,697,578,466.77
HKD	513,836,771.90	0.8176	420,112,944.71
EUR	27,156,656.30	7.2197	196,062,911.49
JPY	1,799,527,121.33	0.0554	99,693,802.52
Others	—	—	227,090,332.15
Non-current liabilities due within one year	—	—	336,735,017.95
Including: USD	8,825,014.70	6.3757	56,265,646.22
HKD	225,591,999.68	0.8176	184,444,018.94
EUR	13,300,463.01	7.2197	96,025,352.79
Long-term borrowings	—	—	7,274,533,219.45
Including: USD	44,258,792.18	6.3757	282,180,781.31
HKD	6,635,510,933.00	0.8176	5,425,193,738.82
EUR	217,067,011.00	7.2197	1,567,158,699.32
Long-term payables	—	—	6,926,338.24
Including: USD	1,087,781.24	6.3757	6,926,338.24
Lease liabilities	—	—	353,565,280.54
Including: HKD	100,938,688.00	0.8176	82,527,471.31
EUR	34,223,612.50	7.2197	247,084,215.17
Others	—	—	23,953,594.06

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For the Year ended 31 December 2021

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

71. SEGMENT REPORTING

In accordance with the Group's internal organisational structure, management requirements and internal reporting system, the Group's operations are divided into three operating segments whose operating results are regularly evaluated by the Group's management to determine the allocation of resources to them and evaluate their performance. On the basis of operating segments, the Group determined three reporting segments, which are Forwarding and related business, logistics and E-commerce respectively. These reporting segments are based on the revenue type of the Group.

The operating segments and reporting segments of the Group are analysed as follows:

- Forwarding and related business: mainly includes arranging the delivery of goods to designated consignees in other locations within a specified time frame in accordance with customer instructions; including shipping agency services related to freight forwarding to shipping companies, providing storage, storage yards, container loading and unloading stations and terminal services.
- Logistics: mainly includes any provision of customised and specialised entire logistics services to customers.
- E-commerce: mainly includes providing logistics solutions for import and export e-commerce customers, providing customers with various public services through a unified online logistics e-commerce platform and providing customers with tracking and monitoring services for logistics equipment through a logistics equipment sharing platform.

Any information on segment reporting is disclosed in accordance with the accounting policies and measurement standards used by the segments when reporting to the management, and these measurement bases are consistent with the accounting and measurement basis at the time of the preparation of the financial statements.

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

71. SEGMENT REPORTING (CONTINUED)

Information of reporting segments

2021:

Item	Forwarding and related	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income	—	—	—	—	—	—
Income from external transaction	85,909,358,661.26	24,183,318,054.67	14,252,854,133.71	-	-	124,345,530,849.64
Income from inter-segment transaction	4,354,620,503.91	396,005,769.99	1,104,265,904.65	-	-5,854,892,178.55	-
Total operating income from segments	90,263,979,165.17	24,579,323,824.66	15,357,120,038.36	-	-5,854,892,178.55	124,345,530,849.64
Operating cost	85,066,846,417.39	23,417,159,393.40	14,373,666,009.17	753,806,940.22	-	123,611,478,760.18
Impairment of assets	-	-	-	-227,164,478.45	-	-227,164,478.45
Credit loss impairment	-109,971,197.78	-5,471,865.67	-4,106,206.88	-2,915,082.13	-	-122,464,352.46
Gain (loss) from changes in fair value	-	-	-	-34,780,743.32	-	-34,780,743.32
Investment income	87,158,647.00	22,756,984.35	1,970,748,525.13	426,983,278.33	-	2,507,647,434.81
Including: Income from investments in associates and joint ventures	87,158,647.00	22,756,984.35	1,970,748,525.13	330,155,986.61	-	2,410,820,143.09
Income from disposal of assets	-	-	-	116,988,430.05	-	116,988,430.05
Other income	1,454,708,286.28	63,916,853.08	374,082,457.50	302,276.15	-	1,893,009,873.01
Operating profit	2,274,407,979.37	847,360,633.03	2,219,912,900.29	-474,393,259.59	-	4,867,288,253.10
Non-operating income	26,151,386.57	30,177,660.80	557,731.75	21,942,139.00	-	78,828,918.12
Non-operating expenses	140,272,060.12	11,437,859.78	120,070.44	62,006,022.68	-	213,836,013.02
Total profit	2,160,287,305.82	866,100,434.05	2,220,350,561.60	-514,457,143.27	-	4,732,281,158.20
Income taxes	554,411,113.43	149,914,935.78	92,734,794.91	2,497,293.78	-	799,558,137.90
Net profit	1,605,876,192.39	716,185,498.27	2,127,615,766.69	-516,954,437.05	-	3,932,723,020.30
Total assets	38,104,992,898.52	20,119,522,760.19	8,320,012,009.37	7,758,364,546.63	-	74,302,892,214.71
Total liabilities	15,729,842,912.48	5,095,583,929.84	2,392,618,342.07	16,036,783,869.42	-	39,254,829,053.81

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

71. SEGMENT REPORTING (CONTINUED)

Information of reporting segments

2020:

Item	Forwarding and related	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income	—	—	—	—	—	—
Income from external transaction	57,775,688,360.16	19,585,303,438.15	7,175,849,580.81	—	—	84,536,841,379.12
Income from inter-segment transaction	2,823,828,792.47	295,197,451.99	626,859,528.70	—	-3,745,885,773.16	—
Total operating income from segments	60,599,517,152.63	19,880,500,890.14	7,802,709,109.51	—	-3,745,885,773.16	84,536,841,379.12
Operating cost	57,237,797,681.87	18,876,790,172.06	7,053,173,169.13	921,793,408.84	—	84,089,554,431.90
Impairment of assets	—	—	—	-54,357,851.58	—	-54,357,851.58
Credit loss impairment	-58,247,090.79	-68,116,209.52	-7,098,752.60	4,151,561.08	—	-129,310,491.83
Gain (loss) from changes in fair value	—	—	—	-30,641,165.51	—	-30,641,165.51
Investment income	53,514,997.47	15,373,212.02	1,250,692,912.42	253,178,058.12	—	1,572,759,180.03
Including: Income from investments in associates and joint ventures	53,514,997.47	15,373,212.02	1,250,692,912.42	248,306,563.23	—	1,567,887,685.14
Income from disposal of assets	—	—	—	35,013,247.97	—	35,013,247.97
Other income	1,383,560,526.67	74,566,849.54	79,939,771.81	660,119.71	—	1,538,727,267.73
Operating profit	1,916,719,111.64	730,337,118.13	1,446,210,343.31	-713,789,439.05	—	3,379,477,134.03
Non-operating income	20,919,741.26	132,756,885.45	1,252,279.78	40,612,218.20	—	195,541,124.69
Non-operating expenses	41,146,946.50	19,574,179.52	121,758.72	-21,493,512.62	—	39,349,372.12
Total profit	1,896,491,906.40	843,519,824.06	1,447,340,864.37	-651,683,708.23	—	3,535,668,886.60
Income taxes	465,379,849.32	146,579,129.00	46,569,756.21	4,629,316.83	—	663,158,051.36
Net profit	1,431,112,057.08	696,940,695.06	1,400,771,108.16	-656,313,025.06	—	2,872,510,835.24
Total assets	32,126,815,432.30	20,399,784,340.03	5,224,014,772.38	8,068,084,147.22	—	65,818,698,691.93
Total liabilities	11,996,722,132.93	4,754,949,619.52	1,118,420,290.92	15,697,828,151.88	—	33,567,920,195.25

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

71. SEGMENT REPORTING (CONTINUED)

Information of reporting segments (Continued)

2021:

Item	Forwarding and related	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Supplementary information	—	—	—	—	—	—
Depreciation and amortisation expenses	953,768,567.20	1,033,195,640.38	113,324,834.72	73,723,539.80	-	2,174,012,582.10
Capital expenditures	1,168,273,148.93	728,963,600.52	71,471,395.01	296,690,628.21	-	2,265,398,772.67
Non-cash expenses other than depreciation and amortisation	109,971,197.78	5,471,865.67	4,106,206.88	2,915,082.13	-	122,464,352.46
Increase in long-term equity investments in associates and joint ventures arising from the accounting under the equity method	-85,775,917.85	34,923,190.50	783,565,390.05	-72,053,869.60	-	660,658,793.10

2020:

Item	Forwarding and related	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Supplementary information	—	—	—	—	—	—
Depreciation and amortisation expenses	885,622,829.48	1,040,104,789.99	95,517,504.55	63,693,721.61	-	2,084,938,845.62
Capital expenditures	1,081,651,345.88	385,800,224.52	134,989,986.54	210,569,133.96	-	1,813,010,690.90
Non-cash expenses other than depreciation and amortisation	58,247,090.79	68,116,209.52	7,098,752.60	-4,151,561.08	-	129,310,491.83
Increase in long-term equity investments in associates and joint ventures arising from the accounting under the equity method	25,994,240.42	22,413,992.71	264,987,621.99	259,542,431.39	-	572,938,286.51

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS

1. RELATED PARTIES WITH CONTROL RELATIONSHIPS

Name of controlling shareholders and the ultimate controlling party	Place of registration	Business nature	Registered capital (RMB)	Proportion of shareholding (%)	Voting proportion (%)
China Merchants Group Co., Ltd.	Beijing	Conducting transportation undertaking and etc.	RMB16,900 million	—	—

2. RELATED INFORMATIONS ON SUBSIDIARIES ARE PROVIDED IN NOTE VIII.

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS:

Name of related party	Nature
Sinotrans Container Lines Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Group Finance Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Associated Maritime Company (Hong Kong) Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS & CSC	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Gansu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hong Kong Ming Wah Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Godown, Wharf & Transportation Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Sunny Express Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shaanxi Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Sinotrans Inner Mongolia Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Port Container Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing CSC Tianyi Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Cargo Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Port (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Wuhan Qingshan Shipyard Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Ming Wah International Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Tanker Corporation	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Yangtze River Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen China Merchants Xunlong Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Liaoning Container Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sichuan Sinotrans Storage Service Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan International Freight Forwarding Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Food (China) Co., Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants International Terminal (Qingdao) Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sinotrans Qiantang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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Notes to the Financial Statements

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Jiaxing Sinotrans Shipping Agency Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Hebei Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Henan Bonded Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Changjiang International Freight & Forwarding Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wuxi Xihui Sinotrans Warehousing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Merchants Home Technology Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port (Group) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dandong Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Port & Barge Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SCSC International Merchant & Shipping (Hong Kong) Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhengzhou Merchants Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Bonded Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Warehouse Pudong Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan Tug Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Wuhan Merchants Roll-on – roll Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Lianda Tug Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jiangsu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jiangsu Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Gangrong Big Data Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhangzhou China Merchants Port Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Alashankou Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhangzhou China Merchants Tugboat Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port International Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yangtza Navigation (Hong Kong) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yiu Lian Dockyards Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shanghai (Group) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhangzhou China Ocean Shipping Tally Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Yide Port Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Merchants Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Container Service Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Sinotrans Henan, Jiuling Transport & Storage Co.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Guangxi Guigang Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Xinyangshan Container Lines Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Merchants Shekou International Cruise Home Port Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Ningbo Daxie Merchants International Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Hebei Jiuling Transport & Storage Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Investment Development Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Ming Wah (Singapore) Agency Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Suzhou Storage Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
LONG LINK LIMITED	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Singapore International Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans International Trading Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing Wanqiao Traffic Technology Development Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Sinotrans Logistics Center Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Xingang Ore Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Nantong Suzhong Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Sinotrans Jiangxi Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chiwan Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Viking Cruise Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shekou Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Jinling Dingheng Shipping (Yangzhou) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan Port Development Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Magang Cangma Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Changshi Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai China Merchants Ming Wah Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Jiangsu Jinling Shipyard Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hailong No. 12 (Tianjin) Leasing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hailong No. 15 (Tianjin) Leasing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shanghai Zhang HUA BANG Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wenzhou Sinotrans Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Panjin Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yangzhou Sinotrans International Freight Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Anhui Sinotrans Wuhu Zhujiqiao Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Sinotrans Hebei Company Yuanshi Warehouse	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Nanning Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Guangxi Automobile Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Manzhouli Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Changzhou Sinotrans Supply Chain Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Xinjiang Sinotrans Regional Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shandong Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Manzhouli Bonded Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Jiangsu Foreign Transportation Container Station Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Tianjin Sinotrans Binhai Logistics Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Changjiang Oil Transportation Longtan Shipping Engineering Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Qinhuangdao Border Checkpoint Industry Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shanghai (Group) Property Development Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Landmark(Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Inner Mongolia Sinotrans Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Changjiang Shipping Planning Design Institute	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Nantong Sinotrans Port Container Logistics Co., Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Investment Promotion Bureau Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Holdings(international)information Technology Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hubei Waiyun Automobile Repair & Assembling Storage Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Beijing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Liaoning Port Holding (Yingkou) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing Waiyun Logistics Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Sinotrans Land Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Qianhai Shekou Enlightenment Industrial Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Erlian Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jinling Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Sinotrans Huangpu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Xiamen Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sinotrans Anda Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Yangxing Storage & Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Guangxi Sinotrans Fangchenggang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Fujian Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Merchants Commercial Property Investment Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shandong Sinotrans Yantai Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Shekou Industrial Zone Holding Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Financial Leasing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Liaoning Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Nantong Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
RED BRAVES FINANCE LTD.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
OCEAN LIFTER I LIMITED	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Ningbo Taiping Int'L Trade Transportation Co., Ltd.	A joint venture of the Group
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	A joint venture of the Group
DHL-Sinotrans International Air Courier Ltd.	A joint venture of the Group
Nissin-Sinotrans International Logistics Co., Ltd.	A joint venture of the Group
Shanghai Tongyun International Logistics Co., Ltd.	A joint venture of the Group
Beijing Medlink Supply Chain Management Co., Ltd.	A joint venture of the Group
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	A joint venture of the Group
SIPG Sinotrans Container Depot Co., Ltd.	A joint venture of the Group
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	A joint venture of the Group
Sinotrans Sarens Logistics Co., Ltd.	A joint venture of the Group
Beijing Sinotrans Huali Logistics Co., Ltd.	A joint venture of the Group
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	A joint venture of the Group

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	A joint venture of the Group
Shanghai United Cold Chain Logistics Co., Ltd.	A joint venture of the Group
China-Vietnam Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	A joint venture of the Group
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	A joint venture of the Group
Sinotrans Turkey Limited	A joint venture of the Group
SINOTRANS LOGISTICS (PAKISTAN) LIMITED	A joint venture of the Group
Sinotrans Suzhou Logistics Center Co., Ltd.	A joint venture of the Group
New Land Bridge (Lianyungang) Terminal Co., Ltd.	A joint venture of the Group
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Rongyun (Xiamen) Supply Chain Co., Ltd.	A joint venture of the Group
Dongguan Port Container Terminals Co., Ltd.	A joint venture of the Group
Shenyang Jinyun Automobile Logistics Co., Ltd.	A joint venture of the Group
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	A joint venture of the Group
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	A joint venture of the Group
Dalian Jingda International Freight Forwarding Co., Ltd.	A joint venture of the Group
China United Tally (Shenzhen) Co., Ltd.	A joint venture of the Group
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	A joint venture of the Group
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	A joint venture of the Group
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	A joint venture of the Group
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	A joint venture of the Group
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Sinotrans India Limited	A joint venture of the Group
Ningbo Dagang Container Co., Ltd.	A joint venture of the Group
MAXX LOGISTICS FZCO.	A joint venture of the Group
SINOTRANS ALMAJDOUIE MIDDLE EAST CO.,LTD.	A joint venture of the Group
China Changjiang Bunker (Sinopec) Co., Ltd.	A joint venture of the ultimate controlling party
Qingdao China Changjiang Bunker (Sinopec) Co., Ltd.	A subsidiary of a joint venture of the ultimate controlling party
Nantong Sinotrans Prince Port Storage Co., Ltd.	An associate of the Group
Weihai Weidong Shipping Co., Ltd.	An associate of the Group

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For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Land and Sea New Channel Operation Co. Ltd.	An associate of the Group
Sinotrans Logistics Nanjing China Ltd.	An associate of the Group
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	An associate of the Group
Qingdao Yujiachang Container Storage and Transportation Co. Ltd.	An associate of the Group
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	An associate of the Group
Tianjin Runfeng Logistics Co., Ltd.	An associate of the Group
Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd.	An associate of the Group
Shanghai Pu'an Storage Co., Ltd.	An associate of the Group
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	An associate of the Group
Jiangsu Jiangyin Port Group Co., Ltd.	An associate of the Group
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	An associate of the Group
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	An associate of the Group
Ma'anshan Tianshun Port Co., Ltd.	An associate of the Group
Shenyang Henglu Logistics Co., Ltd.	An associate of the Group
Wuhan Port Container Co., Ltd.	An associate of the Group
Qingdao Huasheng Airport Logistics Co., Ltd.	An associate of the Group
Guangxi Yunyu Port Co., Ltd.	An associate of the Group
Shenzhen Haiyitong Technology Co., Ltd.	An associate of the Group
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	An associate of the Group
Nanjing Zhiyun Supply Chain Management Co., Ltd.	An associate of the Group
China International Exhibition Transportation Co., Ltd.	An associate of the Group
NEW SILKWAY LOGISTICS B.V.	An associate of the Group
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	A subsidiary of an associate of the Group
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	A subsidiary of an associate of the Group
China Merchants Bank Co., Ltd.	An associate of the ultimate controlling party
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	An associate of the ultimate controlling party
Ocean Network Express (China) Ltd.	Other related parties

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR

(1) Pricing policy and basis

- 1) In the process of providing freight forwarding and professional logistics services to customers, the Group has more demand for procurement of various transportation services and terminal services, etc., and the related parties are large domestic shipping and port operators, so there is a demand for the Group to procure shipping, container transportation and special equipment transportation and other related transportation services and terminal services from the related parties in its daily operations. At the same time, due to the different geographical distribution of business between the Group and Sinotrans Group's enterprises and some joint ventures and associates, there is also a demand for the Group to procure logistics services such as freight forwarding from the related parties. As the Group is a leading integrated logistics service provider in China, there is a demand for the Group to procure ship agency services, freight forwarding services, warehousing services and leasing logistics equipment from the related parties.

On 28 October 2020, the Company renewed the Integrated Service Agreement with China Merchants, which is effective from 1 January 2021 to 31 December 2023. Pursuant to the agreement, the pricing of the Group's connected transactions with China Merchants and its subsidiaries will be priced with reference to the market prices charged by independent third parties for the provision of equivalent or similar services in the same region in the ordinary course of business and on normal commercial terms. The agreement stipulates that the Group shall provide transportation and logistics services to China Merchants up to a limit of RMB2.5 billion in 2021, RMB3.250 billion in 2022 and RMB4.225 billion in 2023; the Group shall accept transportation and logistics services from China Merchants up to a limit of RMB3.5 billion in 2021, RMB4.550 billion in 2022 and RMB5.915 billion in 2023. On 22 December 2020, the Integrated Service Agreement was approved by the Shareholders' meeting of the Company.

- 2) The Group's daily business operations require the continuous and stable use of office properties, warehouses, yards, container handling stations and real estate operated by related parties for production offices, as well as the leasing of land, buildings and logistics and transportation equipment from related parties. On 28 October 2020, the Company signed the Property Lease Agreement with China Merchants, which is effective from 1 January 2021 to 31 December 2023. According to the agreement, the pricing of the Group's connected transactions with China Merchants and its affiliates will refer to the market price of similar properties or warehouses for the same period, which may be adjusted by both parties annually. The limit for the Group to lease properties from related parties is not more than RMB825 million in 2021, RMB920 million in 2022 and RMB1,026 million in 2023.

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(1) Pricing policy and basis (Continued)

- 3) On 28 October 2020, the Company renewed the Financial Services Agreement with China Merchants Group Finance Company Limited (hereinafter referred to as China Merchants Finance), a subsidiary of China Merchants, effective from 1 January 2021 to 31 December 2023, agreeing that the Company's end-of-day deposit balance with the finance company is capped at RMB5 billion, the maximum daily outstanding loan balance (including accrued interest and fees) is capped at RMB10 billion, and the total amount of other financial services expenses incurred in each year is capped at RMB20 million.
- 4) On 28 October 2020, the Company entered into the Framework Agreement on Routine Connected Transactions with DHL-Sinotrans International Air Courier Ltd., New Land Bridge (Lianyungang) Terminal Co., Ltd., Shanghai United Cold Chain Logistics Co., Ltd. and Nissin-Sinotrans International Logistics Co., Ltd., which is effective from 1 January 2021 to 31 December 2023. The agreement stipulates that the pricing of such daily connected transactions will follow the principle of fairness and reasonableness, be based on fair market prices and in principle will not deviate from the prices or rates of independent third parties.

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services

1) Sales of goods and provision of services

Name of related party	Content of connected transactions	Current Year	Prior Year
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	1,149,022,556.02	1,250,104,847.15
Sinotrans Container Lines Co., Ltd.	Transportation and related services	585,429,762.36	680,498,101.67
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation and related services	152,257,507.60	59,371,931.96
China Merchants Group Finance Limited	Interest income	75,321,962.81	72,659,901.00
Associated Maritime Company (Hong Kong) Limited	Transportation and related services	56,619,573.21	68,874,498.28
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related services	40,814,889.35	35,399,170.07
SINOTRANS & CSC	custody income	40,776,631.47	50,720,250.36
Sinotrans Gansu Co., Ltd.	Transportation and related services	29,165,497.34	22,613,149.44

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

1) Sales of goods and provision of services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Hong Kong Ming Wah Shipping Company Limited	Transportation and related services	26,178,972.06	–
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Transportation and related services	26,009,277.50	14,986,306.68
China Yangtze River Shipping Co., Ltd.	Transportation and related services	12,372,674.81	6,232,556.60
China Merchants Godown, Wharf & Transportation Company Limited	Transportation and related services	9,816,782.78	–
Sinotrans Sunny Express Co., Ltd.	Transportation and related services	8,553,448.27	68,544,584.78
Sinotrans Inner Mongolia Co., Ltd.	Transportation and related services	8,189,954.47	8,069,416.01
Sinotrans Shaanxi Co., Ltd.	Transportation and related services	7,008,906.04	6,806,475.47
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Transportation and related services	7,027,202.71	13,961,432.57
Dalian Port Container Logistics Co., Ltd.	Transportation and related services	4,879,509.68	–
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related services	4,837,622.04	4,406,081.89
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Transportation and related services	4,736,017.60	–
Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	Transportation and related services	4,703,311.15	4,717,312.04
CSC Cargo Co., Ltd.	Transportation and related services	4,292,107.60	8,742,649.70
China Merchants Port (Shenzhen) Co., Ltd.	Transportation and related services	2,900,173.89	2,124,267.36
CSC Wuhan Qingshan Shipyard Co., Ltd.	Transportation and related services	2,838,060.16	–
Ming Wah International Shipping Company Limited	Transportation and related services	2,807,334.17	–
Nanjing Tanker Corporation	Transportation and related services	2,576,644.41	18,649,545.70
Chiwan Container Terminal Co., Ltd.	Transportation and related services	2,218,530.52	–
Shenzhen China Merchants Xunlong Shipping Co., Ltd.	Transportation and related services	2,146,252.07	2,410,000.00

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

1) Sales of goods and provision of services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Sinotrans Liaoning Container Company	Transportation and related services	1,847,049.80	-
Sichuan Sinotrans Storage Service Co., Ltd.	Transportation and related services	1,698,113.20	-
Shenzhen Chiwan International Freight Forwarding Co., Ltd.	Transportation and related services	1,630,234.46	-
China Merchants Viking Cruise Co., Ltd.	Transportation and related services	1,592,667.22	-
Shekou Container Terminal Co., Ltd.	Transportation and related services	1,500,705.35	-
China Merchants Food (China) Co., Limited	Transportation and related services	1,300,164.90	805,026.55
China Merchants Jinling Dingheng Shipping (Yangzhou) Co., Ltd.	Transportation and related services	1,270,679.59	-
China Merchants Jinling Dingheng Shipping (Yangzhou) Co., Ltd.	Transportation and related services	1,129,297.06	-
Shenzhen Magang Cangma Co., Ltd.	Transportation and related services	1,113,162.19	-
Shanghai Changshi Shipping Co., Ltd.	Transportation and related services	1,064,244.50	-
China Merchants International Terminal (Qingdao) Limited	Transportation and related services	278,746.88	1,506,882.06
Shanghai Sinotrans Qiantang Co., Ltd.	Transportation and related services	29,000.00	1,139,720.64
Jiaxing Sinotrans Shipping Agency Co., Ltd.	Transportation and related services	-	61,234,780.24
Shanghai China Merchants Ming Wah Shipping Company Limited	Transportation and related services	-	8,178,574.39
Sinotrans Hebei Co., Ltd.	Transportation and related services	-	5,900,438.46
Sinotrans Henan Bonded Logistics Co., Ltd.	Transportation and related services	-	4,542,785.30

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For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

1) Sales of goods and provision of services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Changjiang International Freight & Forwarding Company	Transportation and related services	-	2,740,038.33
Wuxi Xihui Sinotrans Warehousing Co., Ltd.	Transportation and related services	-	2,553,041.00
Jiangsu Jinling Shipyard Co., Ltd.	Transportation and related services	-	1,506,462.88
Others	Transportation and related services, etc	10,089,884.80	10,209,465.72
Joint ventures	—	778,489,776.85	385,546,517.71
Ningbo Taiping Int'L Trade Transportation Co., Ltd.	Transportation and related services	313,127,164.72	76,640.50
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related services	206,679,773.17	70,360,737.08
DHL-Sinotrans International Air Courier Ltd.	Transportation and related services	53,362,225.84	31,764,436.12
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	36,984,510.32	-
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related services	33,825,170.91	19,812,276.05
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related services	26,341,915.10	7,603,955.58
Beijing Medlink Supply Chain Management Co., Ltd.	Transportation and related services	20,575,100.16	4,556,104.42
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Transportation and related services	15,832,584.78	11,362,375.31
SIPG Sinotrans Container Depot Co., Ltd.	Transportation and related services	12,600,485.12	1,262,005.58
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related services	8,721,044.20	3,811,475.97
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related services	8,174,412.97	17,198,571.03
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related services	6,849,859.33	1,907,536.07

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

1) Sales of goods and provision of services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related services	5,754,218.17	16,791,515.29
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	Transportation and related services	5,676,079.60	5,016,282.48
Shanghai United Cold Chain Logistics Co., Ltd.	Transportation and related services	4,856,181.00	—
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related services	4,075,808.12	—
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Transportation and related services	3,753,982.40	—
MAXX LOGISTICS FZCO.	Transportation and related services	3,119,876.36	1,859,116.66
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation and related services	2,227,392.22	1,819,768.47
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	Transportation and related services	1,561,182.80	—
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	Transportation and related services	1,319,698.65	—
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Transportation and related services	163,608.02	186,210,075.05
Others	Transportation and related services, etc	2,907,502.89	4,133,646.05
Associates and their subsidiaries	—	290,201,046.34	120,254,423.49
Nantong Sinotrans Prince Port Storage Co., Ltd.	Transportation and related services	105,774,278.63	588,680.00
Weihai Weidong Shipping Co., Ltd.	Transportation and related services	77,004,307.22	83,044,383.29
Land and Sea New Channel Operation Co. Ltd.	Transportation and related services	22,882,650.13	—
NEW SILKWAY LOGISTICS B.V.	Transportation and related services	14,950,319.36	—
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related services	12,219,597.11	6,921,835.31

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

1) Sales of goods and provision of services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Sinotrans Logistics Nanjing China Ltd.	Transportation and related services	9,384,900.38	11,929,142.10
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Transportation and related services	8,095,238.12	8,095,238.10
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	Transportation and related services	8,091,000.77	2,535,299.52
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related services	7,404,721.37	867,085.01
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	Transportation and related services	6,578,249.08	—
Tianjin Runfeng Logistics Co., Ltd.	Transportation and related services	5,929,905.31	—
Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd	Transportation and related services	4,428,061.16	—
Shanghai Pu'an Storage Co., Ltd.	Interest income	3,343,520.70	3,958,765.71
Others	Transportation and related services, etc.	4,114,297.00	2,313,994.45
Associates of the ultimate controlling party	—	16,824,244.24	25,531,949.97
China Merchants Bank Co., Ltd.	Interest income	16,376,611.36	15,142,758.79
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Transportation and related services	447,632.88	10,389,191.18
Other related parties	—	—	45,874,016.49
Ocean Network Express (China) Ltd.	Transportation and related services	—	45,874,016.49
Total sales of goods and services	—	2,234,537,623.45	1,827,311,754.81

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services

Name of related party	Content of connected transactions	Current Year	Prior Year
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	2,655,483,543.26	1,580,362,954.41
Sinotrans Container Lines Co., Ltd.	Transportation and related services	1,664,414,392.36	845,838,777.88
Nanjing Tanker Corporation	Transportation and related services	232,921,195.15	193,896,375.90
Shenzhen Merchants Home Technology Co., Ltd.	Purchase of goods	64,093,073.64	48,169,958.65
Sinotrans Hebei Company	Transportation and related services	51,596,463.12	37,939,376.55
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Transportation and related services	41,903,470.55	—
Zhanjiang Port (Group) Co., Ltd.	Transportation and related services	39,975,445.03	3,690,764.84
China Merchants Godown, Wharf & Transportation Company Limited	Transportation and related services	37,589,917.92	42,557,613.12
Sinotrans Sunny Express Co., Ltd.	Transportation and related services	33,555,871.14	112,814,090.02
Dandong Port Group Co., Ltd.	Transportation and related services	32,027,306.16	—
Hailong No. 12 (Tianjin) Leasing Co., Ltd.	Transportation and related services	31,637,168.14	—
Dalian Port & Barge Company	Transportation and related services	27,130,393.88	—
Hailong No. 15 (Tianjin) Leasing Co., Ltd.	Transportation and related services	25,884,955.71	—
SCSC International Merchant & Shipping (Hong Kong) Company Limited	Transportation and related services	23,023,783.14	—
Sinotrans Yinchuan Inland Logistics Co., Ltd.	Transportation and related services	18,470,012.07	6,554,679.85
Sinotrans Shaanxi Corporation	Transportation and related services	17,226,064.89	45,744,563.02
Qingdao China Changjiang Bunker (Sinopec) Co., Ltd. (Note)	Transportation and related services	15,908,917.73	—
Zhengzhou Merchants Logistics Co., Ltd.	Transportation and related services	15,762,095.59	15,107,502.20

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
China Merchants Bonded Logistics Co., Ltd.	Transportation and related services	15,705,008.58	19,611,621.27
Dalian Container Terminal Co., Ltd.	Transportation and related services	14,095,245.18	16,149,008.20
China Merchants International Terminal (Qingdao) Company Ltd.	Transportation and related services	13,587,154.23	4,250,988.39
Shanghai Foreign Trade Warehouse Pudong Company	Transportation and related services	13,382,312.67	3,694,961.24
China Merchants Property Management Co., Ltd.	Transportation and related services, property management fees	13,093,546.77	12,090,988.41
China Merchants Group Finance Company Limited	Interest expense, fees	9,790,488.63	15,806,922.25
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation and related services	9,000,697.98	–
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Property Management Fee	7,156,419.25	7,036,710.08
Shenzhen Chiwan Tug Co., Ltd.	Transportation and related services	6,960,944.20	12,573,999.46
Wuhan Merchants Roll-on – roll Transportation Co., Ltd.	Transportation and related services	6,461,989.73	6,850,619.80
Shenzhen Lianda Tug Co., Ltd.	Transportation and related services	5,674,795.66	3,039,230.19
Sinotrans Jiangsu Company	Property Management Fee	4,800,000.00	4,528,301.90
Sinotrans Jiangsu Logistics Ltd	Transportation and related services	4,638,452.20	4,165,472.06
China Changjiang Bunker (Sinopec) Co., Ltd. (Note)	Transportation and related services	4,562,527.10	3,348,589.99
Zhangzhou China Merchants Port Co., Ltd.	Transportation and related services	4,396,653.56	–

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For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Transportation and related services	4,369,631.48	–
Sinotrans Shanghai Zhang Hua Bang Storage and Transportation Co., Ltd.	Transportation and related services	4,267,195.27	810,343.18
China Merchants Gangrong Big Data Co., Ltd.	Transportation and related services	4,213,975.10	–
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related services	4,142,890.51	6,769,314.29
China Foreign Trade Transportation General Company Zhejiang Wenzhou Company	Transportation and related services	4,134,362.74	–
Sinotrans Alashankou Company	Transportation and related services	3,532,757.46	7,614,441.34
China Merchants Port (Shenzhen) Co., Ltd.	Transportation and related services	3,499,114.53	–
Panjin Port Group Co., Ltd.	Transportation and related services	3,258,237.74	–
Zhangzhou China Merchants Tugboat Company Limited	Transportation and related services	3,254,622.22	–
Sinotrans & CSC	Interest expenses on internal borrowings, other expenses	2,957,303.18	7,968,224.53
Yangzhou Sinotrans International Freight Co., Ltd.	Transportation and related services	2,858,494.24	–
Anhui Sinotrans Wuhu Zhujiacao Storage and Transportation Co., Ltd.	Transportation and related services	2,839,671.19	1,334,188.62
Sinotrans Hebei Company Yuanshi Warehouse	Transportation and related services	2,803,646.20	–
Guangxi Sinotrans Nanning Storage and Transportation Co., Ltd.	Transportation and related services	2,786,624.61	–
Zhanjiang Port International Container Terminal Co., Ltd.	Transportation and related services	2,779,008.30	6,680,764.51
Yangtze Navigation (Hong Kong) Co., Ltd.	Transportation and related services	2,546,853.73	–

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
YIU LIAN DOCKYARDS LIMITED	Transportation and related services	2,487,102.02	–
Sinotrans Guangxi Automobile Transportation Co., Ltd.	Transportation and related services	2,453,818.56	–
Sinotrans Shanghai (Group) Co., Ltd.	Transportation and related services	2,387,518.82	66,666.67
Manzhouli Sinotrans Co., Ltd.	Transportation and related services	2,353,335.64	–
Sinotrans Guangdong Co., Ltd.	Interest expense on internal borrowings	2,336,667.68	2,343,069.51
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Interest expenses on transportation and related services, internal borrowings	2,335,238.13	725,241.09
Zhangzhou China Ocean SHIPPING Tally Co.,Ltd.	Transportation and related services	2,189,518.82	–
Guangdong Yide Port Co., Ltd.	Transportation and related services	2,149,887.37	–
Changzhou Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	2,142,885.76	–
Xinjiang Sinotrans Regional Storage and Transportation Co., Ltd.	Transportation and related services	2,027,240.00	–
Sinotrans Gansu Co., Ltd.	Transportation and related services	1,969,150.65	145,146.78
Shenzhen Merchants Property Management Co., Ltd.	Purchase of goods	1,931,615.94	5,914,717.08
Shandong Sinotrans Co., Ltd.	Transportation and related services	1,907,977.34	–
Sinotrans Manzhouli Bonded Storage and Transportation Co., Ltd.	Transportation and related services	1,863,457.61	–
Jiangsu Foreign Transportation Container Station Co., Ltd.	Transportation and related services	1,816,744.51	1,681,897.87
Shanghai Xinyangshan Container Lines Co., Ltd.	Transportation and related services	1,773,550.06	2,049,537.54
China Merchants Container Service Co., Ltd.	Transportation and related services	1,730,303.69	4,059,524.61

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Shenzhen Chiwan Port Development Co., Ltd.	Transportation and related services	1,683,726.56	–
SINOTRANS Henan, Jiuling Transport & Storage Co.	Transportation and related services	1,556,603.78	1,415,094.33
China Merchants International Technology Co., Ltd.	Transportation and related services	1,550,477.12	1,800,277.60
Tianjin Sinotrans Binhai Logistics Management Co., Ltd.	Transportation and related services	1,504,583.06	–
China Yangtze River Shipping Co., Ltd.	Transportation and related services	1,413,228.96	982,467.09
Nanjing Changjiang Oil Transportation Longtan Shipping Engineering Co., Ltd.	Transportation and related services	1,405,309.74	–
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Transportation and related services	1,401,784.82	–
Sinotrans Qinhuangdao Border Checkpoint Industry Co., Ltd.	Transportation and related services	1,358,615.72	–
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Transportation and related services	1,347,358.49	–
CSC Cargo Co., Ltd.	Transportation and related services	1,335,422.66	–
Sinotrans Shanghai (Group) Property Development Co., Ltd.	Property Management Fee	1,172,303.31	–
China Merchants Landmark(shenzhen) Co., Ltd.	Transportation and related services	1,170,901.92	–
Sinotrans Guangxi Guigang Co., Ltd.	Transportation and related services	1,131,141.14	–
Inner Mongolia Sinotrans Logistics Co., Ltd.	Transportation and related services	1,029,429.99	–
Changjiang Shipping Planning Design Institute	Construction-in-progress expenses	969,366.98	5,574,629.62
Sinotrans Shanghai (Group) Property Development Co., Ltd.	Transportation and related services	858,754.85	6,087,015.57

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Shenzhen Merchants Shekou International Cruise Home Port Co., Ltd.	Transportation and related services	764,385.01	1,209,968.38
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related services	737,198.16	3,089,334.38
Wuxi Xihui Sinotrans Warehousing Co., Ltd.	Transportation and related services	578,500.00	2,490,993.00
Ningbo Daxie Merchants International Terminal Co., Ltd.	Transportation and related services	-	5,252,449.22
Sinotrans Hebei Jiuling Transport & Storage Company	Transportation and related services	-	4,096,843.72
China Merchants Investment Development Company Limited	Rental and leasing fees	-	3,856,012.84
Nantong Sinotrans Port Container Logistics Transport Co., Ltd.	Transportation and related services	-	3,490,826.86
Jiaxing Sinotrans Shipping Agency Co., Ltd.	Transportation and related services	-	2,680,184.04
Sinotrans Henan Bonded Logistics Co., Ltd.	Transportation and related services	-	2,338,005.99
Shanghai Sinotrans Qiantang Co., Ltd.	Transportation and related services	-	2,157,808.17
Shanghai Investment Promotion Bureau Property Management Co., Ltd.	Purchase of goods	-	1,861,788.97
Ming Wah (Singapore) Agency Co., Ltd.	Transportation and related services	-	1,854,485.62
Changjiang International Freight & Forwarding Company	Transportation and related services	-	1,518,842.67
Sinotrans Suzhou Storage Co., Ltd.	Transportation and related services	-	1,358,409.55
Hubei Waiyun Automobile Repair & Assembling Storage Company	Rental and leasing fees	-	1,320,849.84
Others	Transportation and related services, etc.	35,987,287.93	12,302,474.06

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Joint ventures	—	476,874,425.05	259,143,130.71
DHL-SINOTRANS International AIR Courier Ltd.	Transportation and related services	84,223,485.74	40,066,600.40
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related services	57,229,877.39	23,057,820.17
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related services	56,604,697.40	4,448,291.22
Sinotrans Turkey Limited	Transportation and related services	43,505,267.34	3,489,054.39
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	33,762,393.32	—
Sinotrans Logistics (Pakistan) Limited	Transportation and related services	29,964,452.54	18,964,121.84
Sinotrans Suzhou Logistics Center Co., Ltd.	Transportation and related services	19,122,981.76	18,111,798.07
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related services	18,809,814.10	8,881,211.01
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Transportation and related services	17,984,042.58	21,769,483.10
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related services	14,972,907.41	21,022,198.20
Sinotrans India Limited	Transportation and related services	14,537,703.89	—
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	Transportation and related services	14,404,563.35	34,069,558.74
Rongyun (Xiamen) Supply Chain Co., Ltd.	Transportation and related services	10,172,281.68	4,251,353.50
Ningbo Taiping Int'L Trade Transportation Co., Ltd.	Transportation and related services	9,258,512.38	1,210,091.17
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Transportation and related services	9,149,356.90	29,497,497.80

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Dongguan Port Container Terminals Co., Ltd.	Transportation and related services	7,568,940.93	8,100,912.46
Shenyang Jinyun Automobile Logistics Co., Ltd.	Transportation and related services	5,290,806.35	3,808,622.62
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related services	4,947,304.49	4,222,066.30
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation and related services	4,940,477.82	–
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	Transportation and related services	3,580,636.02	3,612,362.12
SINOTRANS ALMAJDOUIE MIDDLE EAST CO.,LTD.	Transportation and related services	3,222,506.04	–
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related services	2,696,869.14	–
MAXX LOGISTICS FZCO.	Transportation and related services	2,497,701.78	–
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related services	1,486,959.16	245,868.41
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	Transportation and related services	1,431,308.02	1,786,847.52
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Transportation and related services	1,167,271.05	2,063,802.99
Ningbo Dagang Container Co., Ltd.	Transportation and related services	991,967.29	1,164,288.62
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related services	764,368.52	1,407,150.98
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Transportation and related services	–	1,801,096.12
Others	Transportation and related services, etc.	2,584,970.66	2,091,032.96

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Associates and their subsidiaries	—	658,793,906.10	340,695,742.50
Sinotrans Logistics Nanjing China Ltd.	Transportation and related services	134,854,493.25	91,374,754.69
Weihai Weidong Shipping Co., Ltd.	Transportation and related services	103,212,554.46	72,603,857.16
Land and Sea New Channel Operation Co. Ltd.	Transportation and related services	73,573,342.12	23,071,347.68
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	Transportation and related services	70,478,975.56	—
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	Transportation and related services	62,382,045.81	—
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related services	42,790,815.61	27,057,557.02
Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd.	Transportation and related services	34,022,535.16	—
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related services	33,742,217.49	27,738,309.64
Nantong Sinotrans Prince Port Storage Co., Ltd.	Transportation and related services	15,774,503.78	19,429,849.71
Jiangsu Jiangyin Port Group Co., Ltd.	Transportation and related services	14,778,924.66	15,522,672.05
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	Transportation and related services	13,201,074.14	17,669,617.55
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	Transportation and related services	13,196,770.84	3,606,547.98
Ma'anshan Tianshun Port Co., Ltd.	Transportation and related services	12,092,169.45	11,307,566.43
Shenyang Henglu Logistics Co., Ltd.	Transportation and related services	9,856,199.77	11,768,116.32
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	Transportation and related services	9,695,864.71	4,322,271.67

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Notes to the Financial Statements

For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Wuhan Port Container Co., Ltd.	Transportation and related services	6,996,345.07	9,438,171.54
Qingdao Huasheng Airport Logistics Co., Ltd.	Transportation and related services	3,814,120.48	3,913,789.85
Tianjin Runfeng Logistics Co., Ltd.	Transportation and related services	1,330,931.87	—
Nanjing Zhiyun Supply Chain Management Co., Ltd.	Transportation and related services	1,060,000.00	—
Others	Transportation and related services, etc.	1,940,021.87	1,871,313.21
Associates of the ultimate controlling party	—	12,277,704.00	2,853,714.06
China Merchants Bank Co., Ltd.	Interest expense, fees	12,277,704.00	2,851,883.06
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Transportation and related services	—	1,831.00
Other related parties	—	—	540,561,243.48
Ocean Network Express (China) Ltd.	Transportation and related services	—	540,561,243.48
Total services received	—	3,803,429,578.41	2,723,616,785.16

Note: As at 30 November 2021, Sinopec Changjiang Fuel Company Limited and Qingdao Sinopec Changjiang Fuel Company Limited were changed from subsidiaries to joint ventures within the scope of the consolidated financial statements of China Merchants. Before 30 November 2021, the related transactions with them are still classified as "other enterprises controlled by the same controlling shareholder and ultimate controlling party".

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Notes to the Financial Statements

For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts

Item	Name of related party	Closing balance	Opening balance
Cash and bank balances	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	4,946,560,325.53	4,782,890,960.94
	China Merchants Group Finance Limited	4,946,560,325.53	4,782,890,960.94
	Associate of the ultimate controlling party	388,101,360.33	450,866,869.91
	China Merchants Bank Co., Ltd.	388,101,360.33	450,866,869.91
Accounts Receivable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	37,716,403.35	53,758,038.98
	Sinotrans Container Lines Co., Ltd.	13,911,246.98	15,809,235.15
	Sinotrans Container Lines (Hong Kong) Co., Ltd.	3,980,251.94	5,747,954.80
	Associated Maritime Company (Hong Kong) Limited	3,233,137.23	-
	Nanjing Tanker Corporation	2,120,493.91	2,636,473.23
	Sinotrans Shaanxi Co., Ltd.	2,032,011.24	-
	CSC Wuhan Qingshan Shipyard Co., Ltd.	1,995,184.06	1,739,228.73
	Sinotrans Gansu Co., Ltd.	1,894,093.00	6,335.00
	LONG LINK LIMITED	1,608,662.47	1,608,662.47
	Dalian Port Container Logistics Co., Ltd.	1,183,908.78	153,690.00
	Shenzhen Chiwan International Freight Forwarding Co., Ltd.	491,872.00	1,264,544.50
	China Merchants Heavy Industry (Jiangsu) Co., Ltd.	418,798.00	8,426,263.46
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	37,200.00	1,698,949.71
	Yangtza Navigation (Hong Kong) Co., Ltd.	6,480.00	1,609,459.96
	China Merchants Gangrong Big Data Co., Ltd.	-	1,267,241.35
	CSC Singapore International Shipping Co., Ltd.	-	1,092,790.00
	Sinotrans International Trading Co., Ltd.	-	1,085,422.02
	Chongqing Wanqiao Traffic Technology Development Co., Ltd.	-	1,010,832.20
	Others	4,803,063.74	8,600,956.40
	Joint ventures and associates and their subsidiaries	60,681,574.10	55,042,025.10
	Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	8,294,977.18	8,772,696.47
Beijing Medlink Supply Chain Management Co., Ltd.	6,312,666.29	1,279,699.54	
Nissin-Sinotrans International Logistics Co., Ltd.	5,127,603.25	4,636,846.93	
NEW SILKWAY LOGISTICS B.V.	4,877,845.40	-	
DHL-Sinotrans International Air Courier Ltd.	4,470,750.40	9,558,797.40	
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	3,419,300.52	1,967,518.64	
Sinotrans Sarens Logistics Co., Ltd.	3,150,301.04	1,526,439.16	
Weihai Weidong Shipping Co., Ltd.	2,620,853.98	2,329,054.14	

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For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Ningbo Taiping Int'L Trade Transportation Co., Ltd.	2,354,196.31	659,770.48
	Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	2,275,066.66	2,050,449.15
	Beijing Sinotrans Huali Logistics Co., Ltd.	1,854,206.10	4,330,325.83
	Maxx Logistics Fzco.	1,844,183.14	1,147,593.64
	Sinotrans Logistics Nanjing China Ltd.	1,766,759.09	2,130,845.31
	Shanghai Tongyun International Logistics Co., Ltd.	1,662,510.00	-
	Loscam Supply Chain Management (Jiaxing) Co., Ltd.	1,586,362.06	1,272,041.70
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	1,148,085.37	-
	Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	1,110,036.75	1,362,686.85
	Tianjin Runfeng Logistics Co., Ltd.	380,013.58	1,001,017.22
	Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd	-	2,382,258.42
	Others	6,425,856.98	8,633,984.22
	Associates of the ultimate controlling party	-	23,470.00
	COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	-	23,470.00
	Other related parties	-	7,348.09
	Total accounts receivable	98,397,977.45	108,830,882.17
Other receivables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	66,978,287.73	72,167,529.68
	SINOTRANS & CSC	42,888,708.00	40,000,000.00
	Sinotrans Beijing Co., Ltd.	7,840,816.67	-
	Zhengzhou Merchants Logistics Co., Ltd.	3,509,095.48	4,007,808.08
	China Merchants Bonded Logistics Co., Ltd.	2,250,483.56	3,072,138.24
	Beijing Sinotrans Logistics Center Co., Ltd.	2,169,217.35	-
	China Merchants Gangrong Big Data Co., Ltd.	1,390,461.40	-
	Beijing Aocheng Wuhe Real Estate Co., Ltd.	1,001,941.44	-
	CSC Cargo Co., Ltd.	-	18,877,058.04
	Others	5,927,563.83	6,210,525.32
	Joint ventures and associates	64,078,418.28	67,004,889.20
	Shenyang Jinyun Automobile Logistics Co., Ltd.	23,257,998.74	23,219,247.88
	Maxx Logistics Fzco.	15,058,190.89	15,410,585.55
	Sinotrans Logistics (Pakistan) Limited	4,788,165.04	2,770,814.99
	DHL-Sinotrans International Air Courier Ltd.	4,703,269.50	6,121,402.32
	Guangxi Yunyu Port Co., Ltd.	2,680,000.00	2,500,000.00
	Sinotrans Turkey Limited	2,609,709.26	1,820,766.84

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For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	2,168,075.92	3,850,000.00
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	2,030,000.00	–
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	1,094,028.70	2,256,211.78
	Beijing Sinotrans Huali Logistics Co., Ltd.	1,000,000.00	–
	Dalian Jingda International Freight Forwarding Co., Ltd.	–	1,600,000.00
	China United Tally (Shenzhen) Co., Ltd.	–	1,000,000.00
	Others	4,688,980.23	6,455,859.84
	Total other receivables	131,056,706.01	139,172,418.88
Dividend receivables	Joint ventures and associates	41,721,139.60	21,222,986.00
	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	24,000,000.00	–
	Sinotrans Logistics Nanjing China Ltd.	12,810,274.27	–
	China International Exhibition Transportation Co., Ltd.	2,797,362.80	–
	Sinotrans Almajdouie Middle East Co., Ltd.	1,860,983.72	1,860,983.72
	China United Tally (Shenzhen) Co., Ltd.	252,518.81	–
	Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	–	8,147,201.00
	Wuhan Port Container Co., Ltd.	–	6,000,000.00
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	–	5,214,801.28
Interest receivable	Joint ventures and associates	1,417,884.21	1,345,690.81
	Maxx Logistics Fzco.	1,417,884.21	1,345,690.81
Prepayments	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	18,236,900.11	32,565,443.67
	Yingkou Xingang Ore Terminal Co., Ltd.	7,138,695.48	3,193,795.00
	Panjin Port Group Co., Ltd.	2,913,344.09	–
	Liaogang Holding (Yingkou) Co., Ltd.	2,000,000.00	–
	China Merchants Gangrong Big Data Co., Ltd.	1,894,889.60	1,949,858.87
	China Merchants International Terminal (Qingdao) Limited	1,570,194.20	–
	Sinotrans Hebei Co., Ltd.	1,057,724.33	5,306,227.75
	Zhanjiang Port (Group) Co., Ltd.	701,778.67	2,484,015.69
	Dandong Port Group Co., Ltd.	377,020.94	11,484,330.49
	Zhanjiang Port Petrochemical Terminal Co., Ltd.	17,788.29	2,897,199.94
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	–	1,517,359.50
	CSC Cargo Co., Ltd.	–	1,335,422.66
	Others	565,464.51	2,397,233.77

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Notes to the Financial Statements

For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Joint ventures and associates	30,116,303.25	16,485,260.47
	Jiangsu Jiangyin Port Group Co., Ltd	10,783,276.57	-
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	6,237,037.90	3,210,691.01
	Sinotrans Logistics (Pakistan) Limited	5,144,887.20	4,231,086.51
	DHL-Sinotrans International Air Courier Ltd.	2,094,612.63	-
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	1,632,746.08	-
	Beijing Sinotrans Huali Logistics Co., Ltd.	1,537,495.86	-
	Sinotrans Logistics Nanjing China Ltd.	1,105,562.30	-
	Maxx Logistics Fzco.	250,047.26	1,219,327.99
	Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd	-	3,427,403.87
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	1,215,500.00
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	-	1,005,796.42
	Others	1,330,637.45	2,175,454.67
	Other related parties	-	4,200.00
	Total prepayments	48,353,203.36	49,054,904.14
Non-current assets due within one year	Joint ventures and associates	14,325,000.00	12,325,000.00
	Shanghai Pu'an Storage Co., Ltd.	7,200,000.00	5,200,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	7,125,000.00	7,125,000.00
Long-term receivables	Joint ventures and associates	46,020,000.00	60,345,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	28,500,000.00	35,625,000.00
	Shanghai Pu'an Storage Co., Ltd.	17,520,000.00	24,720,000.00
Accounts Payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	188,762,774.46	160,351,603.61
	Sinotrans Container Lines Co., Ltd.	64,039,919.85	43,223,651.76
	Hailong No. 12 (Tianjin) Leasing Co., Ltd.	18,200,000.00	-
	Hailong No. 15 (Tianjin) Leasing Co., Ltd.	17,550,000.00	-
	Zhengzhou Merchants Logistics Co., Ltd.	14,196,472.16	5,244,734.96
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	10,410,821.25	1,110,030.15
	Nanjing Tanker Corporation	8,572,559.79	18,616,667.77
	Ningbo Daxie Merchants International Terminal Co., Ltd.	8,522,086.88	10,632,055.55

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For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	SCSC International Merchant&Shipping(Hong Kong) Company Limited	8,163,951.39	15,543,280.00
	SINOTRANS Henan, Jiuling Transport & Storage Co. Sinotrans Sunny Express Co., Ltd.	7,106,586.61	6,806,586.61
	Dalian Container Terminal Co., Ltd.	7,079,580.00	11,692,195.22
	Sinotrans Shanghai (Group) Co., Ltd.	2,366,554.20	6,579,033.40
	Sinotrans Jiangsu Logistics Co., Ltd.	1,800,000.00	–
	Sinotrans Hebei Co., Ltd.	1,708,447.00	1,598,976.05
	Sinotrans Shaanxi Co., Ltd.	1,655,681.54	3,761,196.19
	Shenzhen Lianda Tug Co., Ltd.	1,655,118.47	1,865,655.85
	Zhanjiang Port (Group) Co., Ltd.	1,644,123.40	–
	Sinotrans Alashankou Company	1,553,079.67	5,601,903.31
	Sinotrans Gansu Co., Ltd.	1,534,295.00	–
	China Merchants Bonded Logistics Co., Ltd.	1,267,155.60	–
	Wuhan Merchants Roll-on – roll Transportation Co., Ltd.	1,215,660.73	975,599.19
	Zhanjiang Port International Container Terminal Co., Ltd.	1,132,425.76	2,686,280.27
	Zhanjiang Port Petrochemical Terminal Co., Ltd.	461,721.80	1,248,767.03
	Shanghai Sinotrans Qiantang Co., Ltd.	125,307.43	2,005,930.25
	Sinotrans Nantong Suzhong Logistics Co., Ltd.	–	3,226,070.56
	Yangtza Navigation (Hong Kong) Co., Ltd.	–	2,536,850.00
	Others	–	1,291,093.71
	Joint ventures and associates and their subsidiaries	6,801,225.93	14,105,045.78
	Sinotrans Logistics Nanjing China Ltd.	172,590,086.31	160,368,892.41
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	55,627,171.19	28,015,017.10
	China-Vietnam Sinotrans Logistics Co., Ltd.	19,432,463.60	15,297,123.02
	Beijing Sinotrans Huali Logistics Co., Ltd.	14,143,336.66	2,734,243.11
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	13,334,457.13	–
	Weihai Weidong Shipping Co., Ltd.	8,929,807.53	5,085,009.62
	Jiangsu Jiangyin Port Group Co., Ltd.	7,289,919.64	3,301,288.00
	Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	5,738,821.95	2,804,983.90
	Tangshan Port Sinotrans Shipping Agency Co., Ltd.	5,437,550.19	2,028,431.22
	Shenzhen Haiyitong Technology Co., Ltd.	4,027,480.59	4,310,858.14
	Sinotrans Sarens Logistics Co., Ltd.	3,692,215.91	5,659,970.91
	Nanjing Huaxing Loading and Unloading Service Co., Ltd.	3,357,589.11	9,198,211.26
	Shenyang Henglu Logistics Co., Ltd.	3,247,530.67	6,455,367.40
		2,725,400.14	4,169,210.13

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For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Wuhan Port Container Co., Ltd.	1,996,519.63	2,517,782.36
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	1,919,826.58	-
	Ma'anshan Tianshun Port Co., Ltd.	1,609,335.38	5,900,267.46
	Sinotrans Suzhou Logistics Center Co., Ltd.	1,524,643.87	2,282,465.31
	Dongguan Port Container Terminals Co., Ltd.	1,438,766.72	525,684.25
	Sinotrans Turkey Limited	1,386,003.74	10,892,260.59
	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	1,376,155.03	-
	Shenyang Jinyun Automobile Logistics Co., Ltd.	1,134,495.48	1,337,446.01
	Nanjing Zhiyun Supply Chain Management Co., Ltd.	1,060,000.00	-
	Sinotrans Logistics (Pakistan) Limited	1,022,576.36	12,039,547.89
	DHL-Sinotrans International Air Courier Ltd.	1,011,693.26	1,797,299.42
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	606,418.52	1,589,262.44
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	225,912.98	6,134,187.37
	Qingdao Huasheng Airport Logistics Co., Ltd.	170,259.33	1,039,586.61
	Land and Sea New Channel Operation Co. Ltd.	-	8,088,957.61
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	-	4,072,076.44
	Others	9,123,735.12	13,092,354.84
	Other related parties	99,564.01	500,551.32
	Total Accounts Payable	361,452,424.78	321,221,047.34
Other payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	191,676,226.43	198,000,601.93
	Red Braves Finance Ltd.	107,012,060.20	109,516,832.19
	Sichuan Sinotrans Storage Service Co., Ltd.	26,314,959.96	24,686,640.24
	SINOTRANS & CSC	24,051,000.00	24,087,232.00
	Guangxi Sinotrans Co., Ltd.	7,023,525.22	15,434,273.65
	Shanghai Foreign Trade Warehouse Pudong Company	6,640,483.54	-
	Sinotrans Henan, Jiuling Transport & Storage Co.	4,641,656.55	5,633,459.14
	Chongqing Sinotrans Storage & Transportation Co.	4,500,000.00	-
	Sinotrans Shaanxi Co., Ltd.	2,010,500.00	-
	Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	1,846,000.00	1,846,000.00
	Sinotrans Jiangsu Co., Ltd.	1,800,000.00	1,800,000.00
	Shanghai Sinotrans Qiantang Co., Ltd.	1,772,635.00	-
	Sinotrans Guangxi Guigang Company	1,239,000.00	1,243,800.00
	Dalian Port Group Co., Ltd.	-	4,085,912.00

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	-	2,500,000.00
	Sinotrans Shanghai (Group) Co., Ltd.	-	1,270,553.04
	China Merchants Godown, Wharf & Transportation Company Limited	-	1,122,149.88
	Others	2,824,405.96	4,773,749.79
	Joint ventures and associates	78,147,070.24	111,491,320.91
	Sinotrans Logistics Nanjing China Ltd.	44,927,349.66	80,536,543.28
	Shanghai Tongyun International Logistics Co., Ltd.	14,948,360.00	14,100,000.00
	China United Tally (Shenzhen) Co., Ltd.	8,091,820.00	8,000,000.00
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	2,450,000.00	2,450,000.00
	Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	2,296,200.00	2,486,200.00
	Shenyang Fuyun Cold Chain Logistics Co., Ltd.	2,029,460.21	-
	Rongyun (Xiamen) Supply Chain Co., Ltd.	1,020,000.00	1,000,000.00
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	-	1,086,861.80
	Others	2,383,880.37	1,831,715.83
	Total other payables	269,823,296.67	309,491,922.84
Dividends payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	36,197,979.78	36,197,979.78
	SINOTRANS & CSC	36,125,719.92	36,125,719.92
	Sinotrans Jiangxi Company	72,259.86	72,259.86
Interest payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	31,879,954.13	29,875,857.94
	SINOTRANS & CSC	31,879,954.13	29,516,073.91
	Red Braves Finance Ltd.	-	359,784.03
Contract liabilities	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	25,899,254.64	24,052,487.01
	Associated Maritime Company (Hong Kong) Limited	16,376,580.67	16,378,179.52
	Hong Kong Ming Wah Shipping Company Limited	7,854,987.14	717,191.16
	China Merchants Investment Development Company Limited	1,070,754.71	1,070,754.71
	Ming Wah International Shipping Company Limited	-	2,807,334.17
	Others	596,932.12	3,079,027.45

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Joint ventures and associates	10,492,713.94	3,894,939.76
	Shanghai Tongyun International Logistics Co., Ltd.	4,991,321.66	-
	Tianjin Runfeng Logistics Co., Ltd.	1,537,000.00	1,076,834.00
	DHL-Sinotrans International Air Courier Ltd.	1,326,329.13	1,754,269.27
	MAXX LOGISTICS FZCO.	1,247,673.30	-
	Others	1,390,389.85	1,063,836.49
	Total Contract liabilities	36,391,968.58	27,947,426.77
Long-term payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	86,730,435.85	192,331,792.75
	SINOTRANS & CSC	80,000,000.00	89,718,773.77
	Ocean Lifter I Limited	6,730,435.85	10,674,563.96
	Guangdong Sinotrans Co., Ltd.	-	91,938,455.02
Short-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	100,113,513.90	104,716,909.37
	China Merchants Group Finance Company Limited	100,113,513.90	104,716,909.37
	Associate of the ultimate controlling party	200,210,958.90	300,000,000.00
	China Merchants Bank Co., Ltd.	200,210,958.90	300,000,000.00
Long-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	14,104,340.10	1,295,625.00
	China Merchants Group Finance Company Limited	14,104,340.10	1,295,625.00
	Associate of the ultimate controlling party	27,942,022.91	17,923,202.87
	China Merchants Bank Co., Ltd.	27,942,022.91	17,923,202.87
Non-current liabilities due within one year	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	96,052,288.72	4,430,166.18
	Guangdong Sinotrans Co., Ltd.	91,938,455.02	-
	Ocean Lifter I Limited	3,908,588.76	4,430,166.18
	China Merchants Group Finance Company Limited	205,244.94	-
	Associate of the ultimate controlling party	5,993,391.20	9,252,055.11
	China Merchants Bank Co., Ltd.	5,993,391.20	9,252,055.11

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For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(4) Related and entrusted management

In January 2019, the Company renewed the Custody Agreement with SINOTRANS & CSC to continue to be entrusted to manage some companies under SINOTRANS & CSC, with the entrustment term beginning from 1 January 2019 and ending on 31 December 2021. The custody fee is divided into a fixed portion and a floating portion. Among them, the fixed portion amounts to RMB15 million per year and the floating portion is determined based on some factors such as the application of the scheme of “One Enterprise, One Policy” during the year and the completion of the operating profits of the entrusted enterprises. During the year, the Company received custody income of RMB39.3925 million (Prior year: RMB39.1509 million) in aggregate from SINOTRANS & CSC.

(5) Other related party transactions

1) The Group as the lessor

Name of lessee	Type of leased assets	Rental income recognised for the current year	Rental income recognised for the prior year
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation equipment	45,569,124.70	30,790,369.22
Sinotrans Container Lines Co., Ltd.	Transportation equipment	20,232,222.45	35,833,595.48
.Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Buildings	8,095,238.12	–
Sinotrans Sunny Express Co., Ltd.	Buildings, Transportation equipment	5,445,153.71	19,471,067.58
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Buildings	4,405,985.29	–
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation equipment	3,203,515.98	3,025,424.87
China Yangtze River Shipping Co., Ltd.	Transportation equipment	2,145,864.03	2,296,293.73
Others	Buildings, Transportation equipment	1,094,035.73	–
Total	—	90,191,140.01	91,416,750.88

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(5) Other related party transactions (Continued)

2) The Group as the lessee

Name of lessor	Type of leased assets	Rental expenditure for current year	Rental expenditure for the prior year
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Lands and buildings	51,005,427.96	53,557,524.96
Beijing Sinotrans Land Transportation Co., Ltd.	Lands and buildings	33,572,181.95	37,679,306.96
Beijing Sinotrans Logistics Center Co., Ltd.	Lands and buildings	29,867,734.97	30,754,430.72
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Lands and buildings	14,735,320.06	15,458,830.03
Shanghai Foreign Trade Warehouse Pudong Company	Lands and buildings	13,382,112.25	15,766,995.04
Sinotrans Shanghai (Group) Co., Ltd.	Lands and buildings	8,498,953.27	10,487,767.76
Sinotrans Nantong Co., Ltd.	Lands and buildings	5,438,028.91	–
Sinotrans Shanghai Zhang Hua Bang Storage and Transportation Co., Ltd.	Lands and buildings	5,371,875.00	4,942,940.43
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Lands and buildings	4,514,638.48	7,853,732.53
Shenzhen Qianhai Shekou Enlightenment Industrial Co., Ltd.	Lands and buildings	3,474,417.00	–
Wenzhou Sinotrans Logistics Co., Ltd.	Lands and buildings	3,353,811.75	3,419,634.00
Sinotrans Guangxi Nanning Storage and Transportation Co., Ltd.	Lands and buildings	3,134,880.00	3,044,413.54
Sinotrans Hebei Company Yuanshi Warehouse	Lands and buildings	2,919,693.24	2,919,693.24
China Merchants International Terminal (Qingdao) Limited	Lands and buildings	2,861,673.89	2,622,826.89
Guangxi Sinotrans Automobile Transportation Co., Ltd.	Transportation equipment, other assets	2,751,840.00	2,518,062.25
Liaoning Sinotrans Co., Ltd.	Lands and buildings	2,719,728.56	2,698,581.32
Changzhou Sinotrans Supply Chain Management Co., Ltd.	Lands and buildings	2,382,919.05	829,449.22
Sinotrans Erlian Co., Ltd.	Lands and buildings	2,357,123.88	831,850.01
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Lands and buildings	2,335,238.13	–
Sinotrans Jinling Co., Ltd.	Lands and buildings	2,167,767.00	1,872,975.41
Shanghai Sinotrans Qiantang Co., Ltd.	Lands and buildings	2,082,033.57	–
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Lands and buildings	1,764,675.00	967,658.85

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(5) Other related party transactions (Continued)

2) The Group as the lessee (Continued)

Name of lessor	Type of leased assets	Rental expenditure for current year	Rental expenditure for the prior year
Guangdong Sinotrans Huangpu Co., Ltd.	Lands and buildings	1,704,032.45	2,600,547.63
Xiamen Sinotrans Co., Ltd.	Lands and buildings	1,618,371.90	9,657.53
Sinotrans Qinhuangdao Border Checkpoint Industry Co., Ltd.	Lands and buildings	1,437,714.36	1,097,047.65
China Merchants Landmark (Shenzhen) Co., Ltd.	Lands and buildings	1,270,392.06	—
Shanghai Sinotrans Anda Storage and Transportation Co., Ltd.	Lands and buildings	1,257,975.00	995,973.75
Sinotrans Guangxi Guigang Company	Lands and buildings	1,179,999.97	—
Shandong Sinotrans Co., Ltd.	Lands and buildings	1,173,482.63	9,346,179.39
Shanghai Foreign Trade Yangxing Storage & Transportation Co., Ltd.	Lands and buildings	1,143,300.00	642,824.13
Sinotrans (Shenzhen) Co., Ltd.	Lands and buildings	951,840.00	898,528.30
Sinotrans Guangxi Company	Lands and buildings	911,454.12	967,081.40
Fujian Sinotrans Co., Ltd.	Lands and buildings	778,370.52	778,633.56
Shenzhen Merchants Commercial Property Investment Co., Ltd.	Lands and buildings	671,496.00	272,965.00
Shandong Sinotrans Yantai Co., Ltd.	Lands and buildings	615,387.60	615,387.60
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Lands and buildings	551,583.86	601,183.46
Guangxi Sinotrans Co., Ltd.	Buildings, other assets	407,619.05	—
Tianjin Sinotrans Binhai Logistics Management Co., Ltd.	Buildings, other assets	395,117.73	863,470.70
China Merchants Financial Leasing Co., Ltd.	Buildings, other assets	376,935.95	159,748.71
Others	Buildings, other assets, etc.	852,030.21	9,525,914.12
Total	—	217,989,177.33	227,601,816.09

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(5) Other related party transactions (Continued)

3) Other Related Transactions

Name of related party	Content of connected transactions	Accumulated for the current year	Accumulated for the prior year
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	-	93,865,684.00
China Merchants Investment Development Company Limited	Income from demolition and relocation compensation	-	93,865,684.00

(6) Related guarantees

1) The Group as the guarantor

Financing guarantees:

Guaranteed parties	Guaranteed balance in the end of the year	Guaranteed balance at the beginning of the year	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
SE Logistics Holding BV.	1,585,014,901.76	1,797,600,000.00	2020-12-08	2027-12-07	No
China Assess Investment Limited	1,167,483,744.00	1,201,804,800.00	2017-12-22	2023-12-21	No
China Merchants Shipping Enterprise Co., Ltd.	778,322,496.00	801,203,200.00	2017-12-22	2023-12-21	No
Jiangmen High-tech Port Development Co., Ltd.	414,862,492.48	330,729,681.81	2018-12-18	2022-06-30	No
China Merchants Great Stone Trade Logistics Co., Ltd.	334,563,464.54	395,635,884.63	2016-05-31	2031-05-30	No
Sinotrans Logistics Co., Ltd.	200,000,000.00	-	2021-07-27	2022-07-27	No
Shenzhen Haixing Harbor Development Co., Ltd.	108,531,262.80	98,184,899.10	2019-07-01	2037-07-01	No
China Merchants Logistics Shenzhen Co., Ltd.	100,000,000.00	-	2021-08-13	2022-08-12	No
China Merchants Shipping Enterprises Co., Ltd.	-	2,345,705,416.00	2018-06-24	2021-06-24	Yes
Sinotrans Logistics Co., Ltd.	-	50,000,000.00	2020-10-16	2021-10-16	Yes
Sinotrans Logistics Co., Ltd.	-	150,000,000.00	2020-12-22	2021-10-22	Yes
China Merchants Logistics Shenzhen Co., Ltd.	-	100,000,000.00	2020-06-12	2021-06-12	Yes
Sinotrans Sarens Logistics Co., Ltd.	-	10,882,711.86	2016-07-01	2021-06-30	Yes
Dongguan Port Container Terminals Co., Ltd.	-	8,109,500.00	2015-08-27	2021-01-09	Yes

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(6) Related guarantees (Continued)

1) The Group as the guarantor (Continued)

Credit guarantees:

The Group provides guarantee for its subsidiaries to apply for credit lines from China Merchants Finance and China Merchants Bank. The credit lines are generally valid for one year and the credit lines can be used in a rolling cycle during the validity period. As of 31 December 2021, the Group provided guarantee for credit lines to its subsidiaries amounting to RMB2,678,000,000 (31 December 2020: RMB2,270,000,000).

Operating guarantees:

The Group provided operating-type guarantees to its subsidiaries and joint ventures and associates for the operation of project logistics, loading and unloading operations, bidding business, shipping booking agency, warehousing services and other businesses and asset transactions for the conduct of the operating businesses mentioned above, and as at 31 December 2021, the balance of operating guarantees provided to subsidiaries and joint ventures and associates was RMB42,977,349 (31 December 2020: RMB19,667,279.10).

1) The Group as the guaranteed party

Guarantor	Guaranteed balance at the end of the year	Guaranteed balance at the beginning of the year	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
China Merchants Group (Hong Kong) Co., Ltd.(Note)	1,006,846,213.66	1,133,834,871.18	2015-06-25	2030-06-30	No

Note: In order to finance the construction of the logistics center of the "Tsing Yi 181 Project" in Hong Kong, Hong Kong Logistics Limited, a subsidiary of the Group, signed a credit agreement with China Development Bank and obtained a total credit facility of HK2,900,000,000 (equivalent to RMB2,371,040,000). China Merchants Group (Hong Kong) Limited, a related party of the Company, provided full guarantee.

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For the Year ended 31 December 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(7) Related party fund lending

Related party	Loan amount	Starting date	Maturity date	Description
Borrowed				
China Merchants Bank Co.,Ltd.	200,210,958.90	2021-07-30	2022-07-29	Short-term borrowings
China Merchants Group Finance Company Limited	100,113,513.90	2021-05-24	2022-06-08	Short-term borrowings
China Merchants Bank Co.,Ltd.	33,935,414.11	2020-08-11	2028-05-10	Long-term borrowings, non-current liabilities due within one year
China Merchants Group Finance Company Limited	14,309,585.04	2020-12-04	2023-12-03	Long-term borrowings, non-current liabilities due within one year
Guangdong Sinotrans Co.,Ltd.	91,938,455.02	2012-12-31	2022-12-31	non-current liabilities due within one year
SINOTRANS & CSC	60,000,000.00	2014-09-28	No specific maturity date	Long-term payables
SINOTRANS & CSC	20,000,000.00	2016-03-07	2034-03-06	Long-term payables
Ocean Lifter I Limited	10,639,024.61	2020-09-15	2024-06-11	Long-term payables, Non-current liabilities due within one year
Lent				
Sinotrans Suzhou Logistics Center Co., Ltd.	35,625,000.00	2016-08-17	2026-08-17	Long-term payables, Non-current liabilities due within one year
Shanghai Puan Storage Co., Ltd.	24,720,000.00	2017-04-18	2024-12-30	Long-term payables, Non-current liabilities due within one year

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(8) Remuneration of directors, supervisors, general managers and senior managers

1) Remuneration of directors, supervisors and general managers

Item	Current year	Prior year
Directors:	—	—
Fee	664,800.00	664,800.00
Other remuneration	—	—
– Wages, allowances and non-cash benefits	1,753,968.88	2,187,573.34
– Discretionary bonuses	568,718.85	716,625.00
– Contributions under the pension plan	358,681.60	330,940.80
Supervisors:	—	—
Fee	214,800.00	214,800.00
Other remuneration	—	—
– Wages, allowances and non-cash benefits	1,342,935.96	1,287,633.77
– Discretionary bonuses	547,877.43	696,249.00
– Contributions under the pension plan	263,155.52	187,950.24

Note: The directors' fees disclosed above represent the payment of RMB664,800.00 (prior year: RMB664,800.00) to independent non-executive directors.

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(8) Remuneration of directors, supervisors, general managers and senior managers (Continued)

2) Scope of remuneration of directors, supervisors and general managers

Item	Fee of directors	Wages, allowances and non-cash benefits	Discretionary bonuses	Contributions under the pension plan	Other remuneration
Current year					
Directors:					
- Guanpeng Li (Resigned)	—	661,635.08	213,452.05	146,510.08	1,021,597.21
- Dexing Song	—	—	—	—	—
- Rong Song	—	1,092,333.80	355,266.80	212,171.52	1,659,772.12
- Jian Su (Resigned)	—	—	—	—	—
- Xianliang Xiong (Resigned)	—	—	—	—	—
- Jian Jiang	—	—	—	—	—
- Kewei Xu	—	—	—	—	—
- Taiwen Wang	166,200.00	—	—	—	166,200.00
- Yan Meng	166,200.00	—	—	—	166,200.00
- Haiqing Song	166,200.00	—	—	—	166,200.00
- Qian Li	166,200.00	—	—	—	166,200.00
Supervisors:					
- Liebi Huang	—	223,332.36	73,701.43	24,009.44	321,043.23
- Yingjie Liu (Resigned)	—	—	—	—	—
- Fangsheng Zhou	107,400.00	—	—	—	107,400.00
- Zhaoping Fan	107,400.00	—	—	—	107,400.00
- Shengyun Wang	—	585,145.80	231,348.00	123,059.04	939,552.84
- Zheng Mao (Resigned)	—	534,457.80	242,828.00	116,087.04	893,372.84
Prior year					
Directors:					
- Guanpeng Li	—	1,120,036.67	367,500.00	171,770.40	1,659,307.07
- Dexing Song	—	—	—	—	—
- Rong Song	—	1,067,536.67	349,125.00	159,170.40	1,575,832.07
- Jian Su	—	—	—	—	—
- Xianliang Xiong	—	—	—	—	—
- Jian Jiang	—	—	—	—	—
- Kewei Xu	—	—	—	—	—
- Taiwen Wang	166,200.00	—	—	—	166,200.00
- Yan Meng	166,200.00	—	—	—	166,200.00
- Haiqing Song	166,200.00	—	—	—	166,200.00
- Qian Li	166,200.00	—	—	—	166,200.00
Supervisors:					
- Yingjie Liu	—	—	—	—	—
- Fangsheng Zhou	107,400.00	—	—	—	107,400.00
- Zhaoping Fan	107,400.00	—	—	—	107,400.00
- Xiaodong Ren	—	527,208.67	234,828.00	69,684.96	831,721.63
- Zheng Mao	—	564,896.67	224,610.00	84,141.60	873,648.27
- DongXiao Ren (Resigned)	—	195,528.43	236,811.00	34,123.68	466,463.11

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(8) Remuneration of directors, supervisors, general managers and senior managers (Continued)

3) Five highest paid individuals

Of the five highest paid individuals for current year 1 of them are directors (prior year: 2), and details of their remuneration are set out above. The details of the remuneration of the remaining 4 (prior year: 3) highest paid individuals who are not directors or supervisors for the current year are as follows:

Item	Current period	Prior period
Salary, allowance and non-cash benefits	3,295,941.08	2,510,442.10
Discretionary bonuses	1,047,375.00	808,500.00
Contributions to the pension scheme	663,918.66	401,645.76

The number of highest paid individuals with remuneration within the following bands who are not directors or supervisors is as follows:

Item	The number of individuals in current year	The number of individuals in prior year
Less than HKD1,000,000	0	0
HKD1,000,001 to HKD1,500,00	2	1
HKD1,500,001 to HKD2,000,000	2	2
HKD2,000,001 to HKD2,500,000	0	0

- 4) None of the directors of the Company has waived or agreed to waive any remuneration during the year, except for the directors of Dexing Song, Jian Su, Xianliang Xiong, Jian Jiang and Kewei Xu, who did not receive any remuneration from the Company during the year. During the previous record periods, the Company did not pay any remuneration to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office.

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(8) Remuneration of directors, supervisors, general managers and senior managers (Continued)

5) *The remuneration of the major management*

The remuneration of the major management (including the amounts paid and payable to the directors, supervisors and senior management) is as follows:

Item	Current year	Prior year
Salary, allowance and non-cash benefits	8,332,466.72	8,871,460.07
Discretionary bonuses	2,770,144.85	3,140,124.00
Contributions to the pension scheme	1,713,526.06	1,430,687.52
Total	12,816,137.63	13,442,271.59

(9) Related party deposits

The difference between deposits and withdrawals by the Group at China Merchants Bank in 2021 was a net withdrawal of RMB62,765,509.58, and the difference between deposits and withdrawals at finance companies in 2021 was a net deposit of RMB163,669,364.59.

(10) Trademark Licensing

The Group signed a Trademark License Agreement with SINOTRANS&CSC in March 2015, authorizing the Group to use ten trademarks, such as "SINOTRANS" of SINOTRANS&CSC with registration number 779072 from 1 March 2015 to 28 February 2025 without compensation.

(11) Others

On 23 December 2020, the Twenty-third Meeting of the Second Session of the Board of Directors of the Company considered and approved the "Proposal on Related Transaction of Y2T to increase capital and shares. and agreed Y2T Technology Co., Ltd (hereinafter referred to as Y2T) to increase capital and shares. Meanwhile, Sinotrans Innovation Technology Co., Ltd (hereinafter referred to as Sinotrans Innovation Technology), Shenzhen China Merchants Innovation Investment Fund Center (Limited Partnership)(hereinafter referred to as Merchants Innovation Investment Fund), Shenzhen Bida Enterprise Consulting Partnership (Limited Partnership) and Y2T, a wholly-owned subsidiary of Sinotrans Innovation Technology, jointly signed the Capital Increase Agreement and Shareholders' Agreement. Merchants Innovation Investment Fund subscribed Y2T's registered capital of RMB50 million with investment amount of RMB57million. Merchants Innovation Investment Fund contributed RMB57 million into Y2T in 2021.

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Notes to the Financial Statements

For the Year ended 31 December 2021

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

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's main financial instruments include cash and bank balances, trading financial assets, other non-current financial assets, accounts receivable, borrowings and payables. The details of financial instruments are set out in the notes to items mentioned above. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. These risk exposures are managed and monitored by the management of the Group to ensure that the risks above are controlled within a limited range.

1. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group engages in risk management with the objective of striking an appropriate balance between risks and rewards, minimizing the negative impact of risks on the Group's operating results, and maximizing the interests of shareholders and other equity investors. Based on this risk management objective, the Group's basic strategy for risk management is to identify and analyze the various risks to which the Group is exposed, establish appropriate risk tolerance floors and conduct risk management, and monitor the various risks in a timely and reliable manner to keep them within the limits.

(1) Market risk

1) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange risk relates primarily to USD, HKD and EUR. The Group's other major business activities are denominated and settled in RMB, except for the Group's companies established in the Hong Kong Special Administrative Region and outside Hong Kong, which make purchases and sales in the registered local currency. As at 31 December 2021, changes in the fair value or future cash flows arising from changes in exchange rates of assets and liabilities in respect of the USD, HKD and EUR balances as described in the table below may have an impact on the Group's results of operations.

Item	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
HKD	853,200,522.21	726,431,104.51	6,112,278,173.78	6,188,297,357.05
USD	9,655,917,711.92	6,628,147,823.67	4,042,951,232.54	3,660,983,608.23
EUR	332,958,044.10	295,960,785.01	2,106,331,178.77	1,922,611,037.04
Total	10,842,076,278.23	7,650,539,713.19	12,261,560,585.09	11,771,892,002.32

Note: The closing balances of foreign currency assets and liabilities are presented in RMB at the year-end exchange rate.

The Group pays close attention to the impact of exchange rate changes on the Group's foreign exchange risk. The management has made a policy requiring the Group to manage foreign exchange risk related to its functional currency to mitigate the impact of exchange rate fluctuations and to control foreign exchange risk by optimizing the structure of net foreign currency assets.

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (Continued)

1) Foreign exchange risk (Continued)

Sensitivity analysis of foreign exchange risk

With other variables remaining unchanged, the pre-tax effects of reasonable changes in the exchange rate on current profit or loss and shareholders' equity are as follows:

Exchange rate changes	Current year		Prior year	
	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	280,661,078.05	280,661,078.05	148,337,747.26	148,337,747.26
USD devaluation by 5% against RMB	-280,661,078.05	-280,661,078.05	-148,337,747.26	-148,337,747.26
HKD appreciation by 5% against RMB	-263,082,529.29	-263,082,529.29	-272,963,670.77	-272,963,670.77
HKD devaluation by 5% against RMB	263,082,529.29	263,082,529.29	272,963,670.77	272,963,670.77
EUR appreciation by 5% against RMB	-88,672,341.18	-88,672,341.18	-81,342,647.49	-81,342,647.49
EUR devaluation by 5% against RMB	88,672,341.18	88,672,341.18	81,342,647.49	81,342,647.49

2) Interest rate change risk

The Group's foreign currency borrowings were mainly floating rate borrowings in USD, HKD and EUR, the interest rates of which were not affected by the adjustment of the benchmark lending rate by the People's Bank of China.

The Group's major liabilities exposed to interest rate risk are short-term borrowings, bonds payable, long-term payables and long-term borrowings, etc.

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (Continued)

2) Interest rate change risk (Continued)

Sensibility analysis of interest rate risks

The sensibility analysis of interest rate risks is based on the following assumptions:

- Any changes in market interest rates affect interest income or expenses of financial instruments with variable interest rates.
- For financial instruments with fixed interest rates that are measured at fair value, any changes in market interest rates only affect their interest income or expenses.
- Any changes in fair value of other financial assets and liabilities that are calculated using the discounted cash flow method at the prevailing market interest rate at the date of statement of financial position.

On the basis of the above assumptions, and with other variables remaining unchanged, the pre-tax effects of the possible reasonable changes in interest rates on current profit or loss and shareholders' equity are as follows:

	Current year		Prior year	
	Effects on total profit	Pre-tax effects on shareholders' equity	Effects on total profit	Pre-tax effects on shareholders' equity
Interest rate changes				
Interest rate rises by 0.5%	-37,461,222.18	-37,461,222.18	-39,993,926.88	-39,993,926.88
Interest rate is lowered by 0.5%	37,461,222.18	37,461,222.18	39,993,926.88	39,993,926.88

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (Continued)

3) Other price risks

Held-for-trading financial assets, other equity instrument investments and other non-current financial assets held by the Group are measured at fair value at the date of statement of financial position. As a result, the Group bears the risk of price changes in the securities market. The Group adopts the method of holding multiple equity securities portfolios to reduce the price risk of equity securities investments. With other variables remaining unchanged, the pre-tax effects of the possible reasonable changes in stock prices on shareholders' equity are as follows:

Item	Stock price changes	Current year			Prior year		
		Effects on total profit	Effects on comprehensive income	Pre-tax effects on shareholders' equity	Effects on total profit	Effects on comprehensive income	Pre-tax effects on shareholders' equity
Held-for-trading financial assets	Stock price rises by 10%	69,462.35	-	69,462.35	69,256.54	-	69,256.54
Other non-current financial assets		21,683,269.79	-	21,683,269.79	-	-	-
Other equity instrument investments		-	2,633,637.06	2,633,637.06	-	2,160,563.15	2,160,563.15
Held-for-trading financial assets	Stock price falls by 10%	-69,462.35	-	-69,462.35	-69,256.54	-	-69,256.54
Other non-current financial assets		-21,683,269.79	-	-21,683,269.79	-	-	-
Other equity instrument investments		-	-2,633,637.06	-2,633,637.06	-	-2,160,563.15	-2,160,563.15

(2) Credit risk

As at 31 December 2021, the maximum credit risk exposure that is likely to cause financial losses to the Group was due primarily to the losses on the Group's financial assets arising from the failure of the other party to the contract to fulfill its obligations, including the carrying amount of the recognised financial assets in the consolidated statement of financial position; for financial instruments measured at fair value, the carrying amount reflects its risk exposure that is not the maximum, and its maximum risk exposure will change with future changes in fair value. In addition, it also includes losses to be paid for the performance of contingent obligations and financial guarantees, see the amount of financial guarantee contracts disclosed in Note IX. 41 "Estimated liabilities" and the Note X. 4. (6) "Related guarantees".

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(2) Credit risk (Continued)

In order to reduce the credit risk, the Group has set up a group to determine credit lines, conduct credit approvals and implement other monitoring procedures to ensure that any necessary measures are taken to recover overdue claims. In addition, the Group reviews the recovery of each individual receivable at the end of the reporting period to ensure that sufficient credit loss provision is made for amounts that are irrecoverable. As a result, the Group's management considers that the Group's credit risk has been reduced significantly.

See Note IV.9.2 for the Group's specific method for assessing whether credit risk has increased significantly since initial recognition, the basis for determining that credit impairment has occurred for financial assets, the portfolio method for assessing expected credit risk by dividing the portfolio into groups, and the policy for direct write-downs of financial instruments.

Except for the top five closing balance of "Accounts receivable" in Note IX. 4 and "Other receivables" in Note IX. 7, the Group has no other significant credit concentration risks

The Group's cash and cash equivalents are mainly bank deposits with related party non-bank financial institutions and reputable state-owned banks with high credit ratings and other large and medium-sized listed banks, and the Group do not consider the significant credit risk and losses incurred due to default.

As part of the Group's credit risk management, the Group uses the aging of accounts receivable to assess the expected credit losses on receivables arising from operations. This type of business involves a large number of small customers which have the similar risk characteristics. The aging information can reflect the solvency of these customers when the receivables are due. As at 31 December 2021, the credit risk and expected credit losses for the accounts receivable and contract assets of this type of business are as follows:

Item	Expected credit loss rate over the entire life (%)	Carrying amount	Credit loss provision
Within 1 year			
(including 1 year)	1.45	14,230,979,542.66	206,349,203.35
1 to 2 years			
(including 2 years)	41.68	87,324,716.02	36,396,941.59
2 to 3 years			
(including 3 years)	88.26	23,414,445.47	20,665,589.58
More than 3 years	100.00	88,069,145.69	88,069,145.69
Total	—	14,429,787,849.84	351,480,880.21

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(2) Credit risk (Continued)

The above expected credit loss rates throughout the renewal period are based on historical actual credit loss rates and take into account current conditions and projections of future economic conditions. During the period from 1 January 2021 to 30 June 2021, there have been no changes to the Group's valuation approach and material assumptions, except for the update of the impact related to the COVID-19 outbreak.

As at 31 December 2021, the maximum amount of financial guarantees provided by the Group for joint ventures and associates was RMB108,531,262.80. Details of the financial guarantee contracts are set out in Note X. 4. "(6) Related guarantees". As at 31 December 2021, the management of the Group assessed the overdue status of the relevant borrowings under the guarantees, the financial position of the relevant borrowers and the economic situation of the industry in which the debtors operate, and concluded that there was no significant increase in the relevant credit risk since the initial recognition of this part of the financial guarantee contract. Accordingly, the Group has no financial guarantee contracts classified as requiring a loss allowance to be measured at the expected credit losses over the entire life of the contract, and the above financial guarantee contracts are measured at the amount of their loss allowance for expected credit losses over the next 12 months. During the year from January 1, 2021 to 31 December 2021, there were no changes in the Group's assessment approach and material assumptions, except for the consideration of the impact related to the COVID-19 outbreak.

(3) Liquidity risk

In managing the liquidity risk, the Group's management believes that sufficient cash and cash equivalents should be maintained and monitored to meet the Group's business needs and to reduce the impact of cash flow fluctuations. The Group's management monitors the use of bank loans and ensures compliance with loan agreements.

The Group's unused bank borrowing facilities at the end of the year amounted to RMB21,840 million (31 December 2020: RMB19,702 million).

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(3) Liquidity risk (Continued)

According to the maturity date of undiscounted contract cash flows, the financial assets and liabilities held by the Group are analysed as follows:

Item	Carrying amount	Within 1 year	1 to 5 years	Over 5 years	Total
1. Non-derivative financial assets and liabilities					
Cash and bank balances	14,495,228,567.22	14,495,228,567.22	-	-	14,495,228,567.22
Held-for-trading financial assets	794,623.45	794,623.45	-	-	794,623.45
Bills receivable	43,212,806.04	43,212,806.04	-	-	43,212,806.04
Accounts receivable	14,187,268,046.00	14,712,117,360.21	-	-	14,712,117,360.21
Receivables financing	462,137,019.79	462,137,019.79	-	-	462,137,019.79
Other receivables	1,705,546,796.58	1,880,777,000.02	-	-	1,880,777,000.02
Other current assets	602,375,110.05	602,375,110.05	-	-	602,375,110.05
Other equity instrument investments	26,336,370.61	-	-	26,336,370.61	26,336,370.61
Other non-current financial assets	797,864,160.84	-	-	797,864,160.84	797,864,160.84
Long-term receivables	47,604,170.38	3,217,291.67	50,982,253.71	-	54,199,545.38
Short-term borrowings	438,453,511.69	448,144,882.99	-	-	448,144,882.99
Long-term borrowings	7,962,070,435.92	144,455,395.99	6,663,571,704.22	1,679,424,974.87	8,487,452,075.08
Accounts payable	13,868,678,889.96	13,868,678,889.96	-	-	13,868,678,889.96
Other payables	1,847,365,679.22	1,847,365,679.22	-	-	1,847,365,679.22
Non-current liabilities due					
within one year	946,334,185.61	1,039,292,196.00	-	-	1,039,292,196.00
Other current liabilities	317,808,684.84	317,808,684.84	-	-	317,808,684.84
Bonds payable	3,996,465,534.26	133,000,000.00	4,325,778,082.19	-	4,458,778,082.19
Lease liabilities	1,714,149,755.92	-	1,317,643,848.62	862,432,976.94	2,180,076,825.56
Long-term payables	117,923,603.36	4,394,491.04	51,984,735.60	84,574,712.33	140,953,938.97

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE

The fair value of financial assets and financial liabilities is determined in accordance with the following methods:

The fair value of financial assets and financial liabilities with standard terms and conditions and for which there is an active market is determined by reference to the corresponding active market prevailing bid price and prevailing asking price, respectively;

The fair value of other financial assets and financial liabilities (excluding derivatives) is determined in accordance with the common pricing model based on the discounted future cash flow method or recognized using observable current market prices;

The fair value of derivative instruments is determined using publicly quoted prices in active markets.

The Group's Management believes that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the financial statements approximate the fair values of those assets and liabilities.

The following table presents the fair value information and the level of the measurement at fair value at the end of the reporting period for the Group's assets and liabilities measured at fair value on a continuous and non-continuous basis at each balance sheet date. The level within which the results of the measurements at fair value fall depends on the lowest level of inputs that are significant to the measurement at fair value as a whole. The three levels of inputs are defined as:

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

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

Level III input value: the unobservable input value of related assets or liabilities.

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (CONTINUED)

(1) Assets measured at fair value on a continuous basis

Item	Fair value at the end of the year			Total
	Level I measurement at fair value	Level II measurement at fair value	Level III measurement at fair value	
I. Continuous measurement at fair value				
(I) Held-for-trading financial assets	694,623.45	-	100,000.00	794,623.45
1. Financial assets at fair value through profit or loss	694,623.45	-	100,000.00	794,623.45
(II) Receivables financing	-	462,137,019.79	-	462,137,019.79
(III) Other equity instrument investments	26,336,370.61	-	-	26,336,370.61
(IV) Other non-current financial assets	216,832,697.85	-	581,031,462.99	797,864,160.84
Total assets measured at fair value on a continuous basis	243,863,691.91	462,137,019.79	581,131,462.99	1,287,132,174.69

(2) Determination of market price of continuous and non-continuous basis of level I measurement at fair value

The Group's financial instruments included in Level I measurement at fair value are shares held in listed companies, both domestic and foreign, and the fair value is determined using the closing price of the open market on the last trading day of the balance sheet date.

(3) Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous items of level II measurement at fair value

The Group's financial instruments included in Level II measurement at fair value are bank acceptance bills held at fair value through other comprehensive income (receivables financing). The accepting banks for the bank acceptance bills held by the Group are mainly large commercial banks with high credit ratings, with maturities of less than 6 months and minimal credit risk. At the balance sheet date, the carrying amount of the bank acceptance bills receivable approximates its fair value.

(4) Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous items of level III measurement at fair value

The Group's financial instruments included in Level III measurement at fair value are primarily unlisted equity investments. The Group apply valuation techniques to determine the fair value of significant unlisted equity investments. The valuation model used is a market multiplier approach, and the input values to the valuation technique consist primarily of PE multiples of comparable listed companies, PB multiples and the lack of market liquidity discount parameters. The primary unobservable input value used is the lack of market liquidity discount. The higher the lack of a market liquidity discount, the lower the fair value.

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (CONTINUED)

(5) Reconciliation information between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous items of level III measurement at fair value

Reconciliation information between opening and closing carrying amounts:

Item	Opening balance	Transfer to Level III	Transfer from Level III	Total current gains or losses		Purchase, issuance, sale and settlement				Effects from translation in foreign currency statements	Closing balance	Unrealized gains or losses for the period through profit or loss on assets held at the reporting date	
				Included in profit or loss	Charge to other comprehensive income	Purchase	Issuance	Sale	Settlement				Others
Held-for-trading financial assets	2,600,000.00	-	-	-	-	-	-	2,500,000.00	-	-	-	100,000.00	-
Financial assets at fair value through profit or loss	2,600,000.00	-	-	-	-	-	-	2,500,000.00	-	-	-	100,000.00	-
—Investments in debt instruments	2,500,000.00	-	-	-	-	-	-	2,500,000.00	-	-	-	-	-
—Investments in equity instruments	100,000.00	-	-	-	-	-	-	-	-	-	-	100,000.00	-
Other non-current financial assets	871,156,840.33	-	185,709,054.50	-71,955,709.89	-	17,331,435.86	-	41,360,000.00	-	-8,122,321.98	-309,726.83	581,031,462.99	-71,955,709.89
Financial assets at fair value through profit or loss	871,156,840.33	-	185,709,054.50	-71,955,709.89	-	17,331,435.86	-	41,360,000.00	-	-8,122,321.98	-309,726.83	581,031,462.99	-71,955,709.89
—Investments in equity instruments	871,156,840.33	-	185,709,054.50	-71,955,709.89	-	17,331,435.86	-	41,360,000.00	-	-8,122,321.98	-309,726.83	581,031,462.99	-71,955,709.89
Total	873,756,840.33	-	185,709,054.50	-71,955,709.89	-	17,331,435.86	-	43,860,000.00	-	-8,122,321.98	-309,726.83	581,131,462.99	-71,955,709.89

Note: Dividend gains and disposal gains totaling RMB58,900,594.81 (gains and losses not in the current year) were obtained from the continuous items of Level III measurement at fair value during the year.

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (CONTINUED)

(5) Reconciliation information between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous items of level III measurement at fair value (Continued)

Sensitivity analysis of unobservable inputs:

Indicator changes	Current year	
	Effects on total profit	Pre-tax effects on shareholders' equity
Lack of market liquidity discount increased by 5%	-29,056,573.15	-29,056,573.15
Lack of market liquidity discount decreased by 5%	29,056,573.15	29,056,573.15

(6) Reasons for conversion and policy for determining the point of conversion for items that are continuously measured at fair value and that are converted between levels during the year

The Group's equity interest in JD Logistics, Inc. held through China Merchants Logistics Synergy Limited Partnership was initially included in level 3 financial instruments measured at fair value. On 28 May 2021, JD Logistics, Inc. was successfully listed on the Hong Kong Stock(HK.02618), and was adjusted to be the level 1 fair value measurement financial instruments.

(7) Changes in valuation techniques occurred during the year and reasons for the changes

There were no changes in valuation techniques of the Group during the year.

(8) Fair value of financial assets and financial liabilities not measured at fair value

According to the Group's Management, the carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements approximates their fair value as at 31 December 2021.

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

3. CAPITAL MANAGEMENT

The Group's capital management objectives are to safeguard the Group's continuing operations in order to provide returns to shareholders and other equity holders while maintaining an optimal capital structure to reduce the cost of capital. The Group manages capital using a leverage ratio, which is defined as the ratio of net liabilities and adjusted capital and net liabilities. There are no changes to the Group's capital management objectives, policies or procedures for FY2021 and FY2020. The Group's leverage ratio at the date of the statement of financial position is as follows:

Item	31 December 2021	31 December 2020
Short-term borrowings	438,453,511.69	502,472,110.58
Non-current liabilities due within one year	946,334,185.61	6,251,548,647.08
Long-term borrowings	7,962,070,435.92	6,256,458,851.14
Bonds payable	3,996,465,534.26	–
Long-term payables	117,923,603.36	196,455,630.50
Lease liabilities	1,714,149,755.92	1,800,066,318.62
Less: cash and cash equivalents	14,209,725,314.24	11,292,435,757.31
Net liability	965,671,712.52	3,714,565,800.61
Shareholders' equity	35,048,063,160.90	32,250,778,496.68
Shareholders' equity and net liabilities	36,013,734,873.42	35,965,344,297.29
Leverage ratio	3%	10%

XII. CONTINGENCIES

Item	Closing balance	Opening balance
Contingent liabilities arising from external guarantees:	—	—
– Loan guarantee for fellow subsidiaries	4,580,247,098.78	7,172,678,982.44
– Loan guarantee for joint ventures	–	10,882,711.86
– Loan guarantee for associates	108,531,262.80	106,294,399.10
Total	4,688,778,361.58	7,289,856,093.40

Note 1: China Marine Shipping Agency Ningbo Co., Ltd., a subsidiary of the Group, has provided payment guarantees to Mega Trend Shipping Limited, Bal Container Line Co., Ltd. at the request of the port for the charges received and paid on behalf of the port for handling cargoes. All of the above guarantees have been provided with counter-guarantee measures.

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XII. CONTINGENCIES (CONTINUED)

(1) AS AT 31 DECEMBER 2021, THE GROUP'S SIGNIFICANT PENDING LITIGATION AND ARBITRATION WERE AS FOLLOWS

Concerned Parties	Litigation/deputy content	Amounts involved (RMB10,000)	Recognised expected liabilities (RMB10,000)	Litigation/ deputy status
Significant pending litigation, arbitration:	—	31,810.57	14,396.62	—
Xiamen Aviation Development Co., Ltd.	The Group provided transportation services to the other party in 2020 and a dispute arose because the storage site for the goods was seized by the court and the goods could not be handed over to a third party with the permission of the other party.	16,325.53	14,254.62	First trial
Taizhou Medical City Huaying Trading Co., Ltd.	The Group purchased drugs from the other party for sale to third parties in 2016 and did not make payments to the sellers of the drugs because the third parties defaulted on the payments.	8,666.12	—	Second trial in progress
Shanxi Coke Group International Trade Co., Ltd.	The Group provided import customs clearance and inspection agency services to the other party and a third party in 2013. The Group was involved because the other party failed to release the goods in accordance with the agreed instructions and a dispute arose with the third party.	3,459.06	142.00	Retrial in progress
China Eastern Air Holding Company	The other party enters into a lease contract with the Group, and the Group subleases to a third party. The Group was involved because the third party defaults on rent payments.	2,001.39	—	First trial
Beijing Zhonghe Pawn Co., Ltd.	In 2011, the other party announced that it had entered into a logistics supervision agreement with the Group, and the Group was involved in a dispute between the other party and a third party.	1,358.47	—	First trial
Major cargo damage disputes (not yet sued):	—	8,304.94	7,866.80	—
Aircraft Maintenance & Engineering Co., Ltd.	The Group had a cargo damage dispute with Beijing Aircraft Maintenance Engineering Co., Ltd. in 2021 for the provision of transportation services.	3,877.79	3,877.79	—
Jiangxi Ganzhong Foreign Trade Development Co., Ltd.	In 2017, the Group had a dispute with Jiangxi Ganzhong Foreign Trade Development Co., Ltd. for the provision of agency storage services.	2,771.40	2,771.40	—
Xi'an Eswin Silicon Wafer Technology Co., Ltd.	The Group was involved in a cargo damage dispute with Xi'an Eswin Silicon Wafer Technology Co., Ltd. in 2021 for the provision of transportation services.	1,655.75	1,217.61	—

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XII. CONTINGENCIES (CONTINUED)

(2) CONTINGENT LIABILITIES ARISING FROM OTHER MATTERS OF THE GROUP AS AT 31 DECEMBER 2021

The details of capital commitments are described in Note XIII.

(3) AS AT 31 DECEMBER 2021, THERE WERE NO CONTINGENT ASSETS RESULTING FROM THE CONTINGENT EVENTS.

XIII. CAPITAL COMMITMENT

Item	Closing amount	Opening amount
Capital expenditures contracted but not recognised in the financial statements	—	—
– Purchase and construction of assets	1,077,779,842.13	1,508,391,352.62
– Investments in associates, joint ventures and other invested entities (note)	183,909,543.10	63,981,400.07
– Port investment projects	35,574,390.84	83,271,980.86
Total	1,297,263,776.07	1,655,644,733.55

Note: On 1 February 2018, according to the National Development and Reform Commission's approval on the approval of China Merchants Logistics Group Co., Ltd. to jointly establish the China-Belarus Industrial Investment Fund Project (Fa Gai Wai Zi No.214 [2018]), the China-Belarus Industrial Investment fund was established in the Cayman Islands and adopted a limited partnership. China Merchants Logistics Group Co., Ltd., a subsidiary of the Group, is a limited partner and has agreed to contribute USD15 million. As at 31 December 2021, it has invested USD9.5246 million, and the amount committed but not funded is approximately RMB34,909,543.10.

On 11 June 2021, the Company signed a Partnership Agreement with related parties, China Merchants Innovation Investment Management Co., Ltd. and Shenzhen China Merchants Innovation Investment Fund Center (Limited Partnership), to jointly established China Merchants Sinotrans (Shenzhen) Industry Innovation Private Equity Investment Fund Partnership (Limited Partnership), with the Company as a limited partner contributing RMB150 million. As at 31 December 2021, the aforementioned partnership has been registered and the Company contributed established RMB1 million, with uncommitted capital of RMB149 million.

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

XIV. NON-ADJUSTMENT EVENTS AFTER THE DATE OF THE BALANCE SHEET

(1) PROFIT DISTRIBUTION PLAN

Approved by the resolution of the Third Meeting of the Tenth Session of the Board of Directors of the Company held on March 29, 2022, the Company intends to distribute a cash dividend of RMB0.18 (including tax) per share (2020: RMB0.12 (including tax) per share) based on the total share capital of 7,400,803,875 shares registered on the equity registration date for the implementation of equity distribution in 2021, with an estimated distribution of RMB1,332,144,697.50. The profit distribution plan is subject to the approval of the Company's Shareholders' Meeting

(2) STOCK OPTION INCENTIVE PLAN

Approved by the Board of Directors, the Supervisory Committee, SASAC and the First Extraordinary General Meeting of 2022, the Company granted 73,925,800 stock options to 186 incentive recipients with the grant price of RMB4.29 per share on January 25, 2022, and the registration of the stock option grant was completed on March 1, 2022. The exercise period of the stock options granted under this incentive plan is 5 years, and the lock-up period is 24 months from the date of grant of stock options, and the stock options are exercised in installments, and the source of the stock options is the A-share ordinary stock repurchased by the Company. Based on the fair market price, expected volatility and other parameters, the total value of 73,925,800 stock options to be granted under this incentive plan, i.e. is the total incentive cost of RMB92.045 million of the Company by preliminary calculations. This cost is not the true cost incurred for this grant of stock options. This cost will be amortized over a period of 48 months from the date of grant.

XV. EXCHANGE OF NON-MONETARY ASSETS

There were no exchange of non-monetary assets during the year.

XVI. DEBT RESTRUCTURING

(1) CREDITOR DISCLOSURE

Debt restructuring method	Debt book balance	Provision for credit impairment incurred	Amount of loss on debt restructuring	Increase in held for trading assets	Percentage of debtor's equity (%)
A combination of debt to equity instruments, etc.	200,000.00	-	-13,664.08	21,955.92	—

Note: Prior to the debt restructuring, Sinoair, a subsidiary of the Group, due from Hainan Airlines Holdings Co.,Ltd(hereinafter referred to as HNA Holdings, Stock code: *ST HNA) is RMB200,000. As a result of the bankruptcy reorganization of HNA Holdings, the aforesaid claim of RMB200,000 was settled in accordance with the reorganization plan of HNA Holdings: no more than RMB100,000 shall be settled in cash in one lump sum, 35.61% (approximately RMB35,600) of the portion exceeding RMB100,000 was settled in *ST HNA shares at an offsetting price of RMB3.18 per share, equivalent to approximately 11,202 shares. The remaining 64.39% (approximately RMB64,400) was settled by HNA Group Limited and other related parties.

The Group has received the aforementioned cash settlement portion of RMB0.1 million and received 11,202 shares of *ST HNA on 8 December 2021. The Group recognized the difference between the share price of RMB1.96 per share and the offsetting price of RMB3.18 per share on that date as a loss on debt restructuring of RMB13,664.08.

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

1. CASH AND BANK BALANCES

Item	Closing balance			Opening balance		
	Amount in original currency	Exchange rate	Amount in RMB	Amount in original currency	Exchange rate	Amount in RMB
Cash on hand	—	—	98,233.99	—	—	170,838.00
Including: RMB	85,234.16	1.0000	85,234.16	56,743.16	1.0000	56,743.16
USD	252.74	6.3757	1,611.40	15,043.74	6.5249	98,158.90
Others	—	—	11,388.43	—	—	15,935.94
Cash at banks	—	—	6,680,247,881.39	—	—	4,616,224,890.34
Including: RMB	4,969,091,002.40	1.0000	4,969,091,002.40	4,518,450,875.79	1.0000	4,518,450,875.79
USD	268,333,437.98	6.3757	1,710,813,500.55	14,925,338.95	6.5249	97,386,344.13
Others	—	—	343,378.44	—	—	387,670.42
Other cash and bank balances	—	—	247,225,829.84	—	—	40,526,468.90
Including: RMB	247,225,829.84	1.0000	247,225,829.84	40,526,468.90	1.0000	40,526,468.90
Total	—	—	6,927,571,945.22	—	—	4,656,922,197.24
Including: total amount deposited abroad	—	—	-	—	—	291,228.26

(1) Restricted use of cash and cash equivalents at the end of the year

Item	Closing balance	Opening balance	Reasons for restricted use
Equity acquisition payment	170,000,000.00	—	Escrow account fund
Interest receivable	76,683,790.84	39,984,811.64	Not yet settled
Credit card deposits	134,797.50	134,797.50	Credit card deposits
Security margin	107,241.50	106,859.76	Security margin
Performance bond	300,000.00	300,000.00	Performance guarantee
Total	247,225,829.84	40,526,468.90	—

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For the Year ended 31 December 2021

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. BILLS RECEIVABLE

(1) Classification of bills receivable

Type	Closing balance	Opening balance
Commercial acceptances bills	1,747,848.96	–
Total	1,747,848.96	–

(2) There was no pledged bills receivable at the end of the year.

(3) The closing balance of endorsed or discounted bills receivable not yet due at the balance sheet date

Type	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Commercial acceptances bills	–	1,747,848.96
Total	–	1,747,848.96

(4) There were no bills transferred to accounts receivable due to non-performance by the drawer at the end of the year.

(5) As at 31 December 2021 and 31 December 2020, there were no commercial acceptance bills held by the Group subjected to significant credit risk and resulted in significant losses due to default (Bills receivable are expected to be collected in full), therefore, there was no credit loss provision incurred.

3. ACCOUNTS RECEIVABLE

(1) Overall status of accounts receivable.

Item	Closing balance	Opening balance
Accounts receivables	667,907,237.50	583,464,420.77
Less: Credit loss provision	48,837,241.61	55,630,418.06
Total	619,069,995.89	527,834,002.71

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(2) Classification of accounts receivable

Item	Original value				Credit loss provision				Total	Net value	Original currency	Credit loss accrual reasons	Closing amount of original value
	Less than 180 days	180 days to 1 year	2 to 3 years	More than 3 years	1 to 2 years	180 days to 1 year	2 to 3 years	More than 3 years					
Low-risk portfolio	98,839,916.88	17,589,880.25	2,674,105.57	3,483,651.90	966,529.24	123,553,447.64	-	-	-	123,553,447.64	RMB, USD	Note 1	123,553,447.64
Normal risk portfolio	414,794,515.25	72,185,247.62	24,581,882.32	11,207,197.47	8,867,491.03	531,666,073.69	10,245,646.17	9,981,172.49	8,867,491.03	485,516,548.25		Note 2	531,666,073.69
Accounts receivable with individual credit loss provision	-	-	4,755,762.03	6,275,974.78	1,755,988.36	12,787,716.17	-	6,275,974.78	1,755,988.36	-		High individual risk	12,787,716.17
Total	513,634,432.13	89,775,127.87	32,011,539.92	20,966,824.15	11,579,946.63	667,937,237.50	6,099,156.67	16,674,472.77	10,613,420.39	619,069,995.89			667,937,237.50

Note 1: The accounts receivable in the Company's low-risk portfolio is mainly receivable from related parties, joint ventures, associates and their subsidiaries within the scope of China Merchants consolidated financial statements, which are low credit risk. If the credit risk of entities mentioned above deteriorates, the Company adjusts them to the normal risk portfolio or to accounts receivable with individual credit loss provision.

Note 2: The Company's normal risk portfolio are accounts receivable other than the low-risk portfolio and individual credit loss provision, for which aging is used as a significant credit risk characteristic. The expected credit loss rate determined by the age-based migration rate and the historical loss rate, through the forward adjustment, represents a reasonable estimate of expected credit losses.

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VII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Overall aging of accounts receivable

The aging analysis of accounts receivable based on the transaction dates is as follows:

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	603,348,929.80	90.34	7,054,976.75	503,085,290.53	86.22	5,459,048.00
1 to 2 years (including 2 years)	32,011,539.92	4.79	15,001,397.20	57,294,508.29	9.82	30,963,944.14
2 to 3 years (including 3 years)	20,966,824.15	3.14	16,167,447.27	6,650,295.46	1.14	5,696,636.69
More than 3 years	11,579,943.63	1.73	10,613,420.39	16,434,326.49	2.82	13,510,789.23
Total	667,907,237.50	100.00	48,837,241.61	583,464,420.77	100.00	55,630,418.06

(4) Accounts receivable of low-risk portfolio

Item	Book balance	Expected credit loss rate over the entire life	Credit loss provision
Accounts receivables from related parties	123,553,447.64	—	—
Total	123,553,447.64	—	—

(5) Accounts receivable of normal risk portfolio

Item	Book balance	Expected credit loss rate over the entire life	Credit loss provision
Within 1 year (including 1 year)	486,919,762.87	1.45	7,054,976.75
1 to 2 years (including 2 years)	24,581,682.32	41.68	10,245,645.17
2 to 3 years (including 3 years)	11,207,197.47	88.26	9,891,472.49
More than 3 years	8,857,431.03	100.00	8,857,431.03
Total	531,566,073.69	—	36,049,525.44

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(6) Changes in the credit loss provision for accounts receivable during the year

Item	Opening balance	Accrual	Changes in current year			Closing balance
			Recovery or reversal	Carry-forward or write-off	Other changes	
Current year	55,630,418.06	4,442,806.41	11,225,530.76	10,452.10	—	48,837,241.61
Prior year	64,261,468.67	-6,604,963.63	—	2,122,028.57	95,941.59	55,630,418.06

(7) Significant credit loss provision recovered or reversed during the year

Company name	Book balance of accounts receivable	Reason for recovery or reversal	Basis for determining the original credit losses provision	Accumulated amount of credit loss provision before recovery or reversal	Recovered or Reversal amount
Entity 1	4,601,096.44	Payment recovery	Dispute	4,601,096.44	2,843,861.64
Entity 2	1,645,012.42	Payment recovery	Dispute	1,645,012.42	1,645,012.42
Entity 3	1,379,397.23	Payment recovery	Dispute	1,379,397.23	1,379,397.23
Entity 4	1,345,170.85	Payment recovery	Dispute	1,345,170.85	1,345,170.85
Others	5,634,127.66	Payment recovery	Disputes, etc.	5,634,127.66	4,012,088.62
Total	14,604,804.60	—	—	14,604,804.60	11,225,530.76

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(8) Accounts receivable actually write-off during the reporting period

Company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related parties transactions
Entity 1	Logistics Business	10,452.10	Uncollectible	Approved by the General Manager's Office	No
Total	—	10,452.10	—	—	—

- (9) There were no outstanding amounts due from shareholders' entities holding 5% (including 5%) voting shares of the Company at the end of the year..

(10) Top five in terms of accounts receivable

Company name	Relationship with the Company	Amount	Aging	Credit loss provision	Percentage of total accounts receivable (%)
Sinotrans Central China Co., Ltd.	Subsidiary	53,951,807.02	Within 1 year	—	8.08
Entity 1	Client	49,749,001.40	Within 1 year	721,360.52	7.45
Hunan Zhongnan International Land Port Co., Ltd.	Subsidiary	41,061,353.35	Within 1 year	—	6.15
Entity 2	Client	33,046,544.68	Within 1 year	479,174.90	4.95
Entity 3	Client	29,656,844.93	Within 1 year, 2 to 3 years	576,345.87	4.44
Total	—	207,465,551.38	—	1,776,881.29	31.07

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(11) Accounts receivable from related parties

Company name	Relationship with the Company	Amount	Aging	Percentage of total accounts receivable (%)	Credit loss provision
Sinotrans Central China Co., Ltd.	Subsidiary	53,951,807.02	Within 1 year	8.08	—
Hunan Zhongnan International Land Port Co., Ltd.	Subsidiary	41,061,353.35	Within 1 year	6.15	—
Sinotrans Middle East Co., Ltd.	Subsidiary	6,392,495.55	More than 1 year	0.96	—
Sinotrans Gansu Co., Ltd.	Subsidiary	5,293,123.84	Within 1 year	0.79	—
Others	Subsidiary	16,854,667.88	Within 3 year, more than 3 year	2.52	—
Total	—	123,553,447.64	—	18.50	—

(12) There was no accounts receivable derecognized due to the transfer of financial assets during the year.

(13) As at 31 December 2021, there was no accounts receivable transferred, such as securitization and factoring with accounts receivable, that continued to be involved in assets and liabilities recognised.

4. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bills receivable	16,840,375.57	1,700,000.00
Including: bank acceptance bills	16,840,375.57	1,700,000.00
Total	16,840,375.57	1,700,000.00

Note: Bank acceptance bills held by the Company at fair value through other comprehensive income are mainly accepted by large commercial banks with high credit ratings, with maturities of less than 6 months and very low credit risk. At the balance sheet date, the carrying amount of bank acceptance received approximates to the fair value.

(1) There were no bank acceptance bills due to defective endorsement, etc. at the end of year.

(2) There was no pledged bills receivable at the end of the year.

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. RECEIVABLES FINANCING (CONTINUED)

- (3) The closing balance of endorsed or discounted bills receivable not yet due at the balance sheet date.

Type	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Bank acceptance bills	58,649,661.81	–
Total	58,649,661.81	–

Note: The Company determines whether the bank acceptance bills receivable should be derecognised upon endorsement or discounting based on the credit risk rating of the acceptance bank. As the acceptance bank of the bank acceptance bills obtained by the Company are mainly large commercial banks and listed joint-stock commercial banks with high credit ratings, and other bank acceptance bills do not account for a significant proportion and the individual amounts are small and numerous, the Company derecognizes bank acceptance bills upon endorsement or discounting based on the materiality principle, unless public information indicates that there are significant abnormal changes in the credit risk of the acceptance bank..

- (4) As at 31 December 2021, there was no bills receivable converted (Bank acceptance bills) into accounts receivable due to non-performance by the drawer.(31 December 2020:Nil).
- (5) As at 31 December 2021 and 31 December 2020, there were no bank acceptance bills held by the Group subjected to significant credit risk and resulted in significant losses due to default (bills receivable are expected to be fully recoverable); therefore, there was no credit losses provision incurred.
- (6) There was no bills receivable mentioned above from shareholder holding more than 5% (including 5%) voting shares of the Company.
- (7) The maturity date of the bills receivable mentioned above is all within 360 days.

5. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivables	–	–
Dividend receivables	26,872,094.63	46,872,094.63
Other receivables	8,728,649,402.54	8,377,878,292.21
Total	8,755,521,497.17	8,424,750,386.84

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(1) Dividend receivables

Invested entities	Opening balance	Increase due to changes in the scope of consolidation	Increase in current year	Decrease in current year	Effects from translation in foreign currency statements	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Dividend receivables aged within 1 year	-	-	3,156,512,089.56	3,156,512,089.56	-	-	—	—
Including: DHL-Sinotrans International Air Courier Ltd.	-	-	1,215,963,848.79	1,215,963,848.79	-	-	—	No
Sinotrans Air Transport Development Co., Ltd.	-	-	1,201,835,957.02	1,201,835,957.02	-	-	—	No
Sinotrans Central China Co., Ltd.	-	-	223,223,479.82	223,223,479.82	-	-	—	No
Sinotrans South China Co., Ltd.	-	-	160,877,972.55	160,877,972.55	-	-	—	No
Sinotrans Changjiang Co., Ltd.	-	-	103,046,936.26	103,046,936.26	-	-	—	No
Sinotrans North China Co., Ltd.	-	-	47,875,221.85	47,875,221.85	-	-	—	No
Sinotrans Logistics Co., Ltd.	-	-	46,775,842.49	46,775,842.49	-	-	—	No
China Southern Airlines Logistics Co., Ltd.	-	-	44,239,920.06	44,239,920.06	-	-	—	No
Sinotrans Fujian Co., Ltd.	-	-	31,009,858.32	31,009,858.32	-	-	—	No
Jiangsu Jiangyin Port Group Co., Ltd.	-	-	15,795,000.00	15,795,000.00	-	-	—	No
Sinotrans Northeast Co. Ltd.	-	-	13,789,745.81	13,789,745.81	-	-	—	No
Sinotrans Chongqing Company	-	-	9,551,751.94	9,551,751.94	-	-	—	No
Sinotrans (Japan) Co., Ltd.	-	-	9,228,508.99	9,228,508.99	-	-	—	No
Sinotrans Heavy-lift Logistics Co., Ltd.	-	-	7,609,451.97	7,609,451.97	-	-	—	No
China Marine Shipping Agency Co., Ltd.	-	-	7,000,000.00	7,000,000.00	-	-	—	No
Sinotrans Korea Shipping Co., Ltd.	-	-	6,528,657.41	6,528,657.41	-	-	—	No
Wuhu Sanshan Port Co., Ltd.	-	-	5,000,000.00	5,000,000.00	-	-	—	No
Nissin-Sinotrans International Logistics Co., Ltd.	-	-	5,000,000.00	5,000,000.00	-	-	—	No
Ma'anshan Tianshun Port Co., Ltd.	-	-	1,400,000.00	1,400,000.00	-	-	—	No
Shanghai Tongyun International Logistics Co., Ltd.	-	-	408,163.27	408,163.27	-	-	—	No
New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	-	351,773.01	351,773.01	-	-	—	No
Dividend receivables aged over 1 year	46,872,094.63	-	214,327,211.87	234,327,211.87	-	26,872,094.63	—	—
Including: China United Tally Co., Ltd.	20,000,000.00	-	-	20,000,000.00	-	-	—	No
Sinotrans Eastern Company Limited	10,904,887.09	-	214,327,211.87	214,327,211.87	-	10,904,887.09	Support the	No
Sinotrans Anhui Co., Ltd.	8,067,261.02	-	-	-	-	8,067,261.02	development of	No
Trade Sky International Limited	3,241,600.00	-	-	-	-	3,241,600.00	subsidiary	No
China International Exhibition Transportation Co., Ltd.	2,797,362.80	-	-	-	-	2,797,362.80	Incomplete payment approval process	No
SINOTRANS ALMAJDOUIE MIDDLE EAST CO.,LTD.	1,860,983.72	-	-	-	-	1,860,983.72	Incomplete payment approval process	No
Total	46,872,094.63	-	3,370,839,301.43	3,390,839,301.43	-	26,872,094.63	—	—

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables

1) Classification of other receivables

Item	Original value						Credit loss provision				Original currency	Net value	Total	Closing amount of original value	Credit loss accrual reasons	
	Aging						Aging									
	Less than 180 days	180 days to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total	Less than 180 days	180 days to 1 year	1 to 2 years	2 to 3 years						More than 3 years
Low-risk portfolio	2,489,124,064.95	238,649,627.91	407,417,520.52	2,229,071,096.90	3,354,387,992.26	8,728,649,402.54	-	-	-	-	-	-	8,728,649,402.54	8,728,649,402.54	Note 1	
Normal risk portfolio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Note 2
Other receivables with individual credit loss provision	-	-	-	30,000.00	1,140,000.00	1,170,000.00	-	-	-	30,000.00	1,140,000.00	1,170,000.00	-	1,170,000.00	High individual risk	
Total	2,489,124,064.95	238,649,627.91	407,417,520.52	2,229,101,096.90	3,355,327,992.26	8,728,649,402.54	-	-	-	30,000.00	1,140,000.00	1,170,000.00	8,728,649,402.54	8,728,649,402.54	-	

Note 1: The other receivables in the Company's low-risk portfolio are mainly receivable from government entities, related parties within the scope of China Merchants' consolidated financial statements, joint ventures, associates and their subsidiaries, etc., as well as deposits and guarantee deposits, which are low credit risk. If the credit risk entities mentioned above deteriorates, the Company adjusts them to the normal risk portfolio or to other receivables with individual credit loss provision.

Note 2: The Company's normal risk portfolio are other receivables other than the low-risk portfolio and individual credit loss provision, for which aging is the significant credit risk characteristic.

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

2) Analysis by nature of payments

Item	Closing balance			Opening balance		
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount
Related party payments	8,714,062,278.86	-	8,714,062,278.86	8,282,878,921.15	-	8,282,878,921.15
Advances	8,323,187.39	-	8,323,187.39	81,518,729.61	-	81,518,729.61
Deposits, collateral	5,962,096.62	1,170,000.00	4,792,096.62	9,299,200.99	-	9,299,200.99
Reserves	1,359,645.42	-	1,359,645.42	3,719,289.12	-	3,719,289.12
Others	112,194.25	-	112,194.25	462,151.34	-	462,151.34
Total	8,729,819,402.54	1,170,000.00	8,728,649,402.54	8,377,878,292.21	-	8,377,878,292.21

3) Analysis by aging

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	2,737,773,692.86	31.36	-	1,029,157,740.61	12.28	-
1 to 2 years (including 2 years)	407,417,520.52	4.67	-	3,931,571,048.87	46.93	-
2 to 3 years (including 3 years)	2,229,101,096.90	25.53	30,000.00	74,542,452.62	0.89	-
More than 3 years	3,355,527,092.26	38.44	1,140,000.00	3,342,607,050.11	39.90	-
Total	8,729,819,402.54	100.00	1,170,000.00	8,377,878,292.21	100.00	-

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(Unless indicated otherwise, all amounts are expressed in RMB)

XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

4) Credit loss provision for other receivables accrued, recovered or reversed during the year

Credit loss provision	Stage 1 12-month expected credit losses	Stage 2 Expected credit losses over the entire life (not credit-impaired)	Stage 3 Expected credit losses over the entire life(credit- impaired)	Total
Opening balance	-	-	-	-
Opening balance in the current year:	—	—	—	—
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Accrual in current year	-	-	1,170,000.00	1,170,000.00
Reversal in current year	-	-	-	-
Carry forward in current year	-	-	-	-
Write-off in current year	-	-	-	-
Other changes	-	-	-	-
Closing balance	-	-	1,170,000.00	1,170,000.00

5) Changes in the book balance of other receivables

Book balance	Stage 1 12-month expected credit losses	Stage 2 Expected credit losses over the entire life (not credit-impaired)	Stage 3 Expected credit losses over the entire life (credit- impaired)	Total
Opening balance	8,377,878,292.21	-	-	8,377,878,292.21
Opening balance in the current year:	—	—	—	—
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-1,170,000.00	-	1,170,000.00	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Accrual in current year	351,941,110.33	-	-	351,941,110.33
Derecognised in current year	-	-	-	-
Other changes	-	-	-	-
Closing balance	8,728,649,402.54	-	1,170,000.00	8,729,819,402.54

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

- 6) There was no significant allowance for credit losses recovered or reversed during the year.
- 7) There were no other receivables actually write-off during the reporting period.
- 8) **Outstanding debts of shareholders holding more than 5% (including 5%) voting shares of the Company**

Company name	Closing balance		Opening balance	
	Amount owed	Credit loss provision	Amount owed	Credit loss provision
SINOTRANS & CSC	42,888,708.00	-	40,000,000.00	-
Total	42,888,708.00	-	40,000,000.00	-

9) The top five of the closing balances in other receivables

Company name	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)	Credit loss provision	Nature or content
Sinotrans Logistics Co., Ltd.	Subsidiary	2,512,313,715.66	Within 1 year, 1 to 2 years, 2 to 3 years	28.78	-	Related party payments
Sinotrans (HK) Logistics Limited	Subsidiary	1,548,910,954.39	1 to 2 years, 2 to 3 years, more than 3 years	17.74	-	Related party payments
Sinotrans South China Co., Ltd.	Subsidiary	1,443,757,379.28	Within 1 year, 1 to 2 years, 2 to 3 years, more than 3 years	16.54	-	Related party payments
Sinotrans Cross Border E-commerce Logistics Co., Ltd.	Subsidiary	500,000,000.00	Within 1 year	5.73	-	Related party payments
Sinotrans Eastern Company Limited	Subsidiary	483,255,488.02	Within 1 year, 2 to 3 years, more than 3 years	5.54	-	Related party payments
Total	—	6,488,237,537.35	—	74.33	-	—

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

10) Receivables from related parties

Company name	Relationship with the Company	Amount	Percentage of total other receivables (%)
Sinotrans Logistics Co., Ltd.	Subsidiary	2,512,313,715.66	28.78
Sinotrans (HK) Logistics Limited	Subsidiary	1,548,910,954.39	17.74
Sinotrans South China Co., Ltd.	Subsidiary	1,443,757,379.28	16.54
Sinotrans Cross Border E-commerce Logistics Co., Ltd.	Subsidiary	500,000,000.00	5.73
Sinotrans Eastern Company Limited	Subsidiary	483,255,488.02	5.54
Sinotrans Central China Co., Ltd.	Subsidiary	303,257,101.23	3.47
Sinotrans Logistics Development Co., Ltd.	Subsidiary	291,523,596.51	3.34
Sinotrans Fujian Co., Ltd.	Subsidiary	172,886,603.84	1.98
Sinotrans Changjiang Co., Ltd.	Subsidiary	169,632,739.15	1.94
Sinotrans (Ningbo) Meishan Free Trade Port International Logistics Co., Ltd.	Subsidiary	130,590,000.00	1.50
Sinotrans Landbridge Transportation Co., Ltd.	Subsidiary	129,083,276.98	1.48
Sinotrans Guangxi Co., Ltd.	Subsidiary	114,849,912.69	1.32
Sinotrans Logistics Investment Holdings Co., Ltd.	Subsidiary	105,940,000.00	1.21
Sinotrans Heavy-lift Logistics Co., Ltd.	Subsidiary	98,787,251.84	1.13
Shenzhen Sinotrans Logistics Co., Ltd.	Subsidiary	80,137,561.33	0.92
Sinotrans Northeast Co. Ltd	Subsidiary	76,501,330.27	0.88
Sinotrans Cold Chain Logistics Co., Ltd.	Subsidiary	68,612,357.60	0.79
Sinotrans Innovative Technology Co., Ltd.	Subsidiary	64,474,803.08	0.74
Zhongshan Sinotrans Logistics Co., Ltd.	Subsidiary	56,660,000.00	0.65
SINOTRANS & CSC	Under the control of the ultimate controlling party	42,888,708.00	0.49
Dongying Sinotrans Logistics Co., Ltd.	Subsidiary	40,900,000.00	0.47
Sinotrans Chemical International Logistics Co., Ltd.	Subsidiary	23,778,309.15	0.27
Guangdong Sinotrans Huangpu Warehouse Code Co., Ltd.	Subsidiary	20,000,000.00	0.23
Sinotrans Changjiang Shipping Co., Ltd.	Subsidiary	19,105,730.74	0.22
SINOTRANS OVERSEAS DEVELOPMENT LIMITED	Subsidiary	18,449,553.90	0.21
Others	—	197,765,905.20	2.27
Total	—	8,714,062,278.86	99.84

- 11) There were no other receivables derecognized due to the transfer of financial assets during the year.

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(Unless indicated otherwise, all amounts are expressed in RMB)

XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

12) As at 31 December 2021, there were no other receivables transferred, such as securitization and factoring with other receivables, that continues to be involved in assets and liabilities recognised.

13) There were no prepayments transferred to other receivables during the year.

6. LONG-TERM RECEIVABLES

Item	Closing balance		Opening balance	Range of discount rates range at the end of the year	
	Book balance	Impairment provision Carrying amount		Book balance	Impairment provision Carrying amount
Related party loan	1,757,633,449.19	- 1,757,633,449.19	1,843,402,674.07	- 1,843,402,674.07	1.2%-12.5%
Total	1,757,633,449.19	- 1,757,633,449.19	1,843,402,674.07	- 1,843,402,674.07	—
Less: portion due within one year	320,564,380.15	- 320,564,380.15	244,007,172.47	- 244,007,172.47	—
Long-term receivables due after one year	1,437,069,069.04	- 1,437,069,069.04	1,599,395,501.60	- 1,599,395,501.60	—

Note: The Company's long-term receivables include entrusted loans to subsidiaries of RMB1,697,288,449.19, loans to a joint venture, Suzhou Logistics Center, of RMB35,625,000.00 and loans to an associate, Shanghai Pu'an, of RMB24,720,000.00, of which long-term receivables due within one year were RMB306,239,380.15, RMB7,125,000.00 and RMB7,200,000.00, respectively. The details of the loans to Suzhou Logistics Center and Shanghai Pu'an are described in Note IX.11.

7. LONG-TERM EQUITY INVESTMENTS

(1) Classification of long-term equity investments

Item	Opening balance	Increase in current year	Decrease in current year	Other increase	Effects of changes in the scope of consolidation	Effects from translation in foreign currency statements	Closing balance
Investment in subsidiary	18,609,436,136.23	75,000,000.00	2,740,966,969.34	-	308,972,458.68	-	16,252,441,625.57
Investment in joint ventures	446,932,936.63	1,103,538,851.61	1,226,372,012.06	2,431,994,510.66	-138,972,458.68	-	2,617,121,828.16
Investment in associates	340,138,167.38	63,740,102.14	17,195,000.00	8,122,321.98	-	-	394,805,591.50
Subtotal	19,396,507,240.24	1,242,278,953.75	3,984,533,981.40	2,440,116,832.64	170,000,000.00	-	19,264,369,045.23
Less: impairment provision of long-term equity investments	-	-	-	-	-	-	-
Total	19,396,507,240.24	1,242,278,953.75	3,984,533,981.40	2,440,116,832.64	170,000,000.00	-	19,264,369,045.23

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VII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

7. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Details of long-term equity investments

1) Investment in subsidiaries

Investee	Opening balance	Effect of change in scope of consolidation	Increase in current year	Decrease in current year	Effect from translation in foreign currency statements	Closing balance
Sinotrans Air Transportation Development Co., Ltd. (Note)	8,297,884,810.19	-	-	2,431,994,510.66	-	5,865,890,299.53
Sinotrans Logistics Co., Ltd.	4,735,251,354.67	-	-	-	-	4,735,251,354.67
Sinotrans South China Co., Ltd.	1,272,219,038.71	-	-	-	-	1,272,219,038.71
Sinotrans Eastern Company Limited	1,079,345,218.38	-	-	-	-	1,079,345,218.38
Sinotrans Changjiang Co., Ltd.	791,516,900.00	-	-	-	-	791,516,900.00
Sinotrans Central China Co., Ltd.	629,117,947.59	-	-	-	-	629,117,947.59
Wide Shine Development Limited	430,372,292.05	-	-	-	-	430,372,292.05
Trade Sky International Limited	341,057,315.76	-	-	-	-	341,057,315.76
Sinotrans Fujian Co., Ltd.	200,932,169.33	-	-	-	-	200,932,169.33
Sinotrans Northeast Co. Ltd	135,000,000.00	-	-	-	-	135,000,000.00
Sinotrans North China Co., Ltd.	134,456,656.87	-	-	-	-	134,456,656.87
Sinotrans Heavy-lift Logistics Co., Ltd.	134,428,500.00	-	-	-	-	134,428,500.00
Sinotrans Hubei Company Limited	121,144,778.00	-	-	-	-	121,144,778.00
Sinotrans Innovative Technology Co., Ltd.	100,000,000.00	-	-	-	-	100,000,000.00
Sinotrans Logistics Investment Holdings Co., Ltd.	97,238,088.71	-	-	-	-	97,238,088.71
Wuhu Sanshan Port Co., Ltd.	-	308,972,458.68	-	308,972,458.68	-	-
Others	109,471,065.97	-	75,000,000.00	-	-	184,471,065.97
Total	18,609,436,136.23	308,972,458.68	75,000,000.00	2,740,966,969.34	-	16,252,441,625.57

Note: According to the Resolution of the Board of Directors of DHL-Sinotrans International Air Courier Ltd., on June 18, 2021, Sinoair transferred equity interest of DHL-Sinotrans International Air Courier Ltd., a joint venture, to the Company without consideration, and the Company reduced the investment cost of Sinoair by the book balance of the equity interest of RMB2,431,994,510.66 at the time of the transfer.

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

7. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Details of long-term equity investment (Continued)

2) Investments in associates and joint ventures

Investee	Investment costs	Opening balance	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Change in the current year				Effects from translation in foreign currency statements	Closing balance	Closing balance of impairment provision	
						Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision				Others
Joint ventures													
DHL-Sinotrans International Air Courier Ltd.	499,323,623.72	446,932,936.63	-	-	1,103,538,651.61	-	-	-1,226,372,012.06	-	-	2,283,022,051.98	2,617,121,828.16	-
Wuhu Sanstan Port Co., Ltd.	69,144,505.07	-	-	-	1,070,293,015.68	-	-	-1,215,963,948.79	-	-	2,431,994,510.66	2,266,923,677.55	-
Sinotrans Suzhou Logistics Center Co., Ltd.	140,000,000.00	138,551,913.46	-	-	5,420,545.22	-	-	-5,000,000.00	-	-	-139,972,458.68	-	-
Nissin-Sinotrans International Logistics Co., Ltd.	97,898,300.00	91,950,072.34	-	-	2,529,373.98	-	-	-	-	-	-	94,479,446.32	-
Sinotrans PFis Cold Chain Logistics Co., Ltd.	55,518,361.25	87,608,417.33	-	-	11,001,173.92	-	-	-5,000,000.00	-	-	-	93,609,591.25	-
Shanghai Tongyun International Logistics Co., Ltd.	90,000,000.00	51,604,463.53	-	-	-3,202,843.43	-	-	-	-	-	-	48,401,610.10	-
Sinotrans Logistics (Pakistan) Limited	16,058,835.00	33,581,192.26	-	-	1,643,895.55	-	-	-408,163.27	-	-	-	34,816,924.54	-
Shanghai United Cold Chain Logistics Co., Ltd.	1,457,004.00	17,825,341.75	-	-	6,771,752.53	-	-	-	-	-	-	24,597,094.28	-
Others	15,000,000.00	15,455,507.31	-	-	1,667,828.69	-	-	-	-	-	-	17,123,336.00	-
Associates	14,246,018.40	10,356,038.65	-	-	7,414,103.47	-	-	-	-	-	-	17,770,146.12	-
Jiangsu Jiangyin Port Group Co., Ltd.	159,807,867.00	340,138,167.38	1,000,000.00	-	59,635,090.93	-	-	-3,105,011.21	-	-	8,122,321.98	394,805,591.50	-
Shanghai Puan Storage Co., Ltd.	59,319,000.00	232,173,253.92	-	-	58,768,787.95	-	-	-17,955,000.00	-	-	-	278,252,053.06	-
Ma'anistan Tianshun Port Co., Ltd.	78,173,640.00	76,641,324.80	-	-	933,272.66	-	-	-15,795,000.00	-	-	-	77,574,597.46	-
China International Exhibition Transportation Co., Ltd.	21,000,000.00	31,323,588.66	-	-	925,254.67	-	-	-1,400,000.00	-	-	-	30,848,843.33	-
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	315,227.00	-	-	-	-992,224.35	-	-	-	-	-	8,122,321.98	7,130,097.63	-
Total	1,000,000.00	787,071,104.01	1,000,000.00	-	1,163,173,942.54	-	-	-3,105,011.21	-	-	-	1,000,000.00	-
	659,131,490.72		1,000,000.00	-	-1,245,567,012.06	-	-	2,301,144,373.96	-	-	-	3,011,927,419.66	-

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

7. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(3) There was no impairment provision for long-term equity investments during the year.

(4) There was no restriction on the Company's ability to transfer funds to invested companies.

8. LONG-TERM BORROWINGS

Type of Loan	Closing balance	Opening balance	Interest rate range (%) at the end of the year
Fiduciary loans	102,625,000.00	109,750,000.00	1.20
Total	102,625,000.00	109,750,000.00	—
Less: Long-term borrowings due within one year	—	—	—
Including: Fiduciary loans	—	—	—
Long-term borrowings due after one year	102,625,000.00	109,750,000.00	—

(1) There were no long-term borrowings outstanding at the end of the year.

(2) Top five long-term borrowings in closing balance (including the principal and interest due within one year)

Loan unit	Borrowing start date	Borrowing Termination Date	Currency	Interest rate (%)	Closing balance		Opening balance	
					Foreign currency	Local currency	Foreign currency	Local currency
Agricultural Development Bank of China	2016-08-10	2026-08-10	RMB	1.20	-	35,625,000.00	-	42,750,000.00
Agricultural Development Bank of China	2015-11-20	2034-11-17	RMB	1.20	-	40,000,000.00	-	40,000,000.00
Agricultural Development Bank of China	2016-02-29	2033-02-28	RMB	1.20	-	27,000,000.00	-	27,000,000.00

(3) There were no long-term loans rolled over in closing balance.

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

9. BONDS PAYABLE

(1) Bonds payable

Item	Closing balance	Opening balance
2021 medium term notes (phase I)	1,997,561,643.85	—
2021 corporate bonds (phase I)	1,998,903,890.41	—
Total	3,996,465,534.26	—

Note 1: The details of bonds payable are described in Note IX.37.

(2) The maturity date of bonds payable is analysed as follows:

Item	Closing balance	Opening balance
2 to 5 years (including 5 years)	3,996,465,534.26	—
Total	3,996,465,534.26	—

(3) Bonds payable increase/decrease statement

Bond name	Face value	Issue date	Bond term	Issue amount	Opening balance	Effects from changes in the scope of consolidation	Issue in current year	Interest accrued at face value	Amortisation of premium and discount	Current repayments and interest payments	Effects from translation in foreign currency statements	Closing balance
2021 medium term notes (phase I)	2,000,000,000.00	2021-06-07	3年	2,000,000,000.00	—	—	1,997,000,000.00	39,315,068.50	561,643.85	—	—	2,036,876,712.35
2021 corporate bonds (phase I)	2,000,000,000.00	2021-07-26	5年	2,000,000,000.00	—	—	1,998,800,000.00	27,271,232.87	103,890.41	—	—	2,026,175,123.28
2016 corporate bonds (phase II) – RMB1,500M	1,500,000,000.00	2016-08-24	5年	1,500,000,000.00	1,367,569,232.82	—	—	32,091,041.17	289,726.01	1,399,950,000.00	—	—
2016 corporate bonds (phase I) – RMB2,000M	2,000,000,000.00	2016-03-02	5年	2,000,000,000.00	2,053,167,211.00	—	—	10,802,290.41	133,698.59	2,064,103,200.00	—	—
Total	7,500,000,000.00	—	—	7,500,000,000.00	3,420,736,443.82	—	3,995,800,000.00	109,479,632.95	1,088,958.86	3,464,053,200.00	—	4,063,051,835.63
Less: Bonds payable due within one year	—	—	—	—	3,420,736,443.82	—	—	—	—	—	—	66,586,301.37
Bonds payable due after one year	—	—	—	—	—	—	—	—	—	—	—	3,996,465,534.26

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

10. CAPITAL RESERVES

2021

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Share capital premium	10,764,553,016.02	-	-	10,764,553,016.02
1. Capital invested by investors	10,845,010,221.40	-	-	10,845,010,221.40
2. Others	-80,457,205.38	-	-	-80,457,205.38
II. Other capital reserves	-544,469.65	3,105,011.21	-	2,560,541.56
1. Other changes in equity in equity of investees other than net profit or loss, other comprehensive income and profit distributions	-	3,105,011.21	-	3,105,011.21
2. Others	-544,469.65	-	-	-544,469.65
Total	10,764,008,546.37	3,105,011.21	-	10,767,113,557.58
Including: Exclusively state-owned capital reserves	—	—	—	—

2020

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Share capital premium	10,764,553,016.02	-	-	10,764,553,016.02
1. Capital invested by investors	10,845,010,221.40	-	-	10,845,010,221.40
2. Others	-80,457,205.38	-	-	-80,457,205.38
II. Other capital reserves	-544,469.65	-	-	-544,469.65
1. Others	-544,469.65	-	-	-544,469.65
Total	10,764,008,546.37	-	-	10,764,008,546.37
Including: Exclusively state-owned capital reserves	—	—	—	—

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

11. RETAINED EARNINGS

Item	Current year	Prior year
Closing balance of the prior year	2,615,526,483.90	1,719,921,892.00
Add: Adjustments to opening retained earnings	-	-
Opening balance	2,615,526,483.90	1,719,921,892.00
Increase in the current year	3,105,245,270.41	1,984,386,877.76
Including: Net profit for the year	3,105,245,270.41	1,984,386,877.76
Decrease in the current year	1,197,507,244.56	1,088,782,285.86
Including: Appropriation to statutory surplus for the year	310,524,527.04	198,438,687.78
Dividends Distribution	888,096,465.00	888,096,465.00
Others	-1,113,747.48	2,247,133.08
Closing balance of current year	4,523,264,509.75	2,615,526,483.90

12. OPERATING INCOME, COSTS

Item	Current year		Prior year	
	Income	Costs	Income	Costs
Forwarding and related business	2,592,038,962.79	2,432,839,222.98	1,476,414,451.55	1,349,487,474.61
Logistics	1,586,276,521.60	1,432,007,919.14	1,199,627,034.56	999,356,684.13
Total	4,178,315,484.39	3,864,847,142.12	2,676,041,486.11	2,348,844,158.74

- (1) The transaction prices apportioned to outstanding (or partially outstanding) performance obligations and the expected time recognised as revenue at the end of the year are as follows

Item	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Forwarding and related business	25,953,108.22	-	-	-	25,953,108.22
Logistics	38,894,669.81	-	-	-	38,894,669.81

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Notes to the Financial Statements

For the Year ended 31 December 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

12. OPERATING INCOME, COSTS (CONTINUED)

(2) Operating income classified by point of recognition

2021

Item	Forwarding and related business	Logistics
Operating income	—	—
Including: Recognition at a certain point	2,592,038,962.79	1,586,276,521.60
Recognition within a certain period	—	—
Lease income	—	—
Total	2,592,038,962.79	1,586,276,521.60

2020

Item	Forwarding and related business	Logistics
Operating income	—	—
Including: Recognition at a certain point	1,476,414,451.55	1,199,627,034.56
Recognition within a certain period	—	—
Lease income	—	—
Total	1,476,414,451.55	1,199,627,034.56

- (3) The income adjusted previously for the performance obligations already performed (or partially performed) in the current year was RMB0.00.

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Notes to the Financial Statements

For the Year ended 31 December 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

13. FINANCE COSTS

Item	Current year	Prior year
Interest expense	233,221,294.85	218,151,681.02
Including: Bank and other loans	94,681,247.50	73,387,736.70
Bond interest and notes discounts	110,568,591.81	115,200,000.03
Interest expense on lease liabilities	27,971,455.54	29,563,944.29
Less: Capitalized interest costs	-	-
Less: Interest income	243,584,228.82	267,876,446.72
Net exchange losses (net gains denoted by "-")	25,578,955.90	96,078,192.31
Others	1,187,803.21	2,320,168.49
Total	16,403,825.14	48,673,595.10

14. INVESTMENT INCOME

Item	Current year	Prior year
Income from long-term equity investments under the cost method	2,082,680,596.30	2,071,938,257.11
Income from long-term equity investments under the equity method	1,163,173,942.54	112,065,793.92
Investment income from holding other non-current financial assets	44,591,693.07	130,370.03
Investment income from disposal of held-for-trading financial assets	2,678,422.27	338,607.47
Investment income from the disposal of other non-current financial assets	314,281.97	-
Gain on derecognition of financial assets at amortized cost	-	-4,858,415.41
Total	3,293,438,936.15	2,179,614,613.12

The Company has no significant restrictions on the repatriation of investment income.

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Notes to the Financial Statements

For the Year ended 31 December 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

VII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

15. SUPPLEMENTARY INFORMATION OF THE COMPANY IN THE CASH FLOW STATEMENT

Item	Current year	Prior year
1. Reconciliation of net profit to cash flows from operating activities	—	—
Net profit	3,105,245,270.41	1,984,386,877.76
Add: Impairment of assets	—	—
Credit loss impairment	-5,612,724.35	-6,604,963.63
Depreciation of fixed assets, investment properties	12,141,602.31	12,262,977.49
Depreciation of right-to-use assets	25,762,925.74	25,996,943.43
Amortisation of intangible assets	43,092,954.36	35,091,305.20
Amortisation of long-term prepaid expenses	654,690.04	592,592.35
Losses from disposal of assets (gains denoted by "-")	-1,089,256.80	-97,167.95
Losses from destroy and scrapping of non-current assets (gains denoted by "-")	2,894.13	15,222.82
Losses from changes in fair value (gains denoted by "-")	—	50,481,143.61
Financial costs (income denoted by "-")	235,449,130.26	260,147,012.89
Investment loss (income denoted by "-")	-3,293,438,936.15	-2,179,614,613.12
Decrease in deferred tax assets (increase denoted by "-")	—	—
Increase in deferred tax liabilities (decrease denoted by "-")	—	—
Decrease in inventories (increase denoted by "-")	—	—
Decrease in operating receivables (increase denoted by "-")	-191,713,831.65	59,668,422.73
Increase in operating payables (decrease denoted by "-")	-92,038,257.03	-296,292,216.99
Net cash flows from operating activities	-161,543,538.73	-53,966,463.41
2. Major investing and financing activities not involving cash receipts and payments:	—	—
Conversion of debts into capital	—	—
Convertible corporate bonds due within one year	—	—
Fixed assets under finance lease	—	—
Conversion of the balance of salary difference in the prior years into national capital	—	—
3. Net changes in cash and cash equivalents:	—	—
Closing cash balance	6,680,346,115.38	4,616,395,728.34
Less: Opening cash balance	4,616,395,728.34	4,072,964,005.08
Add: Adjustments of the classification of account settlement reserves at the beginning of the year	—	—
Net increase in cash and cash equivalents	2,063,950,387.04	543,431,723.26

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For the Year ended 31 December 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. SUPPLEMENTARY INFORMATION

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE YEAR

In accordance with the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – Non-operating Profit or Loss (2008) issued by the China Securities Regulatory Commission, the Group's non-recurring profit or loss for the year 2021 are as follows:

Item	Current year	Prior year	Description
Profit or loss on the disposal of non-current assets	158,123,761.47	36,872,665.25	—
Tax returns and reliefs approved beyond authority, or no official approval document or occasional	-	-	—
Government grants included in current profit or loss	285,842,840.37	317,362,769.02	—
Capital occupancy fees from non-financial enterprises included in current profit or loss	3,837,045.70	4,696,765.71	—
Income from the fair value of identifiable net assets of invested entities when the investment cost of the enterprise for the acquisition of subsidiaries, associates and joint ventures is less than the investment obtained	507,907.22	-	—
Profit or loss from exchange of non-monetary assets	-	-	—
Profit or loss on entrusting others to invest or manage assets	-	-	—
Asset impairment provision due to force majeure factors such as natural disasters	-	-	—
Profit or loss from debt restructuring	-13,664.08	-912,478.58	—
Enterprise restructuring costs	-	-	—
Profit or loss in excess of fair value arising from transactions with materially unfair transaction prices	-	-	—
Current net profit or loss of subsidiaries from the business combination under the same control from the beginning of the year to the date of combination	-	767,861.96	—
Profit or loss arising from contingencies irrelevant to the normal business operations of the company	-	-	—
In addition to the effective hedging business related to the normal business operations of the company, profit or loss from changes in fair value of financial assets measured at fair value whose changes are included in the current profit or loss and financial liabilities measured at fair value whose changes are included in current profit or loss, and income from investments from disposal of financial assets measured at fair value whose changes are included in the current profit or loss, financial liabilities measured at fair value whose changes are included in current profit or loss	26,642,317.24	-20,301,938.07	—

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Notes to the Financial Statements

For the Year ended 31 December 2021

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. SUPPLEMENTARY INFORMATION (CONTINUED)

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE YEAR (CONTINUED)

Item	Current year	Prior year	Description
Reversal of provision for impairment of receivables subject to separate impairment tests	46,517,743.61	4,151,524.79	—
Profit or loss from external entrusted loans	-	-	—
Profit or loss from changes in fair value of investment properties subsequently measured using the fair value model	-	-	—
Effects of one-time adjustment to current profit or loss on current profit or loss according to tax and accounting and other laws and regulations	-	-	—
Trusteeship fee income from entrusted operations	39,392,452.83	39,150,943.40	—
Other non-operating income and expenses not mentioned above	-163,537,242.91	96,064,534.33	—
Other profits or losses with the definition of non-recurring profit or loss	85,739,137.20	60,020,588.34	Note
Subtotal	483,052,298.65	537,873,236.15	—
Income tax effects	-116,171,350.84	-125,289,569.51	—
Effects of non-controlling interests (after tax)	-42,713,729.84	-12,528,926.86	—
Total	324,167,217.97	400,054,739.78	—

Note: Other profits or losses with the definition of non-operating profit or loss are mainly additional VAT deductions of the Group in the current year.

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with the Explanatory Announcement No. 9 on Information Disclosure for Companies Offering Securities to the Public – Calculation and Disclosure of Return on Net Assets and Earnings per Share (as amended in 2010) issued by CSRC, the weighted average return on net assets, basic earnings per share and diluted earnings per share of the Group for the year 2021 are as follows:

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the Company	11.69	0.50	0.50
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	10.67	0.46	0.46

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Notes to the Financial Statements

For the Year ended 31 December 2021

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XIX. OTHER SIGNIFICANT EVENTS

On 10 June 2021, holding the 2020 Annual General Meeting of Shareholders, the 2021 First Class Meeting of H Share and the 2021 First Class Meeting of A Share, the Company examined and approved *Proposal on Application for General Authorization to Repurchase H Shares*, and agreed to grant the Board of Directors a general authorization. The Board of Directors, based on demand and market conditions, and in compliance with *the Hong Kong Companies Ordinance* and *the Rules Governing the Listing of Securities* on the Hong Kong Stock Exchange, timely decides to repurchase no more than 10% of the total number of issued H shares of the Company on the date of approval of the authorization by the General Meeting of Shareholders (The total number of issued H shares of the Company was 2,144,887,000 on the date of approval of the authorization by the General Meeting of Shareholders). The term of general authorization is from the date of resolution authorized at the General Meeting of Shareholders to the earliest of the following three dates: (1) at the end of the next Annual General Meeting of the Company; or (2) 12 months expired after the approval of the repurchase authorization resolution; or (3) the revocation or amendment of the resolution by a special resolution passed by the General Meeting of Shareholders, of the Company. If the Board of Directors of the Company exercises the above general authorization, in accordance with relevant regulations, the Company will cancel the repurchased H shares in accordance with the law, and the registered capital of Company will be reduced accordingly. As at the date of approval of this report, the Board of Directors of the Company has not yet decided to repurchase the issued H shares of the Company pursuant to the above general authorization.

Apart from the above, the Group has no other significant events disclosed during the year.

XX. APPROVAL OF THE FINANCIAL STATEMENTS

The Group's financial statements for the year 2021 were approved for presentation by the Board of Directors of the Group on March 29, 2022.

Chairman: Wang Hong

Submission date for Board approval: 29 March 2022

REVISION HISTORY

Applicable Not applicable



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Company website: <http://www.sinotrans.com>

By order of the Board
Sinotrans Limited
Li Shichu
Company Secretary

Beijing, 29 March 2022

As at the date of this announcement, the board of directors of the Company comprises Wang Hong(Chairman), Song Dexing (Vice Chairman), Song Rong (executive director), Liu Weiwu (non-executive director), Deng Weidong (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.