



中國外運股份有限公司
SINOTRANS LIMITED

Stock Code: 00598HK 601598SH

INTERIM REPORT 2023



CUSTOMERS' SUCCESS
OUR ACHIEVEMENT

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 Interim Report and confirm that there are no misrepresentations or misleading statements contained in or material omissions from this Interim Report, and accept several and joint legal responsibilities.
2. All Directors were present at the Board Meeting.
3. This Interim Report is unaudited.
4. Wang Xiufeng, person in charge of the Company; Wang Jiuyun, Chief Financial Officer; and Ding Guilin, person in charge of the Financial Department (person in charge of accounting), hereby make the statement that they warrant the financial statements contained in this Interim Report are true, accurate and complete.
5. Proposal for profit distribution or proposal for conversion of common reserve fund into share capital during the Reporting Period considered and approved by the Board.

As approved by the Board of Directors, the Company will pay an interim dividend of RMB0.145 per share (tax included) in cash for 2023, based on the total share capital registered on the record date of the equity distribution (the shares in the special account for repurchase of the Company deducted). As at the date of this Report, the total share capital was 7,294,216,875 shares, deducting the 49,280,000 A Shares in the special account for repurchase of the Company, based on which, the total amount of the interim dividend payment for 2023 is expected to be RMB1,050,515,846.88 (tax included), accounting for 48.37% of the net profit attributable to the shareholders of the Company in the first half of 2023.

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 guarantee the truthfulness, accuracy and completeness of the Interim Report.

No

10. Significant risk alert

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

11. Others

Applicable Not applicable

The Company's 2023 interim financial report has been prepared in accordance with Accounting Standards for Business Enterprises published by the Ministry of Finance of the People's Republic of China and related provisions. Unless otherwise specified, the reporting currency in this Report is Renminbi ("RMB").

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

The background features a blue-toned digital landscape with perspective lines. A large white circle with a blue border is positioned on the left. To the right, there are semi-transparent images of a port with a bridge, a cargo ship, and a data center with server racks. Binary code (0s and 1s) is scattered throughout the scene.

CORPORATE MISSION

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

CORPORATE VISION

Becoming a world-class intelligent logistics platform enterprise

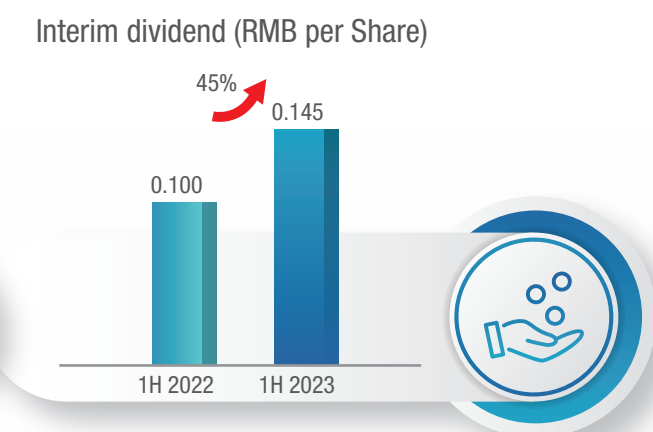
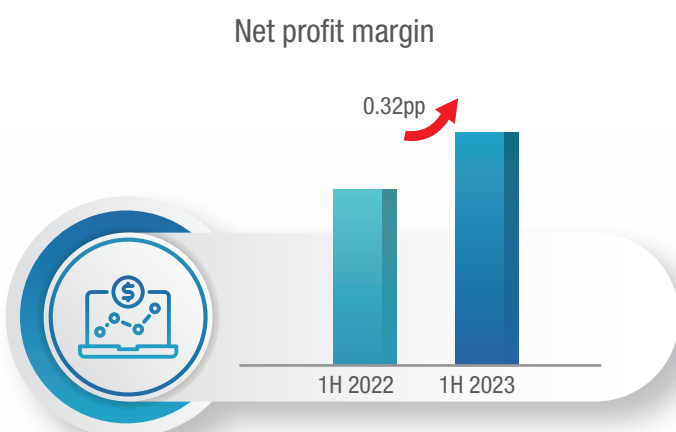
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Documents
Available for
Check

1. Interim Report signed by the Chairman
2. Financial statements sealed and signed by person in charge of the Company, chief financial officer and the person in charge of the Financial Department
3. Original copies of all documents and announcements of the Company which have been disclosed to the public on the media meeting the requirements of the CSRC and the website of the SSE during the Reporting Period
4. The 2023 Interim Report disclosed on the websites of SSE and SEHK

Highlights of the First Half of 2023



Contract Logistics

- Business volume **▲ 11.6%**
- Revenue **▲ 8.2%**
- Segment profit **▲ 16.5%**

Sea Freight Forwarding

Segment profit margin **▲ 0.18pp**

Air Channel

Controllable capacity **106** thousand tons

Business volume **▲ 8.4%**

Chapter 1

Definitions

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

A Share(s)	the Domestic Share(s) of the Company with nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
Articles of Association	the Articles of Association of Sinotrans Limited
Board	the Board of Directors of the Company
CG Code	code provisions of Corporate Governance Code as set out in Appendix 14 to the SEHK Listing Rules
China Merchants	China Merchants Group Limited (招商局集團有限公司), a wholly state-owned enterprise established under the laws of the PRC under direct control of the State-owned Assets Supervision and Administration Commission of the State Council, the actual controller of the Company, which aggregately holds 58.48% of the issued share capital of the Company as at the date of this Report
China Merchants Group	China Merchants and its subsidiaries
Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company or Sinotrans	Sinotrans Limited (中國外運股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose H Shares are listed on the SEHK and A Shares are listed on the SSE
Company Law	the Company Law of the People's Republic of China
CSRC	China Securities Regulatory Commission
Director(s)/Supervisor(s)	director(s)/supervisor(s) of the Company
Domestic Share(s)	shares issued by the Company under PRC laws, the par value of which is denominated in RMB, and which are subscribed for in RMB
Finance Company	China Merchants Group Finance Co., Ltd. (招商局集團財務有限公司), a company owned as to 51% by China Merchants and 49% by Sinotrans & CSC as at the date of this Report
Group	the Company and its subsidiaries
H Share(s)	overseas listed foreign Share(s) with nominal value of RMB1.00 each in the issued share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in HK\$

Chapter 1 Definitions

Hong Kong	Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange/ SEHK	The Stock Exchange of Hong Kong Limited
KLG Group	the joint name of the seven European logistics companies of KLG Europe Holding B.V. acquired by the Company, which were wholly-owned subsidiaries of the Company
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the SEHK Listing Rules
PRC	the People's Republic of China
Reporting Period/Period	the period from 1 January 2023 to 30 June 2023
SEHK Listing Rules	Rules Governing the Listing of Securities on the SEHK
Senior Management	the Group's major operating decision-makers
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	H Share(s) and A Share(s)
Shareholder(s)	holder(s) of the Shares
Sinoair	Sinotrans Air Transportation Development Co., Ltd. (中外運空運發展股份有限公司), a subsidiary of the Company
Sinotrans & CSC	Sinotrans & CSC Holdings Co., Ltd. (中國外運長航集團有限公司), a wholly state-owned enterprise established under the laws of the PRC, a wholly-owned subsidiary of China Merchants and the controlling shareholder of the Company, which aggregately holds 35.36% of the issued share capital of the Company as at the date of this Report
Sinotrans & CSC Group	Sinotrans & CSC and its subsidiaries
SSE	Shanghai Stock Exchange
SSE Listing Rules	Listing Rules of Shanghai Stock Exchange
Subsidiary(ies)	has the meaning ascribed to it under the SEHK Listing Rules
Supervisory Committee	the Supervisory Committee of the Company

Chapter 2

General Information and Key Financial Indicators

I. COMPANY INFORMATION

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

Note: On 7 July 2023, Mr. Feng Boming resigned as the Chairman of the Board due to his work re-allocation. On 31 July 2023, Mr. Wang Xiufeng was elected as the Chairman of the Board (legal representative).

II. CONTACT PERSONS AND CONTACT METHODS

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

III. CHANGES IN BASIC INFORMATION

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

Chapter 2 General Information and Key Financial Indicators

IV. CHANGES IN INFORMATION DISCLOSURE AND PREPARATION LOCATIONS

Newspapers selected by the Company for information disclosure	China Securities Journal, Securities Times
Websites publishing the Interim Report	www.sse.com.cn, www.hkexnews.hk
Location for Interim Report stock	10/F, Sinotrans Building Tower B, Building 10, No. 5 Anding Road, Chaoyang District, Beijing, China

V. OVERVIEW OF COMPANY STOCK

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

VI. OTHER RELEVANT INFORMATION

Applicable Not applicable

Public certified accountants engaged by the Company (Mainland China)	Name Office address	ShineWing Certified Public Accountants LLP (a recognised public interest entity auditor under the Financial Reporting Council Ordinance) 9/F, Block A, Fuhua Mansion, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing
Compliance legal counsel engaged by the Company (Mainland China)	Name Office address	Jia Yuan Law Offices 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
A-Share registrar and transfer office of the Company	Name Office address	China Securities Depository & Clearing Corp. Ltd. Shanghai Branch No. 188 Yanggao South Road, Pudong New Area, Shanghai
H-Share registrar and transfer office of the Company	Name Office address	Computershare Hong Kong Investor Services Limited 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 Office address	Bank of China No.1 Inner Street, Fuxingmen, Xicheng District, Beijing, China

Chapter 2

General Information and Key Financial Indicators

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key Accounting Data

Key accounting data	Reporting Period (January to June)	Corresponding period of last year		Unit: RMB
		Restated	Before restatement	Change as compared to the corresponding period of last year (%)
Operating income	47,836,753,821.70	55,191,710,612.25	55,191,474,275.97	-13.33
Net profits attributable to shareholders of the Company	2,171,671,155.29	2,328,258,949.22	2,326,678,920.04	-6.73
Net profits net of non-recurring profit or loss attributable to shareholders of the Company	1,930,530,037.00	2,139,289,052.12	2,137,669,206.11	-9.76
Net cash flows from operating activities	725,613,032.43	673,810,620.71	672,990,030.59	7.69
	As at the end of the Reporting Period	As at the end of last year		Change as compared to the end of last year(%)
		Restated	Before restatement	
Net assets attributable to shareholders of the Company	36,527,018,726.87	34,887,801,188.59	34,866,026,437.02	4.70
Total assets	77,923,424,895.13	77,859,522,918.41	77,825,770,522.45	0.08

Chapter 2 General Information and Key Financial Indicators

(II) Key Financial Indicators

Key financial indicators	Reporting Period (January to June)	Corresponding period of last year		Change as compared to the corresponding period of last year (%)
		Restated	Before restatement	
Basic earnings per share (RMB per Share)	0.2997	0.3148	0.3146	-4.80
Diluted earnings per share (RMB per Share)	0.2997	0.3148	0.3146	-4.80
Basic earnings per share, net of non-recurring profit or loss (RMB per Share)	0.2664	0.2893	0.2891	-7.92
Weighted average return on equity (%)	6.04	6.84	6.84	Decreased by 0.80 percentage point
Weighted average return on equity, net of nonrecurring gains or losses (%)	5.37	6.28	6.28	Decreased by 0.91 percentage point

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

Applicable Not applicable

In the first half of 2023, the Company achieved an operating income of RMB47.837 billion, representing a year-on-year decrease of 13.33%; achieved a net profit attributable to shareholders of the Company of RMB2.172 billion, representing a year-on-year decrease of 6.73%, which was mainly due to the pressure on revenue and profitability as a result of the year-on-year sharp decline in sea and air freight rates which was caused by the overall sluggish market demand and the continuous recovery of capacity supply. Affected by the market situation, the segment profit of the Company's air channel business and the investment income from DHL-Sinotrans, a joint venture, declined year-on-year, but still increased significantly as compared with the corresponding period of 2019, reaching 2.41 times and 1.61 times, respectively.

During the Reporting Period, a wholly-owned subsidiary of the Company acquired 100% equity of Beijing Sinotrans Truck Transportation Company Co., Ltd.* (北京外運汽車運輸有限公司) held by the Controlling Shareholder of the Company, which was a business combination under the common control, thus the financial data of the corresponding period of last year and the beginning of the period were restated and adjusted.

VIII.ACCOUNTING INFORMATION DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Applicable Not applicable

Chapter 2

General Information and Key Financial Indicators

IX. NON-RECURRING GAINS AND LOSSES ITEMS AND AMOUNTS

Applicable Not applicable

Unit: RMB

Non-recurring gains and losses items	Amount	Note (if applicable)
Gains and losses from disposal of non-current assets	67,271,981.45	
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	199,982,152.47	
Capital occupation fees charged from the non-financial enterprises and counted into the current profit or loss of the Company	694,635.22	
Gains when the investment cost of acquiring a subsidiary, an associate or a joint venture is less than the fair value of the identifiable net assets of the invested entity		
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		
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		
Profit or loss arising from contingencies irrelevant to the Company's normal business operations		

Chapter 2

General Information and Key Financial Indicators

Non-recurring gains and losses items	Amount	Note (if applicable)
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	32,710,279.02	
Reversal of impairment of accounts receivables and contract assets that had impairment test separately	12,013,631.63	
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		
Entrustment fee income from entrusted operations		
Other non-operating income and expenses other than the above items	-5,064,286.90	
Other gains and losses classified to non-recurring profit or loss	41,700,328.53	Additional VAT deduction
Less: Impact on income tax	47,441,502.02	
Effects of non-controlling interests (after tax)	60,726,101.11	
Total	241,141,118.29	

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

Applicable Not applicable

X. OTHERS

Applicable Not applicable

Chapter 3

Management Discussion and Analysis

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

(I) Principal Business of the Company and Its Business Model

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

The Group’s principal businesses include logistics, forwarding and related business and e-commerce business. As the core business, logistics business focuses on high-growth, high value-added niche markets and their upstream and downstream industries, so as to promote high-quality industrial development. As the cornerstone business, forwarding and related business provides support for the development of logistics business and e-commerce business. As the innovative business, the e-commerce business mainly serves fast developing e-commerce clients, leveraging on the Company’s controllable capacity and resources consolidation capability to provide cross-border end-to-end service, so as to ensure the high quality and stable development of client’s supply chain.

1. *Logistics*

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

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

Chapter 3

Management Discussion and Analysis

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

Chemical logistics mainly serves refined chemical industry customers, and provides supply chain solutions and logistics services to customers, which mainly include warehousing, transportation and distribution, international freight forwarding and multi-modal transportation of hazardous chemicals and general packaged chemicals. The Company has a set of integrated chemical logistics service system for warehousing, transportation (including liquid tank container), freight forwarding, multi-modal transport and bonded logistics, focuses on East China and North China, forms a linkage among Southwest, North and Northeast regions of China, and provides high-quality services to customers with high-quality resource and an overall network. In addition to being affected by the prosperity of the chemical industry, chemical logistics is also closely related to industry policies and safety supervision regulations.

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

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



Chapter 3 Management Discussion and Analysis

2. Forwarding and related business

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

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

In respect of **air freight forwarding**, Sinotrans mainly provides professional air freight forwarding services such as pick-up and dispatch, customs declaration and inspection, warehousing, packaging, booking and handling, trunk air-line freight forwarding and trucking transit services. As a leading air freight forwarding company in China, Sinotrans has accumulated extensive industrial experience and established stable strategic cooperative relationship with major domestic and international airlines, core overseas agents and domestic logistics service providers to ensure the stability of the supply chain. As at the end of June 2023, the Company has operated 8 chartered routes, involving Europe, America and Asia, etc., and controlled overseas access, to facilitate the capability to provide customers with full-process, visualized and standardized whole supply chain air related logistics services.

In terms of **railway freight forwarding**, Sinotrans is a leading railway freight forwarding service provider in the PRC. It is able to provide customers with railway freight forwarding and information services in bulk cargo, containers and in a variety of ways, including integrated whole supply chain service like domestic railway freight forwarding, international railway freight forwarding (including transit railway freight forwarding) and sea-rail multimodal transportation. As at the end of June 2023, the Company's international trains have a cumulative transportation volume of more than 9,700 trains and more than 1.10 million TEUs. Self-operated cross-border railway express platform of the Company covers over 50 routes (including 14 routine weekly routes) from Changsha, Shenyang, Shenzhen, Dongguan, Xinxiang, Quanzhou, Deyang and other places. Meanwhile, the Company proactively participated in the construction of the China-Laos-Thailand railway channel, created products for the China-Laos-Thailand Railway Express, and provided the comprehensive service capacity of the China-Laos railway two-way transportation, cross-border transfer, container management, etc.

Chapter 3

Management Discussion and Analysis

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

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

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

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



Chapter 3 Management Discussion and Analysis

3. *E-commerce business*

Sinotrans' e-commerce business includes cross-border e-commerce logistics, logistics e-commerce platform and logistics equipment sharing platform. **The cross-border e-commerce logistics business** mainly refers to the development and design of standardized products by the integration of trunk and overseas warehouse resources, to satisfy the demand of cross-border e-commerce customers. So far, the Company has launched B2C e-commerce package products and B2B air freight headend products to the countries and regions, such as Europe, the United States, South America, Africa, Japan and South Korea, and launch a "Zhongsu trucking liner" product to Central Asian. 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 trade volume of cross-border e-commerce, and customs policy. **Logistics e-commerce platform** refers to the provision of various public online logistics services, which include online transaction and services in sea, land, air transport, customs etc. and value added services including online insurance, full course visualization etc., by the Company through the public logistics e-commerce platform, namely Y2T. The whole supply chain products provide door-to-door services between China and the main cities of Japan, South Korea, as well as main countries of Southeast Asia, etc. **Logistics equipment sharing platform** refers to the Company providing logistics equipment leasing service, including containers and mobile fridge containers, tracking and monitoring services.

The Company will grasp the two main streams of logistics e-commerce and e-commerce logistics, consolidate internal and external resources by innovation of technologies and business model. Based on fully promoting the digitalized operation of principal business, we will intensify our efforts to develop the cross-border e-commerce logistics, actively explore logistics e-commerce platform model, strengthen scientific and technological innovation, and promote the industrial chain.



Chapter 3 Management Discussion and Analysis

(II) Industry Development

1. ***Domestic economy continued to recover and improve amid the severe and complex international economy situation***

In the first half of 2023, since the recovery of world economy remained weak, global inflation remained high, the spillover effects of tightening monetary policy in major economies were prominent and there were many instabilities and uncertainties. The World Bank predicted that global economic growth will slow down from 3.1% in 2022 to 2.1% in 2023. In the first half of 2023, global trade demand continued to weaken. The WTO expected that the volume of global goods trade will increase by 1.7% in 2023, lower than 2.7% in 2022, and lower than the average growth rate of 2.6% in the past 12 years.

In the face of the complicated external situation, China's economy generally shows a good trend of recovery, demonstrating the strong resilience of its development. At the same time, China's economy is in a critical period of economic recovery and industrial upgrading. Due to the intervein of structural problems and cyclical contradictions, the foundation for recovery is not yet solid. In the first half of 2023, the gross domestic product (GDP) amounted to RMB59.30 trillion, representing a year-on-year increase of 5.5% (2.5% in the corresponding period of last year) based on constant prices. Among them, with the significant effect of the "main engine" of consumption and the continuous release of the potential of domestic demand, in the first half of the year, the total retail sales of social consumer goods increased by 8.2% year-on-year (fell by 0.7% year-on-year in the corresponding period of last year), and the economy grew by 4.2 percentage points driven by the final consumption expenditure; the online retail sales of physical goods increased by 10.8% year-on-year. In the first half of the year, the amount of China's total goods imports and exports expanded 2.1% year-on-year to RMB20.1 trillion. Among them, the amount of exports reached RMB11.46 trillion, representing a year-on-year increase of 3.7%; the amount of imports reached RMB8.64 trillion, representing a year-on-year decrease of 0.1%.

2. ***Domestic logistics industry achieved restorative growth despite of the continuous weakness of the international logistics demand***

In terms of **the international logistics industry**, in the first half of 2023, the world supply chain system has gradually returned to the normal pattern, and the supply of transportation capacity was significantly improved; at the same time, the growth of global economy and trade was short of momentum, coupled with the weak logistics demand, the entire market was significantly oversupplied, and the industry competition is estimated to be further intensified. The international leading logistics companies operated under pressure with generally slumped performance to significant degrees. In terms of **the domestic logistics industry**, with the social economy's full recovery to normalized operation, the moderate recovery of logistics demand, the quantity and quality improvement of logistics supply, the logistics operation showed a trend of stabilization and improvement, facilitating the smooth economic flow. In the first half of 2023, the total value of China's social logistics reached RMB160.6 trillion, representing a year-on-year increase of 4.8% calculated at comparable prices, however, the recovery momentum was not stable, and the total value of social logistics still did not resume to the normal growth level. From the structural point of view, high-tech manufacturing has led to a significant increase in logistics demand. The growth rate of the total value of logistics in each field of aviation manufacturing, smart equipment, new energy and semiconductor special equipment has all exceeded 20%. The Logistics Industry Prosperity Index of China in June 2023 was 51.7%, representing an increase of 0.2 percentage point from the previous month.

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4. *Freight rates returning to normalization since the global air freight market demand continued to decline*

On the demand side, according to statistics from the International Air Transport Association (IATA), global air cargo demand, measured in cargo tonne-kilometers has continued to decline year-on-year since March 2022, in the first half of this year, the demands were 8.1% below last year's level, of which international demand decreased by 8.7%. The global air freight volume is expected to continue to decline to 57.8 million tons in 2023, representing a year-on-year decrease of 4.2%. According to statistics from the Civil Aviation Administration of China, in the first half of 2023, the international cargo and mail volume reached 1.229 million tons, representing a year-on-year decline of 8.6%. **On the supply side**, air freight capacity has increased continuously. The orders of freighters will usher in concentrated delivery from 2023 to 2024. The transportation capacity of the bellyhold of passenger aircrafts will be further released along with the recovery of domestic and foreign passenger flights. According to IATA, in the first half of 2023, global air cargo capacity measured in available cargo tonne-kilometers exceeded by 9.9% on a year-on-year basis. In June, the year-on-year growth rate was 9.7%, which was slowed down from the double-digit growth from March to May, indicating that airlines are undergoing strategic capacity adjustments in an environment of weak demand. **The air freight rates**, due to the impact of supply versus demand, were continuously normalizing.

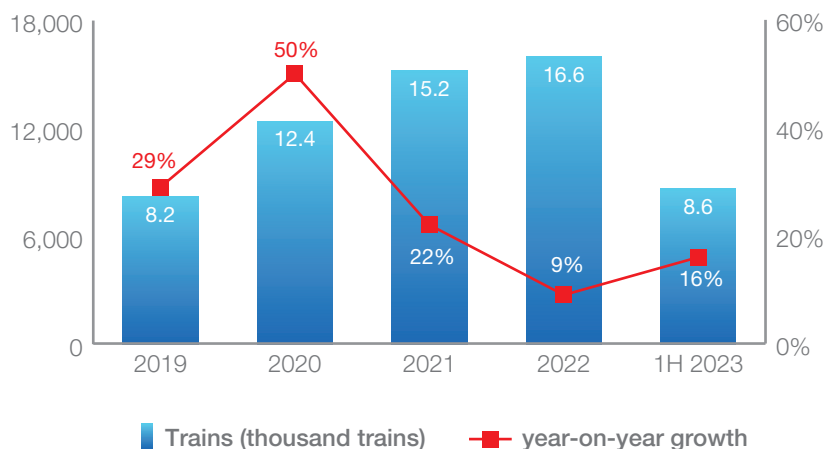
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5. *China-Europe Railway Express continued to grow steadily and the freight volume of China-Laos Railway has increased significantly*

In terms of China-Europe Railway Express, **from the demand side**, the demand for railway lines in Europe is weak, and with the deployment of sea freight routes and the continuous decline in prices, the substitution effect of China-Europe Railway Express has weakened, leading to a downward trend in demand. **From the supply side**, China State Railway Group Co., Ltd.* (中國國家鐵路集團有限公司) (“China Railway Group”) promoted the transportation capacity of the China-Europe Railway Express by expanding the number of trains and raising their tonnage, resulting in a significant increase in transportation capacity. According to data released by China Railway Group, in the first half of 2023, China-Europe Railway Express launched a total of 8,641 trains and transported 936 thousand TEUs of goods, representing a year-on-year increase of 16% and 30%, respectively. Among them, there are 499 thousand TEUs for outbound and 437 thousand TEUs for inbound, respectively. **The freight rates** of major routes have continued to decline since the second quarter of 2023.

In terms of China-Laos Railway, in the first half of 2023, Kunming Customs has supervised and verified that the import and export freight volume of the China-Laos Railway has reached 2.146 million tons, representing a year-on-year increase of 194.4%. The advantages of the “golden line” of the China-Laos Railway in terms of convenient customs clearance and large-scale international freight transport are increasingly emerging, and the use of regional agglomeration and radiation zones continues to expand.

China-Europe Railway Express Volume



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6. *Cross-border e-commerce continues to develop, and domestic cross-border e-commerce logistics enterprises embrace business opportunities*

According to the data from 100EC.cn, in recent years, cross-border e-commerce has become an important engine supporting the “external circulation”. In the first half of 2023, the scale of domestic cross-border e-commerce market reached RMB8.2 trillion. It is expected that the transaction scale will reach RMB17.48 trillion in 2023 (RMB15.7 trillion in 2022), representing a year-on-year increase of 11.34%. From the perspective of transaction models, the fast development of retail model for cross-border e-commerce and relevant national policies and other factors have promoted the increase in the proportion of B2C models in cross-border e-commerce, and the proportion of B2C model reached 26.1% in the first half of 2023. With the development of the global economy and the increase of the middle-class population, the consumption capacity of emerging markets such as Southeast Asia and Africa continues to improve. The growing demand for high-quality goods and diversified choices in these markets provide vast opportunities for China’s cross-border e-commerce export.

At the same time, under the traditional domestic enterprise outsourcing model in the past, overseas buyers basically managed the supply chain, and they tended to directly designate foreign logistics suppliers. Domestic logistics enterprises lacked competitive advantages in the international market. With the transformation and upgrading of China’s industrial structure, “Made in China” is gradually shifting from products going overseas to brands going overseas. The rise of Chinese brands, coupled with the rise of cross-border e-commerce trade model, will give Chinese sellers more say in the selection of logistics service providers, and they will be more inclined towards local cross-border logistics leading enterprises. This provides a good opportunity for domestic cross-border logistics leading enterprises with end-to-end full chain cross-border logistics capabilities.

II. ANALYSIS OF CORE COMPETITIVENESS

1. Well-established Service Network and Abundant Logistics Resources

The Group has an extensive and comprehensive domestic and overseas service network. The domestic service network covers 32 provinces, autonomous regions, municipalities and special administrative areas in China. Domestically the Group owns more than 13 million sq.m. of land resources, more than 4 million sq.m. of warehouses, approximately 2 million sq.m. of yards and 11 river terminals with more than 4,400 meters of coastal line, while also operates over 4 million sq.m. of rented warehouses and approximately 700 thousand sq.m. of rented yards. The self-owned overseas network of the Group covers 42 countries and regions with 66 self-owned business outlets worldwide, providing 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 continues to promote the implementation of the “14th Five-Year” plan and strives to be the leader of intelligent logistics, the builder of supply chain ecology, and the promoter of China’s high-quality logistics industry. Under the strategic guidance, the Company has deepened strategic cooperation with customers, enhanced customer service capabilities, promoted product channel construction and innovation, initiated comprehensive digital transformation, and further constructed a network-wide operation system with strong customers, strong products and strong operations. The Company continuously improves overseas layout, promotes product and channel construction, and increase network construction and investment in resources. The Company deepens organizational reform, strengthens headquarters capability construction and promotes “Leading Demonstration Zones for the reform, innovation and high-quality development of Sinotrans in the New Era”.

3. Strong Capabilities for Logistics Solutions

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 expert teams, and overseas teams familiar with the import and export policies of various countries. They can integrate and coordinate the logistics resources in various areas, formulate customized and whole supply chain solutions, which include all complicated logistics segments and implement integrated network-wide operation. The Company focuses on key industries, including consumer products and retail, automobile and industrial manufacturing, electronics and high-tech products, medical and health care, engineering and energy, chemical, cold chain, etc., provides tailor-made integrated logistics solutions and implements the integrated whole network operation covering the entire value chain to leaders in such industries and their upstream and downstream as the Company’s customers, which ensure the smooth implementation of such solutions and overlay the Company’s existing digital and automation capabilities, providing high value-added services to fit customers’ needs for digital transformation. The Company has accumulated extensive industry-oriented service experience and has established industry-leading advantages in full-value chain logistics services, and has made positive exploration and contributions to promote the integrated development of logistics and manufacturing, demonstrated the undertaking of the responsibilities of central enterprises.

4. Leading Supply Chain Logistics Service Model

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

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

With more than 70 years of history and experience, the Group has established good brand recognition in the logistics industry at home and abroad and has been granted many important awards in the industry. As an AAAAAA logistics enterprise rated by the China Federation of Logistics & Purchasing, Sinotrans has consecutively won the first prize of the Top 100 Logistics Enterprises in China and the first prize of the Top 100 International Freight Forwarding Logistics in China, and has been awarded as the “Most Competitive (Influential) Logistics Enterprises in China” for many times. As the leading third-party logistics service provider in China, the Company has good reputation and image among both customers and suppliers. On 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. Strengthen the empowerment of technological innovation and the development of green logistics, promote business transformation and upgrading

Sinotrans has strengthened innovation leading position and technology empowerment, fully integrated with the top-level design of digital transformation, updated company-level IT architecture management standards, and formulated a special plan for warehousing automation. Multiple achievements such as “virtual employees + employees”, visual inventory-checking robots, and overseas automated warehouses independently developed and designed by Sinotrans have been piloted and launched, and new results have been achieved in the application of “scenario + technology” and “customer + technology”. Among them, the “virtual employee” solution was selected as one of the top 30 innovative cases in the port and shipping logistics industry, and was awarded the Outstanding Case of China’s Digital Transformation by the Ministry of Industry and Information Technology in 2023. The completed research and application of visual inventory-checking robots have filled the industry gap, achieving a 200% increase in inventory-checking efficiency for pilot customer warehouses and a 99.9% increase in inventory information readability rate. Sinotrans has supported the development and operation of the joint venture “Cyantron”, with aggregated autonomous driving mileage exceeding 566,000 kilometers. During the Reporting Period, Sinotrans obtained 8 new software copyrights and 34 patents.

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III. DISCUSSION AND ANALYSIS OF BUSINESS PERFORMANCE

(I) Overall Operations during the Reporting Period

In the first half of 2023, in terms of macro economy, the world economic recovery was weak, the global inflation level remained high, and the spillover effect of tightening monetary policy in major economies was prominent. The domestic economy was in a critical period of economic recovery and industrial upgrading. From the perspective of logistics industry, the capacity supply continued to rise but the demand growth momentum was insufficient, resulting in a sharp year-on-year decline in both sea and air freight rates which were continually under pressure, and the overall market competition became more intensified.

In the face of such complex, severe and challenging market environment, the Company insisted on promoting comprehensive digital transformation with a principal theme of seeking progress while maintaining stability, and advanced high-quality development by focusing on key tasks of “stabilizing the overall performance and preventing risks, improving quality and efficiency and promoting growth, strengthening operation and promoting transformation, and nurturing talents and constructing echelons”. In the first half of 2023, the Company achieved an operating income of RMB47.837 billion, representing a year-on-year decrease of 13.33%; achieved a net profit attributable to shareholders of the Company of RMB2.172 billion, representing a year-on-year decrease of 6.73%, which was mainly due to the pressure on revenue and profitability as a result of the year-on-year sharp decline in sea and air freight rates which was caused by the overall sluggish market demand and the continuous recovery of capacity supply. Affected by the market situation, the segment profit of the Company’s air channel business and the investment income from DHL-Sinotrans, a joint venture, declined year-on-year, but still increased significantly as compared with the corresponding period of 2019, reaching 2.41 times and 1.61 times, respectively.

1. Stabilizing the overall performance and preventing risks

In the first half of the year, the Company insisted on turning market stock into Sinotrans’ increment, continuously improved its business structure, strictly controlled risks, and revealed strong operating resilience. From the perspective of operating indicators, the operating profit margin and net profit margin have achieved year-on-year growth, the profitability has been effectively improved. The growth rates of business volume of major segments were significantly better than that of the market, especially the business volume of contract logistics and air freight channel increased by 11.65% and 8.38% respectively year-on-year. From the perspective of financial indicators, by actively responding to external risks, strengthening cost and expense control, and refining internal management measures, major financial indicators like net cash inflow from operating activities and debt-to-asset ratio continued to remain in a healthy situation.

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2. Improving quality and efficiency and promoting growth

- (1) *Customer structure has been continuously optimized, and strategic customer system has been initially formed*

In the first half of the year, the Company leveraged the insight of the opportunities of key industries and emerging industries, organized three industry-specific teams for new energy vehicles, green energy and medical and health, actively carried out strategic marketing, steadily increased the proportion of revenue from core direct customers, continuously optimized the customer structure, and initially formed a strategic customer system.

- (2) *Shipping, air, land and trucking businesses have achieved multi-point breakthroughs, and the construction of product channels has been solidly promoted*

The shipping business conducted the restructuring with Sinotrans & CSC's relevant business along the Yangtze River, further optimizing and enhancing the resource allocation of the Company's container shipping business along the Yangtze River; at the same time, the Company continued to strengthen strategic cooperation with shipping companies, and has gradually built a shipping channel system for domestic trade integrating the Yangtze River system and the coastal inland river branches. **The air freight business** adhered to the strategic determination and the "new carrier" model, strengthened the construction of capacity channels, and actively explored and promoted the layout of international air freight routes such as the routes of Middle East, Southeast Asia as well as Central and Eastern Europe on the basis of consolidating the existing foundation in European and American air freight routes. In the first half of the year, the controllable capacity reached 106 thousand tons, and the business volume of air freight channel reached 427 thousand tons, representing a year-on-year increase of 8.38%.

The land transportation business seized the market growth opportunity, and the business volume, revenue and segment profit of railway freight forwarding increased by 15.26%, 30.04% and 54.01% respectively year-on-year, of which the business volume of the international freight train increased by 43.20% year-on-year, and the products of the China-Laos-Thailand railway express achieved normal operation. **The trucking business** continued to optimize the capacity structure and improve the capability of scheduling organization, and connected the round-trip cargo source lines with measures such as front-end cargo source concentration, scheduling centralization and intensive project management, so as to build the channel in the three provinces in the middle reaches of the Yangtze River and the channel for the three cities in the Yangtze River Delta, effectively enhancing the competitiveness of the trucking channel.

- (3) *Logistics seized opportunities and deep cultivation of niche markets made sound progresses*

Contract logistics seized the structural opportunities of the domestic demand market, continued to build the industry solution capabilities, deeply cultivated the industrial segments and strengthened the lean operations, and further consolidated the leading position in domestic market, with a year-on-year increase of 11.65%, 8.15% and 16.53% in the business volume, revenue and segment profit, respectively. In particular, the new energy vehicle industry has grown significantly in expanding new business with stock, and the end-to-end solutions for medical and health products import has achieved a breakthrough. Chemical logistics strengthened customer expansion and achieved increase in both business volume and segment profit, representing an increase of 2.68% and 71.89%, respectively.

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(4) *Overseas development highlighted key points, and overseas delivery capacity has been gradually enhanced*

In the first half of the year, Sinotrans made every effort to promote overseas development by closely focusing on the Company strategy. In **Hong Kong**, an integrated operation and control model has been established to focus on customers, products and the Greater Bay Area channels, and the integration results have gradually appeared. In **Southeast Asia**, focusing on the three major channels of shipping, land transportation and air freight, we have promoted the construction of shipping lines in Vietnam and Thailand, operated 6 air freight routes with block space agreement, and normalized the operation for the products of the China-Laos-Thailand railway express. In **the Middle East and Latin America**, we actively planned the development, continued to deepen the cooperation with strategic customers, promoted the operation of key projects, and created small-package products for cross-border e-commerce in Latin America. In terms of **consolidating and developing the European region**, the Company has opened the Ningbo-Liège charter line and newly opened a self-owned business outlet in Hungary, so as to further improve the layout in Europe. KLG Group continued to maintain its high-quality and stable operation.

(5) *Smart logistics has led innovation, and green logistics has been effectively implemented*

In the first half of the year, the Company continued to enhance its development momentum by four major starting points, i.e. comprehensively promoting digital transformation, building and improving the service capabilities of various application platforms, strengthening innovation leadership and technological empowerment, and implementing the “carbon peaking and carbon neutrality” special plan. In particular, the “virtual employee” solution was selected as one of the top 30 innovative cases in the port and shipping logistics industry, and won the 2023 Excellent Case of China’s Digital Transformation by the Ministry of Industry and Information Technology; the joint venture “Cyantron” has accumulated 566 thousand kilometers of autonomous driving mileage, maintaining an industry-leading level; the Company released a White Paper on green logistics, and jointly promoted green logistics projects with strategic customers.

3. **Strengthening operation and promoting transformation**

The Company has improved the digital transformation management mechanism, established a cross-border and penetrating digital transformation organization, and ensured the promotion of digital transformation; the Company has also clarified the top-level design and specific task requirements of digital transformation, and solidly promoted the planning of customer management system, the construction of customer relationship management system and other projects.

4. **Nurturing talents and constructing echelons**

Through the market-oriented introduction mechanism for innovative talents, the Company has reshaped the assessment and evaluation system, created a new model of digitalized human resources sharing service; at the same time, the Company has comprehensively launched the “double hundred” talent plan and carried out multi-level selection and recommendation of young management personnel, so as to cultivate talents for the Company’s development.

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(II) Business Segments and Segment Profit (the Segment Profit being the Operating Profit of the Segment Deducting the Investment Income)

Logistics – deeply cultivating in niche markets, the contract logistics business has achieved positive growth



In the first half of 2023, the external revenue from the Group's logistics business amounted to RMB14.768 billion, substantially flat with RMB14.910 billion for the corresponding period of last year; and the segment profit amounted to RMB558 million, representing an increase of 22.91% from RMB454 million for the corresponding period of last year, mainly due to the Group's continued efforts to build industry-level solutions and strengthen lean operations, resulting in positive growth in the segment profits of the contract logistics, project logistics and chemical logistics, representing an increase of 16.53%, 27.37% and 71.89%, respectively.

The business volume, revenue and segment profit of contract logistics increased by 11.65%, 8.15% and 16.53% year-on-year, respectively. Where: ① in the fast-moving consumer goods (FMCG) and retail industry, the Company has built omni-channel integrated logistics solutions, and actively built an integrated marketing system, adding more than 10 new customers of over RMB10 million revenue contribution level, injecting impetus into the sustainable development of the business; ② in the automotive and manufacturing industries, the Company seized the business growth opportunities of new energy related industries on one hand; and expanded the coverage chain of traditional automobile business from pre-production to after-sales on the other hand, and achieved increase in revenue; ③ in the electronic technology industry, the Company strengthened integrated marketing, expanded customers in the consumer electronics industry, and extended services both upstream and downstream; ④ in the medical and health industry, the import of whole-process logistics solution has been implemented, and the market development has achieved results, and recorded increase in revenue.

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Forwarding and Related Business – taking multiple measures and making multi-point breakthroughs, the construction of product channels has been solidly promoted



In the first half of 2023, the external revenue from the Group's forwarding and related business amounted to RMB28.347 billion, representing a decrease of 14.74% from RMB33.248 billion of the first half of last year, and the segment profit amounted to RMB1.210 billion, representing a decrease of 4.58% from RMB1.268 billion for the corresponding period of last year, but still an increase of nearly 40% over the corresponding period of 2019. The year-on-year decline in the results of the forwarding and related business was mainly caused by sluggish market demand and a significant year-on-year decline in sea and air freight rates.

In respect of **sea freight forwarding**, the Company focused on customer needs and relied on channel construction. Through strengthening the partnership with shipping companies and restructuring the concentrating and dispatching resources, our end-to-end full-process service capabilities have been consolidated, service chains have been extended, and the container volume from multi-link services has been increased year-on-year. Thus, the segment profit margin achieved improvement. In respect of **air freight forwarding**, the Company insisted in the “new carrier” model, and rationally adjusted the layout of capacity. With stable supply, the controllable capacity of air freight channel reached 106 thousand tons and the business volume achieved year-on-year increase of 8.38% despite the decrease in demand of global air freight market. In respect of **railway freight forwarding**, the Company strengthened strategic cooperation with core capacity providers to build high-quality lines, and enhanced centralized management and control and centralized procurement capabilities of trunk lines, so as to continuously improve integrated operation capabilities. In the first half of the year, the business volume, revenue and segment profit of the railway freight forwarding increased by 15.26%, 30.04% and 54.01% respectively year-on-year.

E-commerce Business – continuously optimized product design, and maintained stable growth in business volume

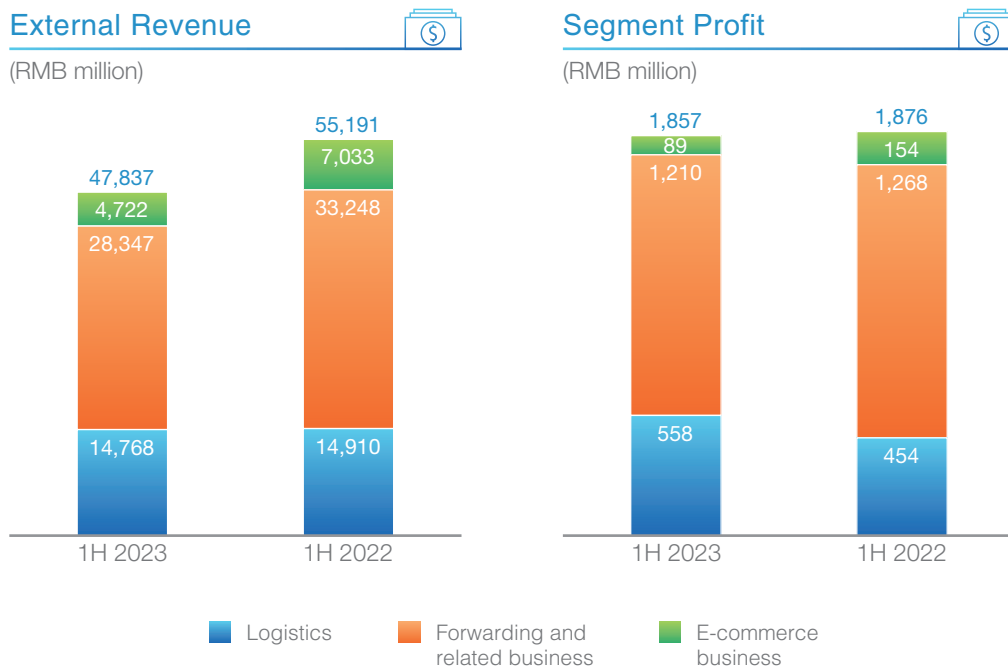


In the first half of 2023, the external revenue from the Group's e-commerce business amounted to RMB4.722 billion, representing a decrease of 32.87% from RMB7.033 billion for the corresponding period of last year; and the segment profit amounted to RMB89 million, representing a decrease of 42.56% from RMB154 million for the corresponding period of last year. The decrease is mainly because the consumption capacities in European and American markets were lower than expected which led to a slower-than-expected business volume growth of cross-border e-commerce logistics. Meanwhile, the cross-border e-commerce logistics business mainly relies on controllable capacity to provide services, and the continuous pressure on air freight rates has dragged down the profits of the cross-border e-commerce logistics business.

Cross-border e-commerce logistics business focused on tracking the movements of key target customers, and adjusted the capacity layout according to changes in customer needs; at the same time, the business enriched the product series, vigorously developed emerging markets such as Africa, the Middle East, Latin America, etc. on the basis of stable operation of European and American business, launched a number of small-package products for cross-border e-commerce, and developed the products for China to Mexico consolidation logistics. **Logistics e-commerce platform** – Y2T continuously optimized the product functions and developed customers, and both the business volume and revenue increased by more than 50%.

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FINANCIAL PERFORMANCE OF BUSINESS SEGMENTS



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RMB million		First half of 2023	First half of 2022
Logistics			
Contract Logistics	External Revenue	11,386	10,528
	Segment Profit	428	367
Project Logistics	External Revenue	1,755	2,334
	Segment Profit	53	41
Chemical Logistics	External Revenue	1,001	1,035
	Segment Profit	65	38
Cold Chain Logistics	External Revenue	296	288
	Segment Profit	-16	-10
Forwarding and Related Business			
Sea Freight Forwarding	External Revenue	19,924	23,874
	Segment Profit	421	461
Air Freight Forwarding	External Revenue	3,116	4,497
	Segment Profit	105	252
Railway Freight Forwarding	External Revenue	4,232	3,254
	Segment Profit	120	78
Shipping Agency	External Revenue	2,413	2,354
	Segment Profit	267	263
Storage and Yard Operation	External Revenue	1,715	1,702
	Segment Profit	196	156
<i>Air Channel*</i>	<i>External Revenue</i>	<i>7,312</i>	<i>10,963</i>
	<i>Segment Profit</i>	<i>152</i>	<i>364</i>
E-commerce Business			
Cross-border E-commerce	External Revenue	4,196	6,466
	Logistics Segment Profit	47	112
Logistics E-commerce Platform	External Revenue	1,776	1,179
	Segment Profit	6	7
Logistics Equipment Sharing Platform	External Revenue	83	86
	Segment Profit	36	36

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

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(III) Operation Statistics of Principal Business

In the first half of 2023, the volume of **contract logistics** was 21.28 million tonnes (19.06 million tonnes in 1H 2022); the volume of **project logistics** was 2.94 million tonnes (3.60 million tonnes in 1H 2022); the volume of **chemical logistics** was 1.69 million tonnes (1.64 million tonnes in 1H 2022); the volume of **cold chain logistics** was 0.44 million tonnes (0.42 million tonnes in 1H 2022).

In the first half of 2023, the volume of **sea freight forwarding** was 6.25 million TEUs (6.67 million TEUs in 1H 2022); the volume of **air channel** was 427 thousand tonnes (including 96 thousand tons of cross-border e-commerce logistics business), which was 394 thousand tonnes in 1H 2022 (including 74 thousand tons of cross-border e-commerce logistics business); the volume of **rail freight forwarding** was 219 thousand TEUs (190 thousand TEUs in 1H 2022); the volume of **shipping agency** was 13.47 million TEUs (13.61 million TEUs in 1H 2022); the volume of **storage and yard operation** was 10.79 million tonnes (10.81 million tonnes in 1H 2022).

In the first half of 2023, the volume of **cross-border e-commerce logistics** was 153.66 million units (155.52 million units in 1H 2022); the volume of **logistics e-commerce platform** was 1.10 million TEUs (0.69 million TEUs in 1H 2022); the volume of **logistics equipment sharing platform** was 86 thousand TEUs/day (76 thousand TEUs/day in 1H 2022).

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

Applicable Not applicable

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IV. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD

(I) Analysis on Principal Businesses

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

Unit: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period of last year	Change (%)
Operating income	47,836,753,821.70	55,191,710,612.25	-13.33
Operating cost	44,856,407,338.04	51,790,688,717.80	-13.39
Selling expenses	503,027,116.28	532,869,095.62	-5.60
Administrative expenses	1,579,598,568.75	1,587,889,504.21	-0.52
Finance costs	42,328,872.98	-47,571,803.59	N/A
Research and development expenses	25,876,391.87	48,918,182.36	-47.10
Net cash flows from operating activities	725,613,032.43	673,810,620.71	7.69
Net cash flows from investment activities	-797,301,429.64	-911,162,843.79	N/A
Net cash flows from financing activities	-1,462,652,718.57	-591,548,829.76	N/A
Effect of changes in exchange rate on cash and cash equivalents	193,905,385.78	240,141,519.84	-19.25
Net increase in cash and cash equivalents	-1,340,435,730.00	-588,759,533.00	N/A
Balance of cash and cash equivalents at the end of the period	14,839,098,898.51	13,626,116,849.00	8.90

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The change in operating income and operating cost was mainly due to the year-on-year decrease in the Group's operating income and costs resulted from the factors such as sharp decline in sea and air freight rates and sluggish demand in the market.

The change in selling expenses was mainly due to the decreased sales-related labor costs resulted from further strengthening of cost control during the Reporting Period.

The change in finance costs was mainly due to the fact that the USD-denominated net assets held by the Group incurred less year-on-year foreign exchange gains due to narrower year-on-year appreciation of USD against RMB during the Reporting Period.

The change in research and development expenses was due to the decrease in expensed R&D investment during the Reporting Period.

The change in net cash flows from operating activities was primarily due to the fact that in the first half of 2023, the cash received from sales of goods and provision of services by the Group was RMB49.548 billion (RMB56.340 billion in the corresponding period of last year), the cash paid for goods and services was RMB44.026 billion (RMB50.987 billion in the corresponding period of last year), and the net amount was RMB5.522 billion (RMB5.353 billion in the corresponding period of last year); at the same time, cash paid to and for employees increased by RMB193 million over the corresponding period of last year, and cash received from other operating activities rose year-on-year by RMB540 million.



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The change in net cash flows from investment activities was primarily due the fact that in the first half of 2023, the net cash outflows from investment activities amounted to RMB797 million, of which investment in property, machine and equipment was RMB774 million, investment in intangible assets and other assets was RMB191 million, and investment in joint ventures and associates and financial assets was RMB121 million; partially offset by disposal of property, machine and equipment of RMB106 million, cash proceeds from investment income of RMB164 million and repayment from related parties of RMB4 million.

In the first half of 2022, the net cash outflows from investment activities amounted to RMB911 million, of which investment in property, machine and equipment was RMB579 million, investment in intangible assets and other assets was RMB143 million, and investment in joint ventures and associates and financial assets was RMB55 million; partially offset by withdrawal of bank structural deposits of RMB6 million, disposal of property, machine and equipment of RMB26 million, cash proceeds from investment income of RMB42 million and repayment from related parties of RMB2 million.

The change in net cash flows from financing activities was primarily due the fact that in the first half of 2023, the net cash outflows from financing activities amounted to RMB1.463 billion, of which new borrowings of the Group was RMB363 million, and investment received by subsidiaries from minority shareholders was RMB93 million; partially offset by cash repayment of borrowings of RMB402 million, cash repayment of interest of RMB202 million, dividend payment of RMB866 million and lease payment of RMB394 million.

In the first half of 2022, the net cash outflows from financing activities amounted to RMB592 million, of which new borrowings of the Group was RMB1.462 billion, and investment received by subsidiaries from minority shareholders was RMB44 million; partially offset by cash repayment of borrowings of RMB1.276 billion, cash repayment of interest of RMB137 million, subsidiaries' dividend payment to minority shareholders of RMB64 million and lease payment of RMB368 million.

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

Applicable Not applicable

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

Applicable Not applicable

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(III) Analysis of Assets and Liabilities

Applicable Not applicable

1. Assets and Liabilities

Item	Amount at the end of the Reporting Period	Percentage of the amount to total assets at the end of the Reporting Period (%)	Amount at the end of last year	Percentage of the amount to total assets at the end of last year (%)	<i>Unit: RMB</i>
					Change of the amount at the end of the Reporting Period as compared to that of last year (%)
Bills receivable	27,762,213.64	0.04	88,529,670.89	0.11	-68.64
Construction in progress	1,196,398,964.00	1.54	795,865,087.48	1.02	50.32
Development expenditure	109,268,816.00	0.14	76,572,692.86	0.10	42.70
Bills payable	-	-	72,837,290.13	0.09	100.00
Non-current liabilities due within one year	7,594,392,617.21	9.75	3,226,339,059.15	4.14	135.39
Long-term borrowings	3,174,002,775.83	4.07	5,347,701,871.99	6.87	-40.65
Bonds payable	1,999,262,904.11	2.57	3,997,705,534.28	5.13	-49.99
Other non-current liabilities	53,279,224.65	0.07	265,180,547.74	0.34	-79.91

Other description

The change in bills receivable was mainly due to the decrease in bill settlement business of the Group at the end of the Reporting Period.

The change in construction in progress was mainly due to the increase in asset construction projects of the Group at the end of the Reporting Period.

The change in development expenditure was mainly due to the increase in capitalized R&D projects of the Group at the end of the Reporting Period.

The change in bills payable was mainly due to the end of bill settlement business of the Group at the end of the Reporting Period.

The change in non-current liabilities due within one year was mainly due to the fact that the Group reclassified certain long-term borrowings and bonds payable due within one year to non-current liabilities due within one year at the end of the Reporting Period.

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The change in long-term borrowings was mainly due to the fact that the Group reclassified certain long-term borrowings that were maturing to non-current liabilities due within one year at the end of the Reporting Period.

The change in bonds payable was mainly due to the fact that the Group reclassified certain bonds due within one year to non-current liabilities due within one year at the end of the Reporting Period.

The change in other non-current liabilities was mainly because that the Group disposed of certain entrusted assets during the Reporting Period, which led to the reduction in non-current liabilities as compared to the beginning of the Reporting Period.

2. **Overseas Assets**

Applicable Not applicable

(1) *Asset Scale*

Including: overseas assets of RMB20.147 billion, accounting for 25.85% of the total assets.

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

Applicable Not applicable

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

Applicable Not applicable

The major restricted assets of the Group mainly consist of cash and bank balances with limited usage, such as funds deposited subject to restrictions on the litigation, etc., and collateralized assets for long-term and short-term borrowings obtained from banks, mainly including the following:

The capital in the accounts of the Group with limited right of use amounted to RMB124 million at the end of the period, primarily including funds deposited subject to restrictions on the litigation of RMB80.40 million, guaranteed deposit of RMB25.7905 million, interest receivable of unexpired bank deposits of RMB11.3137 million, and others of RMB6.1043 million.

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KONGWELL LOGISTICS LIMITED (hereinafter, "KONGWELL LOGISTICS"), 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, KONGWELL LOGISTICS entered into a debenture with China Development Bank on 26 June 2015, under which the KONGWELL LOGISTICS was the charger. As at 30 June 2023, the restricted assets with limited right of use were accounted in investment properties and intangible assets.

Sinotrans Logistics Co., Ltd., a subsidiary of the Group, used intangible assets with a book value of RMB33.4054 million as collateral for its long-term loans.

Jiangmen New Port Development Co., Ltd., a subsidiary of the Group, used fixed assets with a book value of RMB173 million and intangible assets with a book value of RMB210 million as collateral for its long-term loans.

4. *Other Description*

Applicable Not applicable

(IV) Analysis of Investments

1. *Overall Analysis of External Equity Investments*

Applicable Not applicable

The Group's long-term equity investment at the end of the Reporting Period amounted to RMB9.706 billion, representing an increase of RMB1.179 billion, or 13.82%, as compared to RMB8.527 billion at the beginning of the year, primarily due to the adjustment of the book value of the Group's long-term equity investment according to the operating conditions of DHL-Sinotrans International Air Courier Ltd., Loscam International Holdings Co., Ltd., China Merchants Hainan Development Investment Co., Ltd. and other joint ventures and associates.

(1) *Major equity investment*

Applicable Not applicable

(2) *Major non-equity investment*

Applicable Not applicable

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(3) Financial assets at fair value

Applicable Not applicable

Unit: RMB

Asset Category	Opening balance	Gains or losses from changes in fair value for the Reporting Period	Accumulated changes in fair value recognised in equity	Impairment accrued during the Reporting Period	Acquisition during the Reporting Period	Disposal/ Redemption during the Reporting Period	Other changes	Closing balance
Equity securities	166,307,784.87	-26,393,329.82	-6,807,648.92				3,719,153.75	136,825,959.88
Others	1,050,198,047.13	-896,391.16					64,454,030.16	1,113,755,686.13
Total	1,216,505,832.00	-27,289,720.98	-6,807,648.92				68,173,183.91	1,250,581,646.01

Securities Investment

Applicable Not applicable

Unit: RMB

Type of securities	Stock code	Stock abbreviation	Initial investment	Source of funds	Opening carrying amount	Gains or losses from changes in fair value during the Reporting Period	Accumulated changes in fair value recognised in equity	Acquisition during the Reporting Period	Disposal during the Reporting Period	Investment gains or losses during the Reporting Period	Closing carrying amount	Accounting item
Equity securities	SH601111	Air China	8,076,871.60	Self-financing	30,576,728.20		-6,807,648.92				23,769,079.28	Other equity instrument investments
Equity securities	HK02618	JD Logistics	184,647,154.48	Self-financing	135,066,960.00	-26,299,665.00					112,485,100.00	Other non-current financial assets
Equity securities	SH600179	Antong Holdings	777,684.20	Self-financing	546,827.61	-83,104.50					463,723.11	Held-for-trading financial assets
Equity securities	SZ001872	China Merchants Port	15,570.07	Self-financing	44,295.10	-11,957.52					33,686.33	Held-for-trading financial assets
Equity securities	SZ002766	Soling	121,222.65	Self-financing	52,138.24	4,533.76					56,672.00	Held-for-trading financial assets
Equity securities	SZ600221	HNA	21,955.92	Self-financing	20,835.72	-3,136.56					17,699.16	Held-for-trading financial assets
Total	/	/	193,660,458.92	/	166,307,784.87	-26,393,329.82	-6,807,648.92				136,825,959.88	/

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Explanation of securities investment

Applicable Not applicable

Private fund investment

Applicable Not applicable

Derivatives investment

Applicable Not applicable

(V) Disposal of Major Assets and Equity

Applicable Not applicable

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

Applicable Not applicable

1. Major Controlling Subsidiaries

Company name	Nature of business	Registered capital (RMB)	Share holding (%)	Total assets (RMB: ten thousand)	Net assets (RMB: ten thousand)	Operating income (RMB: ten thousand)	Net profit (RMB: ten thousand)
Sinotrans Logistics Co., Ltd.	Logistics	1,444,000,000.00	100	2,316,286.81	820,906.75	850,812.63	27,032.50
Sinotrans Air Transportation Development Co., Ltd.	Air freight forwarding and cross-border e-commerce logistics	905,481,720.00	100	1,189,574.43	769,042.36	664,678.54	6,267.07
Sinotrans South China Co., Ltd.	Freight forwarding, logistics, and storage and terminal services	1,349,668,931.90	100	1,096,142.86	401,111.18	599,750.91	28,742.67
Sinotrans Eastern Company Limited	Freight forwarding, logistics, and storage and terminal services	1,120,503,439.18	100	691,431.02	302,691.83	654,793.84	25,949.63
Sinotrans Central China Co., Ltd.	Freight forwarding and logistics	645,339,941.77	100	663,412.99	205,546.50	683,249.72	30,473.29

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2. Major Joint Ventures and Associates

Company name	Nature of business	Registered capital	Share holding (%)	Total assets (RMB: ten thousand)	Net assets (RMB: ten thousand)	Operating income (RMB: ten thousand)	Net profit (RMB: ten thousand)
DHL-Sinotrans International Air Courier Ltd.	International express	US\$14.50 million	50	857,937.75	560,201.18	1,018,782.02	156,621.33
Loscam International Holdings Co., Ltd.	Logistics equipment leasing	US\$101	45	928,739.60	485,641.54	110,592.54	23,036.86

(VII) Structured Entities Controlled by the Company

Applicable Not applicable

V. OTHER DISCLOSURES

(I) Potential Risks

Applicable Not applicable

1. External Political and Economic Risks

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

Counter measures: The Company closely tracks market changes, regularly forms macroeconomic and logistics industry research, and proposes targeted suggestions to enhance the Company's ability to respond to cyclical changes. On the basis of providing high-quality services for existing business cooperation with strategic clients, we continuously expand the scope of new business cooperation and promote the deepening and increasing cooperation with strategic clients; enhance overseas localized capacity, combined with the implementation of establish product channel construction to strengthen the joint development with domestic business.

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2. Market Changes and Competition Risks

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

Counter measures: The Company will deepen cooperation with strategic customers and core customers, promote positive growth of business volume by discovering the needs of existing customers, expand the increment by strengthening the development of new customers, new fields and new regions; based on channel resources and capacity building, the Company conducts exploratory research and combines them to form innovative solutions and replicate and promote such solutions, forming new competitive advantages; focus on customer requirements and product channel construction, strengthen cooperation with leading enterprises, and enhance cooperation ability, strive to promote synergy and integration between domestic and overseas subsidiaries, as well as among overseas subsidiaries.

3. Overseas Business Risk

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

Counter measures: The Company will optimize its overseas risk control mechanisms, strengthen internal management, as well as identify key risk control measures for key companies, key businesses and key fields. The Company will also strengthen the inspections of key countries and key subsidiaries, and promote the development of global trade compliance and smart customs solutions, so as to improve its compliance risk management and control mechanisms. The Company will focus on high-risk areas such as “three anti, two controls”, and implement response processes and responsible staff for the control procedure, thereby improving its overseas compliance capabilities.

4. Technological Innovation Risk

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

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

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5. **Credit Receivable Risk**

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

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

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

For the second half of the year, from the perspective of overall economic situation, the lack of domestic demand, the restructuring of overseas demand, the overcapacity on the supply side, coupled with the complicated and volatile external situation, caused both supply and demand sides of the macro economy facing great challenges. Consequently, the entire logistics market is seeing weak demand as a persistent problem. In the face of the complex and severe economic situation, the Company will continue to take forward relevant major initiatives in a pragmatic manner.

1. **Overcoming obstacles to stabilize overall performance and prevent risks**

For the second half of the year, "stabilizing overall performance and preventing risks" will remain the top priority, and the Company will firmly resolve to "turn market stock into the Company's increment", and make its best efforts to ensure stable and healthy operation throughout the year.

Firstly, the Company will make every effort to stabilize our customers base. On the basis of precise study of industry trends and insight into customer needs, the Company will innovate partnerships with strategic customers and find ways to stabilize and increase the market share.

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Secondly, the Company will focus on the development of its principal businesses: ① Contract logistics business will focus on high-growth customers, actively develop new customers in the industry target, innovate business models to form differentiated solutions, and create new value for customers; ② Sea freight business will strengthen the partnership with shipping companies to jointly create end-to-end logistics service products and enhance the capability of controlling core channel resources; ③ Air freight business will adhere to the “new carrier” model, further reinforce its advantages in European and American routes, and strengthen the synergistic and integrated operating of operation control and marketing; ④ Land freight business will continue to deepen strategic cooperation with resource owners, accelerate the development of premium routes and railway express products, and constantly strengthen the construction of its self-operated platform to achieve full coverage of the five major regions.

Thirdly, the Company will further enhance its awareness of risk prevention and pay attention to safety risks, credit control risks and overseas risks.

2. Tackling difficulties to improve quality and efficiency and promote growth

Firstly, the Company will strengthen core functions to solidify market position. The Company will focus on serving the upgrading of industry chain, and serving Chinese enterprises going global to strengthen Sinotrans’ core functions and solidify the leading position in the domestic integrated logistics industry.

Secondly, the Company will strengthen lean operations to enhance our competitiveness. The Company will insist on applying quality and efficiency improvement and operation optimization methods and tools, continuously optimizing business processes, and strengthening refined cost control.

Thirdly, the Company will enhance development momentum with technological innovation. The Company will strengthen its technological innovation foundation, fully support digital transformation with system construction, constantly optimize its innovation mechanism, accelerate the research and development and application of intelligent logistics technologies and the promotion of their achievements, and continue to explore innovation investment projects. Meanwhile, the Company will focus on fostering green logistics, establishing and improving the “carbon peaking and carbon neutrality” management system, implementing the demonstrative application of green logistics, and supporting the cooperation and expansion of customers with green logistics solutions.

Fourthly, the Company will promote capacity of expanding overseas markets. The Company will further improve the layout of its overseas network, with a focus on strengthening its capacity in customs clearance, transshipment, warehousing and ground distribution in Southeast Asia, Middle East and Latin America, while continue to increase the resources investment in key overseas knots to continuously improve the quality of the overseas network and operational capacity.

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3. Benchmarking against the best to strengthen operation and promote transformation

In the second half of the year, the Company will further create consensus, increase investment, accelerate progress, optimize the organizational construction and top-level design for digital transformation, promote the implementation of digital transformation tasks, establish a standardized mechanism, and ensure the successful implementation of digital transformation.

4. Taking people as the foundation to nurture talents and construct echelons

In the second half of the year, the Company will vigorously promote the “Double-Hundred” plan and establish two talent pools. The Company will increase the strength of position-reallocation and communication of officers, support the construction of overseas talent team, and provide high-quality talent support for the development of Company.

(III) Other Disclosures

Applicable Not applicable

1. Income Tax

During the Reporting Period, the Group’s income tax expenses amounted to RMB533 million, representing a decrease of 3.63% as compared to RMB553 million for the corresponding period of last year, mainly due to the decrease in operating results.

2. Capital Expenditures

During the Reporting Period, the Group’s capital expenditure amounted to RMB879 million, among which RMB558 million was used for the construction of infrastructures, ports and terminals facilities and other projects, RMB113 million was used to purchase land use right and software, RMB200 million was used to purchase assets such as machineries, containers and vehicles, and RMB9 million was used for renovation and improvement of assets.

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3. Securities Investment

As at 30 June 2023, the listed equity investments held by the Group was RMB137 million, the details of which are set out in Note IX. 2, 13 and 14 to the Financial Statements under “Chapter 10 Financial Report” of this Report.

4. Contingent Liabilities and Guarantees

As at 30 June 2023, contingent liabilities mainly comprised outstanding lawsuits of the Group arising from its ordinary course of business amounting to RMB17 million (31 December 2022: RMB76 million).

Please see “XI. MATERIAL CONTRACTS AND PERFORMANCE – 2. Significant Guarantees Performed and Unfulfilled During the Reporting Period” under “Chapter 6 Significant Matters” of this Report for details of the guarantees.

5. Borrowings and Bonds

As at 30 June 2023, the Group’s total borrowings amounted to RMB8.598 billion (31 December 2022: RMB8.429 billion), which comprised 1,245 million denominated in RMB, 344 million in US dollars, 1,663 million in Euro and 5,345 million in Hong Kong dollars. Of the above borrowings, RMB5,424 million was payable within a year.

As at 30 June 2023, the Group’s total bonds payable amounted to RMB4,061 million (31 December 2022: RMB4,064 million). Of the above bonds payable, RMB2,062 million was payable within a year.

Details of borrowings and bonds of the Group as at 30 June 2023 are set out in Note IX. 27, 36 and 37 to the Financial Statements under “Chapter 10 Financial Report” of this Report.

6. Charges on Assets

For details, please refer to “3. Restriction on Material Assets as at the End of the Reporting Period” in “IV. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD (III) Analysis of Assets and Liabilities” under “Chapter 3 Management Discussion and Analysis”.

7. Debt-to-Asset Ratio

As at 30 June 2023, the debt-to-asset ratio of the Group was 50.43% (31 December 2022: 52.62%), which was calculated by dividing total liabilities by total assets of the Group as at 30 June 2023.

8. Government Subsidies

During the Reporting Period, government subsidies received by the Group in relation to income amounted to RMB976 million in total, details of which are set out in Note IX. 63 to the Financial Statements under “Chapter 10 Financial Report” of this Report.

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9. Employees

Number of employees: 32,597 as at 30 June 2023 (31 December 2022: 33,341).

Training plan: as at 30 June 2023, the offline training of the Group accumulated to 1,042,322 hours with 81,490 person times, while 576,490 online courses were completed (524,147 learning hours in total). During the Reporting Period, the training contents of the Group mainly included strategy and corporate culture, safety in production, employee basic work skills, employee business knowledge, management skills and leadership improvement, new employee induction, employee self-learning, etc. With the development of the Group, to ensure the constant elevation of the staff quality, the Group will increase the employees' access to training and continuously review and improve the training courses to meet the requirement of the business operation and employee development.

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

Details of employees' remuneration are set out in Note IX. 31 and 40 to the Financial Statements under "Chapter 10 Financial Report" of this Report.

10. Interim Dividend

(1) Interim dividend plan and schedule

Pursuant to the authorization of the 2022 Annual General Meeting, the Board has considered and approved the Resolution in Relation to Profit Distribution Plan for the First Half of 2023 at the 26th meeting of the third session of the Board. The Company will pay the interim dividend of RMB0.145 per share (tax included) in cash for 2023, based on the total share capital registered on the record date of the equity distribution (the shares in the special account for repurchase of the Company deducted). As at the date of this Interim Report, the total share capital was 7,294,216,875 shares, deducting the 49,280,000 A Shares in the special account for repurchase of the Company, based on which, the total is expected to be RMB1,050,515,846.88 (tax included), accounting for 48.37% of the net profit attributable to the shareholders of the Company in the first half of 2023. For the details, please refer to the Announcement of the Company on the Profit Distribution Plan for the First Half of 2023 disclosed by the Company on the website of the SSE (www.sse.com.cn). Independent non-executive Directors have expressed their positive independent opinions to the above-mentioned resolution.

Pursuant to the Articles of Association of the Company, dividends payable to the holders of A Shares of the Company shall be paid in RMB, and dividends payable to the holders of H Shares of the Company shall be calculated and declared in RMB, and paid in HK\$. The exchange rate for dividends payable in HK\$ is the average of the selling rates of RMB to HK\$ published by the People's Bank of China during the week (18 August 2023 to 24 August 2023) preceding the date of approved distribution of the first half of 2023 dividend by the Board. The average exchange rate of RMB to HK\$ for the said week was HK\$1=RMB0.9316. Accordingly, the amount of interim dividend for each H Share of the Company is HK\$0.1556. The recommended interim dividend will be paid on or before 19 October 2023 to the Shareholders as registered on the record date.

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The record date of H shareholders for the interim dividend is at the close of business on 18 September 2023. For determining the entitlement to the interim dividend, the register of members of the Company will be closed from 12 September 2023 to 18 September 2023, both days inclusive. For H Shareholders to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 11 September 2023, for registration.

(2) *Policies in relation to withholding tax applied to the interim dividend for H Shareholders*

In accordance to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which took effect on 1 January 2008, the Company is obliged to withhold and pay enterprise income tax at a tax rate of 10% on behalf of non-resident corporate shareholders on its H share register when making payments of dividend to these shareholders. Shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees or trustees or other organisations or bodies shall be deemed as shares held by non-resident corporate shareholders. Such shareholders will receive their dividend net of the enterprise income tax.

The Company will withhold and pay on behalf of the individual holders of H Share the income tax in accordance with the tax regulations of the PRC. Pursuant to the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by the Hong Kong Stock Exchange to the issuers on 4 July 2011, for nonforeign investment companies of the Mainland which are listed in Hong Kong distributing dividends to their shareholders, the individual shareholders in general will be subject to a withholding tax rate of 10%. They do not have to make any applications for entitlement to the above-mentioned tax rate. However, for shareholders who are residents of other countries and whose home countries have reached an agreement with China on an applicable withholding tax rate higher or lower than 10%, they have to follow the bilateral tax agreement in paying tax in connection with dividends paid by Mainland companies listed in Hong Kong. When making payments of dividend, the Company acting like a withholding agent in general will withhold 10% of the dividend on behalf of the individual H shareholders as individual income tax. If the relevant tax regulations and tax agreements have otherwise provisions, the Company will withhold individual income tax of such dividend in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

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In addition, the Company signed the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with China Securities Depository and Clearing Corporation Limited, pursuant to which, China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depository and clearing system. The cash dividends for investors of H shares of Southbound Trading will be paid in RMB.

The record date and the date of distribution of interim dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H shares of the Company. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of Shenzhen-Hong Kong Stock Market (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2016] No.127), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

11. Foreign Exchange Risk

The Group's turnover and transportation and related expenses are partially settled in foreign currencies. The Group's exposure to foreign exchange risk is mainly from the exchange rate fluctuation of foreign currencies, such as US dollars, Hong Kong dollars and Euro. Details are set out in Note XI to the Financial Statements under "Chapter 10 Financial Report" of this Report.

12. Repurchase, Sale or Redemption of Securities

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

During the Reporting Period, the Company has repurchased 11,586,000 H Shares (all cancelled) from the SEHK, accounting for 0.16% of the total number of shares and 0.57% of the total number of H Shares issued by the Company. The highest repurchase price was HK\$2.75 per share, the lowest price was HK\$2.50 per share, and the total amount of funds paid was HK\$29,973,450 (excluding transaction costs).

Except for the disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any listed securities of the Company during the Reporting Period.

Chapter 4

Corporate Governance

I. BRIEF INTRODUCTION OF SHAREHOLDERS' GENERAL MEETINGS

Sessions of meeting	Date	Inquiry index of designated website for publication of the resolutions	Disclosure date of the publication of the resolutions	Meeting resolutions
2022 Annual General Meeting, 2023 First H Shareholders' Class Meeting and 2023 First A Shareholders' Class Meeting	12 May 2023	The websites of SSE (www.sse.com.cn), and SEHK (www.hkexnews.hk)	13 May 2023	All deliberated resolutions were approved
2023 First Extraordinary General Meeting	31 July 2023	The websites of SSE (www.sse.com.cn), and SEHK (www.hkexnews.hk)	1 August 2023	All deliberated resolutions were approved

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

Applicable Not applicable

Explanations of general meetings

Applicable Not applicable

- The Company has successively held 2022 Annual General Meeting, 2023 First H Shareholders' Class Meeting and 2023 First A Shareholders' Class Meeting (the "Class Meetings") on 12 May 2023.

2022 Annual General Meeting has considered and approved the following resolutions: (1) the resolution in relation to the Work Report of the Board for the year 2022; (2) the resolution in relation to the Work Report of the Supervisory Committee for the year 2022; (3) the resolution in relation to the Financial Accounts Report of the Company for the year 2022; (4) the resolution in relation to the Annual Report of the Company and its summary for the year 2022; (5) the resolution in relation to the financial budget of the Company for the year 2023; (6) the resolution in relation to the profit distribution plan of the Company for the year 2022; (7) the resolution in relation to the grant of authorization to the Board to decide on the interim profit distribution plan of the Company for the year 2023; (8) the resolution in relation to the re-appointment of auditor for the year 2023; (9) the resolution in relation to the general mandate to issue, allot and deal with H Shares; (10) the resolution in relation to the general mandate to repurchase H Shares; (11) the resolution in relation to the Updated Mandate of the issue of Debt Financing Instruments; (12) the resolution in relation to the estimated guarantees of the Company for the year 2023; and (13) the resolution in relation to the proposed reduction of registered capital of the Company and proposed amendments to the Articles of Association. Among them, the Resolution No.10 and No.13 have been approved by the Class Meetings.

- The Company convened 2023 First Extraordinary General Meeting on 31 July 2023, which has considered and approved the resolutions: (1) the election of the Directors of the Company; and (2) the election of the Supervisor of the Company.

Chapter 4 Corporate Governance

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

Applicable Not applicable

Name	Position	Changes
Wang Xiufeng (Note 1)	Chairman, Non-executive Director	Elected
Yu Zhiliang (Note 1)	Non-executive Director	Elected
Tao Wu (Note 1)	Non-executive Director	Elected
Fu Bulin (Note 2)	Supervisor	Elected
Wang Dupeng (Note 3)	Vice President	Appointed
Wang Jian (Note 4)	Vice President	Appointed
Feng Boming (Note 5)	Chairman, Non-executive Director	Resigned
Song Dexing (Note 5)	Vice Chairman, Non-executive Director	Resigned
Jiang Jian (Note 5)	Non-executive Director	Resigned
Kou Suiqi (Note 5)	Supervisor	Resigned
Tian Lei (Note 6)	Vice President	Resigned

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

Applicable Not applicable

- On 31 July 2023, the 2023 First Extraordinary General Meeting of the Company considered and approved the “Resolution on the Appointment of Directors of the Company”, electing Mr. Wang Xiufeng, Mr. Yu Zhiliang and Mr. Tao Wu as non-executive Directors, each with the term of office from the approval of the general meeting until the date of conclusion of the third session of the Board. On the same day, the 24th meeting of the third session of the Board agreed to elect Mr. Wang Xiufeng as the Chairman of the Board (legal representative) of the Company, effective from 31 July 2023 until the conclusion of the third session of the Board.
- On 31 July 2023, the 2023 First Extraordinary General Meeting of the Company considered and approved the “Resolution on Election of Supervisor of the Company”, electing Mr. Fu Bulin as Supervisor, effective from the date of general meeting until the conclusion of the third session of the Board.
- On 16 June 2023, the 22th meeting of the third session of the Board considered and approved the “Proposal on the Appointment of Vice President of the Company”, approving to appoint Mr. Wang Dupeng as Vice President of the Company.

Chapter 4 Corporate Governance

4. On 14 August 2023, the 25th meeting of the third session of the Board considered and approved the “Proposal on the Appointment of Vice President of the Company”, approving to appoint Mr. Wang Jian as Vice President of the Company.
5. In July 2023, the Board received the resignation letters from Mr. Feng Boming, the then Chairman of the Board, Mr. Song Dexing, the then Vice Chairman of the Board, Mr. Jiang Jian, the then non-executive Director; the Supervisory Committee received the resignation letter of Mr. Kou Suiqi, the then Supervisor. Due to the work re-allocation, Mr. Feng Boming resigned as the Chairman of the Board and the non-executive Director, Mr. Song Dexing resigned as the Vice Chairman of the Board and the non-executive Director, Mr. Jiang Jian resigned as the non-executive Director, and Mr. Kou Suiqi resigned as the Supervisor with effect from 7 July 2023. Accordingly, Mr. Feng Boming also ceased to be the chairman of the Strategy Committee and the member of the Nomination Committee of the Company from 7 July 2023. Mr. Song Dexing also ceased to be the member of the Strategy Committee of the Company from 7 July 2023.
6. On 8 August 2023, Mr. Tian Lei, the then Vice President and General Counsel of the Company, resigned as the Vice President of the Company due to the work re-allocation.

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

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

Whether to distribute or to convert	Yes
Number of bonus share per 10 shares (share)	0
Amount of dividend per 10 shares in RMB (tax included)	1.45
Number of shares converted per 10 shares (share)	0

Notes to proposals of profit distribution or conversion of capital reserve fund into share capital
Please see “Chapter 3 Management Discussion and Analysis – V. OTHER DISCLOSURES – (III) Other Disclosures 10. Interim Dividend”

(II) Implementation of the Profit Distribution Plan for the Year 2022

The 2022 Annual Profit Distribution Plan of the Company has been considered and approved at the 2022 Annual General Meeting of the Company on 12 May 2023. The Company distributed 2022 annual dividend of RMB0.10 per shares (tax included) to all shareholders on the basis of 7,294,216,875 shares of the total share capital registered minus 49,280,000 A Shares repurchased in the repurchase account on the record date for the dividend distribution, the actual payment amounting to RMB726,735,817.50 in total. The aforesaid cash dividend has been distributed on 28 June 2023.

On 18 November 2022, the Company has distributed the 2022 interim dividend of RMB0.10 per share (tax included) in cash, the actual payment totalling RMB731,031,835.52.

Thus, the Company’s total cash dividend per share for 2022 was RMB0.20 (tax included), the actual payment totalling RMB1,457,767,653.02.

Chapter 4 Corporate Governance

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

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

Applicable Not applicable

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

Equity incentives

Applicable Not applicable

Other explanations

Applicable Not applicable

Employee share ownership scheme

Applicable Not applicable

Other incentives

Applicable Not applicable

V. CORPORATE GOVERNANCE

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

The Company has reviewed and adopted the principles and provisions of the CG Code as set out in Appendix 14 of the SEHK Listing Rules during the period from 1 January 2023 to 30 June 2023 as our code on corporate governance, and has complied with all code provisions set out in the CG Code.

(I) The Board

The Company has published the list of the Board members with their roles and positions on the websites of SEHK, SSE and the Company. Each Director of the Company acknowledges his/her responsibilities as a Director and is aware of the Company's operation procedure, business activities and development. During the Reporting Period, the Company convened 4 Board meetings and considered and approved 26 resolutions such as periodic reports, the appointment of Vice President, and related party transactions.

Chapter 4 Corporate Governance

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

During the Reporting Period, Mr. Wang Dupeng was appointed as Vice President of the Company by the Board on 16 June 2023. Other than the above mentioned information, there was no disclosable changes regarding the Directors, Supervisors or the Senior Management as required by the Rule 13.51B of the SEHK Listing Rules during the Reporting Period.

Note 1: On 7 July 2023, due to work re-allocation, Mr. Feng Boming resigned as the Chairman of the Board and the non-executive Director, Mr. Song Dexing resigned as the Vice Chairman of the Board and the non-executive Director, Mr. Jiang Jian resigned as the non-executive Director, and Mr. Kou Suiqi resigned as the Supervisor. On 31 July 2023, Mr. Wang Xiufeng was appointed as the Chairman and the non-executive Director, Mr. Yu Zhiliang and Mr. Tao Wu were appointed as the non-executive Directors, and Mr. Fu Bulin was appointed as the Supervisor, each with the term expiring on the conclusion of the third session of the Board.

Note 2: As at the date of this Report, the Board comprised 11 Directors, including 6 non-executive Directors (the Chairman Mr. Wang Xiufeng, non-executive Directors Mr. Deng Weidong, Ms. Luo Li, Mr. Yu Zhiliang, Mr. Tao Wu 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).

Note 3: As at the date of this Report, the Supervisory Committee comprised one shareholder Supervisor, two independent Supervisors and two staff-representative Supervisors, namely Mr. Huang Bilie (the chairman of the Supervisory Committee), Mr. Fu Bulin, Mr. Zhou Fangsheng, Mr. Fan Zhaoping and Mr. Wang Shengyun.

Note 4: On 8 August 2023, Mr. Tian Lei resigned as the Vice President of the Company due to the work re-allocation.

Note 5: On 14 August 2023, Mr. Wang Jian was appointed as Vice President of the Company.

(III) Strategy Committee

As at 30 June 2023, the Strategy Committee comprised the then Chairman Mr. Feng Boming (being the chairman of the Strategy Committee), the then Vice Chairman Mr. Song Dexing, executive Director Mr. Song Rong, non-executive Director Mr. Deng Weidong and independent non-executive Director Mr. Song Haiqing.

Note: On 7 July 2023, Mr. Feng Boming and Mr. Song Dexing resigned as the chairman and the member of the Strategy Committee, respectively. On 31 July 2023, Mr. Wang Xiufeng and Mr. Yu Zhiliang were appointed as the chairman and the member of the Strategy Committee, respectively.

Chapter 4 Corporate Governance

(IV) Audit Committee

As at 30 June 2023, the Audit Committee comprised all independent non-executive Directors, namely Mr. Meng Yan (being the chairman of the Audit Committee), Mr. Wang Taiwen, Mr. Song Haiqing and Ms. Li Qian. During the Reporting Period, the Company convened 3 Audit Committee meetings and considered and approved proposals such as periodic reports, internal control evaluation reports, and re-appointment of auditor.

The Audit Committee of the Company and ShineWing Certified Public Accountants LLP, the Company's auditor, have reviewed the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2023.

(V) Remuneration Committee

As at 30 June 2023, the Remuneration Committee comprised all independent non-executive Directors, namely Ms. Li Qian (being the chairman of the Remuneration Committee), Mr. Wang Taiwen, Mr. Meng Yan, and Mr. Song Haiqing. During the Reporting Period, the Company convened 1 Remuneration Committee meeting, considered and approved the proposal on the performance appraisal and remuneration of Senior Management.

(VI) Nomination Committee

As at 30 June 2023, the Nomination Committee comprised all independent non-executive Directors and Chairman of the Board, namely Mr. Wang Taiwen (being the chairman of the Nomination Committee), Mr. Feng Boming, Mr. Meng Yan, Mr. Song Haiqing and Ms. Li Qian. During the Reporting Period, the Company held 1 Nomination Committee meeting, considered and approved the proposal about the nomination of vice president of the Company.

Note: On 7 July 2023, Mr. Feng Boming resigned as a member of the Nomination Committee. On 31 July 2023, Mr. Wang Xiufeng was appointed as a member of the Nomination Committee.

(VII) Supervisory Committee

As at 30 June 2023, the Supervisory Committee comprises 1 shareholder-representative Supervisor, 2 independent Supervisors and 2 staff-representative Supervisors, namely Mr. Huang Bilie (being the chairman of the Supervisory Committee), Mr. Kou Suiqi, Mr. Zhou Fangsheng, Mr. Fan Zhaoping and Mr. Wang Shengyun. During the Reporting Period, the Company held 2 meetings of the Supervisory Committee, considered and approved 8 resolutions, such as periodic reports and the profit distribution.

Note: On 7 July 2023, due to the work re-allocation, Mr. Kou Suiqi resigned as the Supervisor. On 31 July 2023, Mr. Fu Bulin was elected as the Supervisor, with the term expiring on the conclusion of the third session of the Board.

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

The Company has adopted the Model Code contained in Appendix 10 to the SEHK Listing Rules as the code of conduct for securities transactions by the Company's Directors and Supervisors. The Directors and Supervisors have confirmed, following specific enquiries made by the Company that they have complied with the required standards set out in the Model Code and the Company's code of conduct regarding securities transactions by Directors and Supervisors for the six months from 1 January 2023 to 30 June 2023.

Chapter 5 Environment and Social Responsibility

I. ENVIRONMENTAL INFORMATION

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not Applicable

The Company is not a key pollutant discharging unit as published by the environmental protection authorities. During the Reporting Period, Sinotrans has no environmental pollution accidents, and all affiliated units had not received penalties from local governments on environmental protection.

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

Applicable Not applicable

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

Applicable Not applicable



Chapter 5 Environment and Social Responsibility

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

Applicable Not Applicable

Sinotrans attached great importance to energy conservation and environmental protection, conscientiously strengthened the organization and leadership of energy conservation and environmental protection, clearly took the leading group for energy conservation and environmental protection as the core, and established an energy conservation and environmental protection work office under the leading group for energy conservation and environmental protection to handle the daily affairs of energy conservation and environmental protection. Sinotrans prepared and issued the Checklist for Environmental Protection in 2023, and amended the Measures for Reporting, Investigation and Handling of Sudden Environmental Events, solidifying the management measures in terms of systems. Sinotrans completed the publicity of the special plan, and issued the Sinotrans Special Strategic Planning for Carbon Peaking and Carbon Neutrality and the White Paper on Green Logistics of Sinotrans. Sinotrans added waste water and waste gas treatment devices, standardized waste water and waste gas discharge and strictly controlled pollutant discharge. Sinotrans adopted the form of supervision and inspection by superiors, self-examination and self-correction by subordinate units, and assistance from third-party environmental protection housekeepers to go deep into the first-line production and business units to carry out screening of the risk hazards of environmental protection.

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

Applicable Not Applicable

In the first half of 2023, Sinotrans further strengthened the overall management of energy conservation and emission reduction, and actively promoted the green logistics ecological construction. We mainly carried out the following work:

Firstly, creating a green logistics supply chain solution. In combination with its own experience and in-depth research, Sinotrans formed a “green supply chain solution” by applying cleaner and more efficient biomass fuel, LNG energy, electric logistics vehicles and hydrogen fuel cell logistics vehicles, which will effectively reduce carbon emissions. Sinotrans realized carbon neutrality for the first time in the “Nanjing-Madrid” end-to-end logistics service for a leading customer in the communications and electronics industry by applying international carbon sink combination and sustainable aviation fuel. Sinotrans applied and continuously optimized the “carbon footprint calculator” independently developed by itself to estimate the specific number of carbon emissions for the green supply chain.

Chapter 5 Environment and Social Responsibility

Secondly, actively promoting the optimization of energy structure. Sinotrans actively explored cleaner and more efficient biomass fuel, LNG energy and more environmental protection applications such as electric logistics vehicles and hydrogen fuel cell logistics vehicles. As of now, the total transportation mileage of hydrogen fuel heavy trucks used by Sinotrans has accumulated approximately 50,000 kilometers, and the electrification rate of forklifts has reached more than 75%. At the same time, electric intercity transport distribution vehicles, trunk transport vehicles and tractors have also played an important role in reducing carbon and energy in the logistics scenario of Sinotrans. In terms of optimizing the energy consumption structure, Sinotrans has increased the popularization and application of energy-saving and environmental protection energy. Sinotrans has built more than 100,000 square meters of photovoltaic power generation by using the roofs of warehouses, and added about 4 MW of distributed photovoltaic in the first half of 2023. Sinotrans has built 37 sets of shore power facilities in 11 ports and docks, with a total shore capacity of 2,037kVA. Sinotrans jointly tested the semi-trailer electric truck with a leading domestic truck manufacture, and the first trip achieved a single charge for a mileage of more than 800 kilometers.

Thirdly, attaching importance to energy-saving measures in daily operations. Sinotrans has gradually formed a green and low-carbon operation mode by combining digital transformation, integrating resources, optimizing processes and leveraging intelligent logistics and smart warehouse codes. Sinotrans optimized the use of power equipment and adjusted the power supply strategy by sorting out the distribution of power consumption and key energy-consuming equipment, effectively reducing energy consumption and carbon emissions. Sinotrans transformed the existing constant-temperature warehouses, improved the thermal insulation performance of the temperature-controlled warehouses, and reduced the energy frequency of air conditioning, so as to reduce carbon emissions.



Chapter 5 Environment and Social Responsibility

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

✓Applicable □Not Applicable

During the Reporting Period, Sinotrans continued to take China Merchants Foundation as a unified professional public welfare platform to properly provide assistance by focusing on adhering to industrial leadership and improving the level of public services, focusing on helping Qichun, Hubei, Yecheng, Xinjiang and Qingyuan, Jiangxi to fully promote rural revitalization.

- **Hubei Qichun Industrial Revitalization Project:** Sinotrans supported Qichun County to build a rural revitalization demonstration area and strive to create highlights and characteristics in terms of industry, talents and organizational revitalization. Firstly, Sinotrans supported Zhangbang Town to build a modern agricultural industrial integration demonstration park around industrial revitalization, improve the varieties and infrastructure construction for the vegetable planting in 1,000 mu greenhouses, build supporting processing plants, and enhance the brand operation capabilities. Secondly, Sinotrans provided financial support for agricultural products processing enterprises, further strengthening local leading enterprises and driving the rapid development of county economy.
- **Xinjiang “Making Visit, Delivering Benefits and Gathering Morale (訪惠聚)” Village Assistance Project (continuous project):** Sinotrans supported “Making Visit, Delivering Benefits and Gathering Morale” Village Assistance Project and Supporting Village to carry out industrial and livelihood projects. Firstly, Sinotrans supported Village 9 of Boxireke Township to repair and transform the village-level clinic. Secondly, Sinotrans supported Village 10 of Boxireke Township to build a rural farmers’ entrepreneurial market, creating more jobs in the industry and increasing farmers’ income. Thirdly, Sinotrans supported Village 8 of Tieti Township to implement the beautiful countryside project, renovate canals, install street lamps and improve garbage disposal facilities.
- **Jiangxi Qingyuan Medical Improvement Project:** Sinotrans supported the improvement of medical emergency support and medical service capabilities of township hospitals in Qingyuan District, mainly including donating five ambulances to remote township hospitals, and supporting two township hospitals in Qingyuan District to upgrade their quality and equip them with relevant medical facilities and equipment.

Chapter 6 Significant Matters

I. PERFORMANCE OF COMMITMENTS

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

✓Applicable □Not applicable

Commitment background	Commitment type	Commitment 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	Others	Sinotrans & CSC, China Merchants	Note 1	28 February 2018; Effective permanently	No	Yes
	Resolving related-party transaction	Sinotrans & CSC, China Merchants	Note 2	28 February 2018; Effective permanently	No	Yes
	Others	the Company	Note 3	13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC, China Merchants	Note 4	13 April 2018; Effective permanently	No	Yes
	Others	All Directors, Supervisors and senior management of the Company	Note 5	13 April 2018; Effective permanently	No	Yes
	Others	the Company	Note 6	13 April 2018; Effective permanently	No	Yes
	Avoiding horizontal competition	Sinotrans & CSC	Note 7	13 April 2018; Effective permanently	No	Yes
	Avoiding horizontal competition	China Merchants	Note 8	13 April 2018; Effective permanently	No	Yes
	Resolving defective title of lands and other items	Sinotrans & CSC	Note 9	13 April 2018; Effective permanently	No	Yes
	Resolving defective title of lands and other items	China Merchants	Note 10	13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC, China Merchants	Note 11	13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC, China Merchants	Note 12	14 January 2019; Effective permanently	No	Yes

Chapter 6 Significant Matters

- Note 1: The covenantor shall maintain mutual independence in terms of personnel, finance, asset, business and organization in accordance with the provisions of the relevant law, regulation and normative documents.
- Note 2: The covenantor undertakes to avoid and reduce related-party transactions with the Company. For related party transactions that are unavoidable or where there are sufficient reasons, the covenantor shall sign a standard and formal related-party transaction agreement, shall perform the transaction in accordance with a fair and reasonable market price and shall fulfil the related-party transaction decision-making process and information disclosure obligation; the covenantor shall not prejudice the legitimate interests of the Company and other non-related shareholders through related-party transactions. The covenantor undertakes to procure corporates under its control (except the Company) to comply with the aforementioned commitment.
- Note 3: The covenantor undertakes to accelerate the development of the principal business of the Company; to boost the profitability of the Company; to enhance the internal management of the Company and cost control; to continuously improve corporate governance so as to provide institutional safeguard for the development of the Company; to further improve the profit distribution system and strengthen the investor return mechanism.
- Note 4: The covenantor undertakes to not go beyond its power and interfere the operation management activities of the Company and to not impair the interests of the Company.
- Note 5: The covenantors undertake to perform their duties faithfully and diligently to protect lawful interests of the Company and all shareholders; not to transfer benefits to other entities or individuals without compensation or on unfair terms; to constrain the consumption if it is business-related; not to invest with or spend the Company's assets outside the performance of their duties; that the Board shall formulate salary system which is in line with the implementation of the return remedial measures; that if a shareholding incentive policy shall be implemented, the conditions for exercising the option under the policy to be announced shall be in line with the implementation of the return remedial measures; that if the CSRC promulgates new rules for regulating return remedial measures and their commitments, the covenantors shall issue supplementary commitments.
- Note 6: 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.
- Note 7: The covenantor shall take effective measures to avoid horizontal competition. The covenantor has some subsidiaries that are engaged in integrated logistics business (the "Excluded Companies"). As at the date of this letter of commitment, the Excluded Companies have blemishes in terms of their asset ownership, subject qualification, profitability and other aspects, and, therefore, do not meet the requirement for injection to the Company. The covenantor undertakes to gradually realize the withdrawal of the Excluded Companies from integrated logistics business operation within three years from the listing date of A shares of the Company so as to thoroughly resolve the issue of substantial competition. Except for the companies entrusted to the Company, there is no competition between the covenantor and other companies under its control and the Company. The covenantor and other companies under its control do not, directly or indirectly, engage in any business or activity, in any form, that competes with or may compete with the principal business of the Company. During the period when the covenantor is the controlling shareholder of the Company, if the regulatory authority or the Company believes that there is substantial competition between the covenantor and the Company, the covenantor shall offer the Company the right of first refusal.

Chapter 6 Significant Matters

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

- Note 8: The covenantor shall take effective measures to avoid horizontal competition. There is no competition between the covenantor and other companies under its control (China Merchants and its subsidiaries) and the Company. The covenantor and other companies under its control do not, directly or indirectly, engage in any business or activity, in any form, that competes with or may compete with the principal business of the Company. During the period where the covenantor is the controlling shareholder of the Company, if the regulatory authority or the Company believes that there is substantial horizontal competition between the covenantor and the Company, the covenantor shall offer the Company the right of first refusal.
- Note 9: The covenantor shall fully support and facilitate the Company and its subsidiaries to achieve completeness of the certificates of title for assets including lands, estates and properties. After the completion of the merger by absorption, where the Company suffers actual loss from the problem that exist in the land use rights and the ownership of property assets held prior to the merger by absorption, or where there are indemnities, penalties, taxes or other fees that arise from the operation of defective land use rights and property assets by the Company and its subsidiaries after the merger by absorption, the covenantor undertakes to fully compensate the Company and its subsidiaries in a timely manner by way of cash within 30 days after the Company have determined the actual loss or relevant fees legally.
- Note 10: The covenantor shall fully support and facilitate the Company and its subsidiaries to achieve completeness of the certificates of title for assets including lands and properties. After the completion of the merger by absorption, where the Company and its subsidiaries suffer actual loss from the problems that exist in the land use rights and the ownership of property assets held prior to the merger by absorption, the Company and its subsidiaries shall be fully compensated in a timely manner by way of cash within 180 days after the Company and its subsidiaries have determined the relevant fees legally.
- Note 11: After the completion of the merger by absorption, if the Company suffers loss or assumes any responsibility from the payment issue of social insurance or housing provident fund prior to the merger by absorption, the covenantor undertakes to assume the corresponding indemnity after determining that loss or responsibility legally.
- Note 12: If the covenantor reduced its directly and indirectly held shares (excluding H shares) issued by Sinotrans before the merger by absorption within two years after the expiration of the lockup period, the reduction price shall not be lower than the issue price (if the exit dividend and/or right is carried out due to the distribution of cash dividends, shares dividends, share capital conversion, issuance of new shares, etc., the reduction price shall be adjusted accordingly in accordance with the relevant provisions of the CSRC and the SSE); in the meanwhile, the covenantor shall comply with the relevant provisions of the CSRC and the SSE on the reduction of shares.
- Note 13: For the full text of the above commitments, please refer to the "Section I Important Statements and Tips" in the Announcement on the Listing through the merger by absorption of Sinoair by Sinotrans Limited and the Financial Statements for the Third Quarter of 2018" issued by the Company on the website of SSE (www.sse.com) on 15 January 2019.

Chapter 6 Significant Matters

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

Applicable Not applicable

III. IRREGULAR OF GUARANTEES

Applicable Not applicable

IV. AUDIT OF THE INTERIM REPORT

Applicable Not applicable

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

Applicable Not applicable

VI. MATTERS RELATED TO BANKRUPTCY AND REORGANIZATION

Applicable Not applicable

VII. MAJOR LITIGATION AND ARBITRATION MATTERS

The Company was involved in major litigation or arbitration proceedings during the Reporting Period

The Company was not involved in major litigation or arbitration proceedings during the Reporting Period

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

Applicable Not applicable

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

Applicable Not applicable



Chapter 6 Significant Matters

X. MATERIAL RELATED PARTY TRANSACTIONS

(I) Material Related Party Transactions

The material related party transactions undertaken by the Group during the Reporting Period are set out in Note X to the Financial Statements under “Chapter 10 Financial Report”.

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

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

Applicable Not applicable

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

Applicable Not applicable

- (1) On 28 October 2020, the Company renewed the Master Services Agreement with China Merchants, the term of which is from 1 January 2021 to 31 December 2023. According to the agreement, the annual cap of the amount of transportation and logistics services provided by the Group to China Merchants Group is RMB2,500 million, RMB3,250 million and RMB4,225 million in 2021, 2022 and 2023, respectively; the annual cap of the amount of transportation and logistics services received by the Group from China Merchant Group is RMB3,500 million, RMB4,550 million and RMB5,915 million in 2021, 2022 and 2023, respectively. During the Reporting Period, the transportation and logistics services provided by the Group to China Merchants Group amounted to RMB762 million, while the transportation and logistics services received from China Merchants Group was RMB1,844 million.

Chapter 6 Significant Matters

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

Unit: RMB Ten Thousand

Categories	Annual cap of 2021	Annual cap of 2022	Annual cap of 2023	Actual amount of the Reporting Period
the lease of properties and storage facilities as the lessee from the related party	57,000	62,700	68,970	11,977
the lease of properties and storage facilities as the lessor to the related party	4,000	4,600	5,290	772
the lease of containers and other equipment as the lessee from the related party	1,500	1,700	1,930	664
the lease of containers and other equipment as the lessor to the related party	20,000	23,000	26,450	3,590

- (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 maximum outstanding balance of deposits placed by the Group with China Merchants Bank is RMB4,000 million and the maximum outstanding balance of loans granted by China Merchants Bank to the Group is RMB5,000 million. As at 30 June 2023, the Group's deposit balance and loan balance at China Merchants Bank were RMB1,261 million and RMB267 million, respectively.

Chapter 6 Significant Matters

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

Unit: RMB Ten Thousand

Categories	Related Joint ventures	Annual cap of 2021	Annual cap of 2022	Annual cap of 2023	Actual amount of the Reporting Period
Provide services to related parties (The Company provides logistics services for related parties)	DHL-Sinotrans	16,000	19,000	22,500	2,961.64
	Shanghai United Cold Chain	3,000	3,500	4,500	1.25
	Nissin-Sinotrans	8,000	9,500	11,500	222.57
Accept services provided by related parties (Related parties provide logistics services to the Company)	DHL-Sinotrans	27,000	32,500	39,000	2,977.42
	New Land Bridge	12,000	14,500	17,500	1,207.34

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

3. Events Not Disclosed in the Temporary Announcements

Applicable Not applicable

Chapter 6 Significant Matters

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

Applicable Not applicable

(IV) Material Related Party Transactions involving Joint External Investments

Applicable Not applicable

(V) Claims and Liabilities with Related Parties

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

Applicable Not applicable

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

Applicable Not applicable

3. Events Not Disclosed in the Temporary Announcements

Applicable Not applicable

Unit: RMB

Related parties	Capital provided to related parties			Capital provided by related parties to listed company		
	Opening balance	Amount of the transaction	Closing balance	Opening balance	Amount of the transaction	Closing balance
Other companies controlled by the same parent company and ultimate controlling party	4,674,092,198.10	-1,192,786,680.37	3,481,305,517.73	1,032,361,390.49	-176,295,981.48	856,065,409.01
Joint ventures and associates	748,743,096.23	1,054,741,569.84	1,803,484,666.07	1,074,173,992.96	-549,003,328.31	525,170,664.65
Total	5,422,835,294.33	-138,045,110.53	5,284,790,183.80	2,106,535,383.45	-725,299,309.79	1,381,236,073.66
Reasons for related claims and debts	Mainly deposits 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 6 Significant Matters

(VI) Financial Business between the Company and its Related Finance Company, and between the Finance Company Controlled by the Company and its Related Parties

Applicable Not applicable

On 28 October 2020, the Company entered into a Financial Services Agreement with the Finance Company, the term of which is from 1 January 2021 to 31 December 2023. According to the agreement, the maximum daily outstanding balance of the deposit placed by the Group with the Finance Company, the maximum daily outstanding balance of the loan (including accrued interest and handling fees) granted by the Finance Company to the Group and other financial service fees per year at the Finance Company shall not exceed RMB5 billion, RMB10 billion, and RMB20 million respectively. During the Reporting Period, the Group's maximum daily deposit balance at Finance Company and outstanding loan balance granted by the Finance Company to the Group were RMB4,518 million and RMB406 million respectively, and the total fees of other financial service was RMB222.7 thousand. The above-mentioned daily related party transaction has been reviewed and approved by the Company's Extraordinary General Meeting of Shareholders on 22 December 2020. For details, please refer to relevant announcements dated 28 October 2020 and 22 December 2020 published by the Company on the websites of SSE (www.sse.com.cn) and SEHK (www.hkexnews.hk).

1. Deposit business

Applicable Not applicable

Unit: RMB

Related party	Related relationship	The cap of daily outstanding deposit balance	Deposit interest rate range	Balances at the beginning of the period	Amount of the transaction		Balances at the end of the period
					Total 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%	4,568,784,303.97	112,210,613,091.38	113,391,966,490.33	3,387,430,905.02
Total	/	/	/	4,568,784,303.97	112,210,613,091.38	113,391,966,490.33	3,387,430,905.02

Chapter 6 Significant Matters

2. Loan business

Applicable Not applicable

Unit: RMB

Related party	Related relationship	The cap of daily loan balance	Loan interest rate range	Balances at the beginning of the period	Amount of the transaction		Balances at the end of the period
					Total loans of the period	Total repayments of the period	
Finance Company	Other company controlled by the same parent company and ultimate controlling party	10,000,000,000.00	1.20%-3.85%	350,436,365.05	86,364,742.05	243,352,225.69	193,448,881.41
Total	/	/	/	350,436,365.05	86,364,742.05	243,352,225.69	193,448,881.41

3. Credit business or other financial business

Applicable Not applicable

Unit: 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	193,448,881.41

4. Other explanation

Applicable Not applicable

(VII) Other Material Related Party Transactions

Applicable Not applicable

(VIII) Others

Applicable Not applicable

Chapter 6 Significant Matters

XI. MATERIAL CONTRACTS AND PERFORMANCE

1. Entrustment, Contracting and Leasing

Applicable Not applicable

2. Significant Guarantees Performed and Unfulfilled During the Reporting Period

Applicable Not applicable

Unit: RMB

Guarantors	Relation between the guarantors and the listed company	The Guaranteed party	The Guaranteed amount	Date of the Guarantee (the date of the agreement)	External guarantee of the Company (excluding those provided to subsidiaries)						Whether the guarantee has been fulfilled	Is the guarantee overdue	Guarantee amount	Counter situation	Guarantee provided to the related parties	
					Guarantee beginning date	Guarantee maturity date	Type of guarantee	Main debt situation	Collateral (if any)	Related parties					Relationships	
Sinotrans South China Company Limited	Wholly-owned subsidiaries	Shenzhen Haixing Harbor Development Co., Ltd.	478,621,253.14	1 July 2019	1 July 2019	1 July 2037	Financing guarantee/ Joint liability	Performed	Normally	Nil	No	No	0	No	Yes	Associate
Total guaranteed amount during the Reporting Period (excluding guarantees provided to subsidiaries)															371,785,791.32	
Balance of total guarantees as at the end of the Reporting Period (A) (excluding guarantees provided to subsidiaries)															478,621,253.14	
Guarantees provided by the Company to subsidiaries																
Total guaranteed amount to subsidiaries during the Reporting Period															75,963,219.86	
Total guaranteed balance to subsidiaries as at the end of the Reporting Period (B)															4,463,605,702.30	
Total guarantees (including guarantees to subsidiaries) provided by the Company																
Total guaranteed amount (A+B)															4,942,226,955.44	
Total guaranteed amount as a percentage of the net asset value of the Company (%)															12.79	
Of which:																
Guaranteed amount provided for shareholders, actual controller and their related parties (C)															-	
Debt guaranteed amount provided directly or indirectly to parties with gearing ratio exceeding 70% (D)															3,053,946,770.00	
Total guaranteed amount in excess of 50% of net asset value (E)															-	
Total guaranteed amount of the above three items (C+D+E)															3,053,946,770.00	
Statement on the contingent joint liability in connection with unexpired guarantees															Nil	
Details of guarantee															In addition to the above guarantees, the Company and its subsidiaries provide guarantees for the credit lines applied for by companies within the scope of the consolidated statements. As at 30 June 2023, the total credit guarantees was RMB6.257 billion.	

3. Other Material Contracts

Applicable Not applicable

XII. EXPLANATION OF OTHER SIGNIFICANT MATTERS

✓Applicable Not applicable

On 18 May 2023, the Company and Sinotrans Changjiang Co., Ltd.* (中國外運長江有限公司) (“Sinotrans Changjiang”), a wholly-owned subsidiary of the Company, entered into the Sinotrans Changjiang Capital Increase Agreement with Shanghai Changjiang Shipping Corporation (上海長江輪船有限公司) (“Shanghai Changjiang Shipping”) and China Yangtze River Shipping Co., Ltd.* (中國揚子江輪船股份有限公司) (“Yangtze River Shipping”) (both being connected persons of the Company), pursuant to which, Shanghai Changjiang Shipping (as the investor) intended to subscribe for the incremental registered capital of Sinotrans Changjiang to take 11% equity interests in Sinotrans Changjiang upon completion of the capital increase, with its 100% equity interests in Yangtze River Shipping at a consideration of RMB362 million. Upon completion of the Sinotrans Changjiang Capital Increase, the Company and Shanghai Changjiang Shipping will hold 89% and 11% equity interests in Sinotrans Changjiang, respectively. Sinotrans Changjiang will remain as a subsidiary of the Company, and therefore its financial results will remain to be included into the consolidated financial statements of the Company.

On the same date, Sinotrans Eastern Co., Ltd.* (中國外運華東有限公司) (“Sinotrans Eastern”), Chongqing Sinotrans Bulk Shipping Co., Ltd.* (重慶中外運散貨運輸有限公司) (“Chongqing Bulk Shipping”), Hubei Sinotrans Bulk Shipping Co., Ltd.* (湖北中外運散貨運輸有限公司) (“Hubei Bulk Shipping”) and Jiangsu Sinotrans Shipping Agency Co., Ltd.* (江蘇中外運船務代理有限公司) (“Jiangsu Shipping Agency”), four wholly-owned subsidiaries of the Company, entered into the CSC Cargo Capital Increase Agreement with Shanghai Changjiang Shipping and CSC Cargo Co., Ltd.* (長航貨運有限公司) (“CSC Cargo”), pursuant to which, Sinotrans Eastern (as the investor) intended to subscribe for the incremental registered capital of CSC Cargo to take 13% equity interests in CSC Cargo upon completion of the capital increase, with its 100% equity interests in Chongqing Bulk Shipping, 100% equity interests in Hubei Bulk Shipping and 49% equity interests in Jiangsu Shipping Agency at a consideration of approximately RMB394 million. Upon completion of the CSC Cargo Capital Increase, Sinotrans Eastern and Shanghai Changjiang Shipping will hold 13% and 87% equity interests in CSC Cargo, respectively. CSC Cargo will remain as a subsidiary of Shanghai Changjiang Shipping, and therefore its financial results will remain to be included into the consolidated financial statements of Shanghai Changjiang Shipping.

As at the date of this Report, the relevant industrial and commercial changes for Sinotrans Changjiang and CSC Cargo have not been completed. For details, please refer to relevant announcement dated 18 May 2023 published by the Company on the websites of SSE (www.sse.com.cn) and SEHK (www.hkexnews.hk).

Chapter 7

Changes of Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of Changes in Shares

1. Table of Changes in Shares

Unit: Share

	Before the change		Increase/Decrease of the change (+, -)				After the change	
	Number	Percentage (%)	Issuance of new shares	Conversion of common reserve fund	Others	Sub-total	Number	Percentage (%)
I. Restricted shares	0	0.00					0	0.00
II. Tradable shares without restrictions	7,355,104,875	100.00			-60,888,000	-60,888,000	7,294,216,875	100.00
1. Ordinary shares dominated in RMB	5,255,916,875	71.46					5,255,916,875	72.06
2. Foreign shares domestically listed								
3. Foreign shares listed overseas	2,099,188,000	28.54			-60,888,000	-60,888,000	2,038,300,000	27.94
4. Others								
III. Total ordinary shares	7,355,104,875	100.00			-60,888,000	-60,888,000	7,294,216,875	100.00

2. Description of Share Changes

Applicable Not applicable

Pursuant to the authorization of the general meeting of the Company, the Company repurchased 60,888,000 H Shares from 27 October 2022 to 20 January 2023, which were cancelled on 10 February 2023. Therefore, the total share capital of the Company was reduced by 60,888,000 shares to 7,294,216,875 shares.

On 12 May 2023, the Company held 2022 Annual General Meeting, 2023 First H Shareholders' Class Meeting and 2023 First A Shareholders' Class Meeting, which considered and approved the resolution to reduce the registered capital to RMB7,294,216,875 and to revise the relevant provisions of the Articles of Association.

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

Chapter 7

Changes of Shares and Particulars of Shareholders

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

Applicable Not applicable

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

Applicable Not applicable

(II) Changes in Restricted Shares

Applicable Not applicable

II. PARTICULARS OF SHAREHOLDERS

(I) Number of Shareholders:

Total number of ordinary Shareholders at the end of the Reporting Period (shareholders)	72,057
Of which: Total number of A Shares Shareholders	71,930
Total number of H Shares Shareholders	127
Total number of preferred Shareholders with restored voting rights at the end of the Reporting Period (shareholders)	/

Chapter 7

Changes of Shares and Particulars of Shareholders

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

Unit: Share

Name of Shareholders (Full Name)	Shareholding of the Top 10 Shareholders				Pledged, Marking or Frozen Status		Nature of Shareholders
	Increase or Decrease during the Reporting Period	Number of Shares Held at the End of the Reporting Period	Percentage (%)	Number of Restricted Shares	Shares of Status	Number	
Sinotrans & CSC Holdings Co., Ltd.	0	2,472,216,200	33.89	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	-60,889,000	2,000,956,399	27.43	0	Unknown	Unknown	Overseas legal person
China Merchants Group Limited	0	1,600,597,439	21.94	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited (香港中央結算有 限公司)	20,508,689	131,020,145	1.80	0	Nil	0	Overseas legal person
Bank of China E Fund Stable Yield Bond Securities Investment Fund (中國銀行－易方達穩健收益債券型證 券投資基金)	61,695,120	61,695,120	0.85	0	Nil	0	Unknown
DEUTSCHE POST BETEILIGUNGEN HOLDING	0	35,616,000	0.49	0	Unknown	Unknown	Overseas legal person
Bank of Communications Co., Ltd. － Yongying Long Term Value Hybrid Securities Investment Fund (交通銀 行股份有限公司－永贏長遠價值混合 型證券投資基金)	22,753,049	22,753,049	0.31	0	Nil	0	Unknown
Chen Jingjian	-814,000	14,470,900	0.20	0	Nil	0	Domestic natural person
Jiang Chunsheng	0	12,285,300	0.17	0	Nil	0	Domestic natural person
Monetary Authority of Macao- Equity Fund (澳門金融管理局－自有資金)	11,443,200	11,443,200	0.16	0	Nil	0	Overseas legal person

Chapter 7

Changes of Shares and Particulars of Shareholders

Shareholding of the Top 10 Holders of Unrestricted Shares

Name of Shareholder	Number of Shares without Restrictions	Type and Number of Shares	
		Type	Number
Sinotrans & CSC Holdings Co., Ltd.	2,472,216,200	Ordinary shares denominated in RMB	2,472,216,200
HKSCC NOMINEES LIMITED	2,000,956,399	Shares listed overseas	2,000,956,399
China Merchants Group Limited	1,600,597,439	Ordinary shares denominated in RMB	1,600,597,439
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	131,020,145	Ordinary shares denominated in RMB	131,020,145
Bank of China E Fund Stable Yield Bond Securities Investment Fund (中國銀行－易方達穩健收益債券型證券投資基金)	61,695,120	Ordinary shares denominated in RMB	61,695,120
DEUTSCHE POST BETEILIGUNGEN HOLDING	35,616,000	Shares listed overseas	35,616,000
Bank of Communications Co., Ltd. – Yongying Long Term Value Hybrid Securities Investment Fund (交通銀行股份有限公司－永贏長遠價值混合型證券投資基金)	22,753,049	Ordinary shares denominated in RMB	22,753,049
Chen Jingjian	14,470,900	Ordinary shares denominated in RMB	14,470,900
Jiang Chunsheng	12,285,300	Ordinary shares denominated in RMB	12,285,300
Monetary Authority of Macao- Equity Fund (澳門金融管理局－自有資金)	11,443,200	Ordinary shares denominated in RMB	11,443,200
Explanations of the repurchase of special accounts among the top 10 shareholders	As at the end of the Reporting Period, the number of shares held in the Sinotrans Special Securities Account for Repurchase was 49,280,000 A Shares, accounting for approximately 0.68% of the total issued share capital of the Company, which will be used for share options incentives.		
Explanation of the above-mentioned shareholders' entrusted voting rights, been entrusted voting rights, and waiver of voting rights	Nil		
Explanations on the related-party relations or acting in concert among the above shareholders	Sinotrans & CSC is a wholly-owned subsidiary of China Merchants.		
Explanations on the shares and voting rights restored of preferred shareholders	Nil		

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

Applicable Not applicable

Chapter 7

Changes of Shares and Particulars of Shareholders

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

As at 30 June 2023, so far as the Directors of the Company were aware, the following parties (other than Directors, Supervisors and chief executive) 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	55.84%	-
	192,978,000(L)	H Shares	2.65%	9.47%
Pandanus Associates Inc. (Note 2)	273,761,000(L)	H Shares	3.75%	13.43%
LSV ASSET MANAGEMENT (Note 3)	171,317,800(L)	H Shares	2.35%	8.40%
Brown Brothers Harriman & Co. (Note 4)	164,020,190(L)	H Shares	2.25%	8.05%
	164,020,190(P)	H Shares	2.25%	8.05%
The Bank of New York Mellon Corporation (Note 5)	111,474,741(L)	H Shares	1.53%	5.47%
	46,345,237(P)	H Shares	0.64%	2.27%

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

- (1) As at 30 June 2023, China Merchants held 58.48% of the Company's total issued shares. China Merchants directly held 1,600,597,439 A Shares (long position), indirectly held 2,472,216,200 A Shares (long position) and 107,183,000 H Shares (long position) through Sinotrans & CSC, its wholly-owned subsidiary, and indirectly held 85,795,000 H Shares (long position) through China Merchants Investment Development (Hong Kong) Limited, its wholly-owned subsidiary. Sinotrans & CSC indirectly held 107,183,000 H Shares (long position) through its subsidiaries, of which Sinotrans (Hong Kong) Holdings Ltd. held 106,683,000 H Shares (long position) and Sinotrans Shipping Inc. held 500,000 H Shares (long position).
- (2) According to the Disclosure of Interests Form submitted by Pandanus Associates Inc. on the website of Hong Kong Stock Exchange, 273,761,000 H Shares (long position) are interests of corporations controlled by substantial shareholders, of which 52,297,000 H Shares (long position) are unlisted derivatives settled in cash.
- (3) According to the Disclosure of Interests Form submitted by LSV ASSET MANAGEMENT on the website of Hong Kong Stock Exchange, LSV ASSET MANAGEMENT held 128,648,800 H Shares (long position) in the capacity of investment manager. 42,669,000 H Shares (long position) are deemed interest through its general partnership interest in certain limited partnerships.
- (4) 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 164,020,190 H Shares (long position) in the capacity of agent, all of which were lending pool.
- (5) According to the Disclosure of Interests Form submitted by The Bank of New York Mellon Corporation on the website of Hong Kong Stock Exchange, 111,474,741 H Shares (long position) are interests of corporations controlled by substantial shareholders, of which 46,345,237 H Shares were of lending pool.

Chapter 7 Changes of Shares and Particulars of Shareholders

Save as disclosed above, as at 30 June 2023, so far as the Directors of the Company were aware, there was no other party (other than Directors, Supervisors or chief executive) who had any interests and short positions in the Shares of the Company which would fall to be recorded in the register kept by the Company pursuant to Section 336 of SFO and disclosed to the Company and Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO.

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

Applicable Not applicable

III. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Applicable Not applicable

Other information

Applicable Not applicable

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

Applicable Not applicable

(III) Other Information

Applicable Not applicable



Chapter 7

Changes of Shares and Particulars of Shareholders

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

As at 30 June 2023, so far as the Directors of the Company were aware, the interests or short positions of the Directors, Supervisors, chief executive or their associates in the shares or debentures of the Company or any associated corporation of the Company which were required to be notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which they are deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of SFO to be recorded in the register kept by the Company referred to therein, or which were required to be notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Category of Shares	Nature of interests	Number of Shares interested (Note 1)	Approximate percentage of the total number of the relevant class of Shares of the Company as at 30 June 2023 (%)	Approximate percentage of the issued share capital of the Company as at 30 June 2023 (%)
Song Rong	Director	A Shares	Beneficial Owner	1,286,800(L) (Note 2)	0.02	0.02
Jiang Jian (Note 3)	Director	A Shares	Beneficial Owner	643,400(L) (Note 2)	0.01	0.01

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

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

Note 3: Mr. Jiang Jian has resigned as a non-executive Director with effect from 7 July 2023. Thus, the share options granted to Mr. Jiang Jian have been invalid since 7 July 2023.

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

IV. CHANGES OF CONTROLLING SHAREHOLDERS OR ACTUAL CONTROLLERS

Applicable Not applicable

Chapter 8 Particulars of Preferred Shares

Applicable Not applicable



Chapter 9 Particulars of Bonds

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

Applicable Not applicable

(I) Enterprise Bonds

Applicable Not applicable

(II) Corporate Bonds

Applicable Not applicable

1. Basic Information of Corporate Bonds

Unit: RMB hundred million

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

Note: The above bonds are attached with issuer's option of coupon rate adjustment, and investors' option of sell-back, effective at the end of the third year.

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

Applicable Not applicable

Overdue bonds unredeemed

Applicable Not applicable

Explanations of overdue bonds

Applicable Not applicable

Chapter 9 Particulars of Bonds

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

Applicable Not applicable

3. *Adjustment of credit rating results*

Applicable Not applicable

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

Applicable Not applicable

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

Other Explanation

Note: The Company further strengthened the management of assets and liabilities, liquidity management and the management of the use of proceeds according to the debt structure, ensures that the funds are used as planned, and timely and fully prepares the funds for the annual interest payment and principal repayment upon maturity, so as to fully protect the interests of investors. In order to fully and effectively protect the interests of bondholders, the Company has formulated a series of work plans for the timely and full repayment of Corporate Bonds, including formulating the Rules for Bondholders' Meetings, giving full play to the role of bond trustee manager, setting up a special repayment working group, strictly fulfilling the information disclosure obligations and the Company's commitments, etc., striving to form a set of guarantee measures to ensure the safe payment of interest and redemption of bonds.

5. *Explanation of Other Situations of Corporate Bonds*

Applicable Not applicable

Chapter 9 Particulars of Bonds

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

Applicable Not applicable

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

Unit: RMB hundred million

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

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

Applicable Not applicable

Overdue bonds unredeemed

Applicable Not applicable

Explanations of overdue bonds

Applicable Not applicable

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

Applicable Not applicable

3. Adjustment of Credit Rating Results

Applicable Not applicable

Chapter 9 Particulars of Bonds

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable



Chapter 9 Particulars of Bonds

(V) Key Accounting Data and Financial Indicators

Applicable Not applicable

Main indicators	<i>Unit: RMB</i>		
	As at the end of the Reporting Period	As at the end of last year	Changes as compared to the end of last year (%)
Current ratio	1.21	1.37	-11.68
Quick ratio	1.20	1.36	-11.76
Debt-asset ratio (%)	50.43	52.62	Decreased by 2.19 percentage points
	Reporting Period (January to June)	Corresponding period of last year	Changes as compared to the corresponding period of last year (%)
Net profit net of non-recurring gains or losses attributable to shareholders of the Company	1,930,530,037.00	2,139,289,052.12	-9.76
EBITDA to total debt ratio	0.27	0.28	-3.01
Interest coverage ratio	11.76	14.56	-19.23
Cash interest coverage ratio	7.09	8.25	-14.11
EBITDA interest coverage ratio	16.27	19.65	-17.20
Loan repayment ratio (%)	100.00	100.00	0.00
Interest payment ratio (%)	100.00	100.00	0.00

II. PARTICULARS OF CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

Chapter 10

Consolidated Statement of Financial Position

30 June 2023

Item	Note	Unit: RMB	
		30 June 2023	31 December 2022
Current assets			
Cash and bank balances	IX.1	14,962,707,444.35	16,313,092,835.04
Including: Deposits with finance companies		3,387,430,905.02	4,568,784,303.97
Held-for-trading financial assets	IX.2	571,780.60	664,096.67
Derivative financial assets			
Bills receivable	IX.3	27,762,213.64	88,529,670.89
Accounts receivable	IX.4	14,054,397,983.96	13,347,781,283.61
Receivables financing	IX.5	541,312,730.75	476,847,200.59
Prepayments	IX.6	5,183,958,685.06	5,749,680,632.39
Centralized management of receivables			
Other receivables	IX.7	1,991,895,913.18	1,861,828,386.31
Including: Dividend receivables	IX.7	78,706,522.60	38,223,072.98
Inventories	IX.8	60,743,788.30	65,461,260.17
Including: Raw materials	IX.8	29,210,092.26	29,643,903.87
Goods in stock (finished goods)	IX.8	14,671,330.06	18,893,842.91
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	IX.9	12,325,000.00	13,957,417.55
Other current assets	IX.10	422,643,900.33	421,998,069.37
Total current assets		37,258,319,440.17	38,339,840,852.59
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	IX.11	33,895,000.00	36,495,000.00
Long-term equity investments	IX.12	9,705,673,365.89	8,527,438,173.19
Other equity instrument investments	IX.13	23,769,079.28	30,576,728.20
Other non-current financial assets	IX.14	684,928,055.38	708,417,806.54
Investment properties	IX.15	2,292,020,414.76	2,273,458,834.63
Fixed assets	IX.16	14,573,514,865.80	14,752,004,470.74
Including: Original value of fixed assets	IX.16	24,798,776,058.41	24,497,484,544.64
Accumulated depreciation	IX.16	9,948,307,129.70	9,472,634,232.07
Provision for impairment of fixed assets	IX.16	276,954,242.40	272,896,973.90
Construction in progress	IX.17	1,196,398,964.00	795,865,087.48
Right-of-use assets	IX.18	2,718,985,960.80	2,915,505,989.99
Intangible assets	IX.19	6,167,554,138.17	6,261,628,741.76
Development expenditure	IX.20	109,268,816.00	76,572,692.86
Goodwill	IX.21	2,330,303,504.87	2,208,012,523.24
Long-term prepaid expense	IX.22	239,638,636.78	254,895,122.83
Deferred tax assets	IX.23	266,428,646.14	251,727,562.48
Other non-current assets	IX.24	322,726,007.09	427,083,331.88
Total non-current assets		40,665,105,454.96	39,519,682,065.82
Total assets		77,923,424,895.13	77,859,522,918.41

The notes form an integral part of the financial statements

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

Wang Xiufeng
Person-in-charge
of the Company

Wang Jiuyun
Person-in-charge for
accounting work

Ding Guilin
Person-in-charge of
Accounting Department

Chapter 10

Consolidated Statement of Financial Position

30 June 2023

Item	Note	Unit: RMB	
		30 June 2023	31 December 2022
Current liabilities			
Short-term borrowings	IX.27	577,824,401.32	582,764,215.31
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable	IX.28		72,837,290.13
Accounts payable	IX.29	13,891,273,198.07	13,871,341,279.32
Advances from customers			
Contract liabilities	IX.30	4,068,867,043.40	4,300,118,757.98
Employee benefits payable	IX.31	1,810,608,399.14	2,266,245,182.67
Including: Wages payable	IX.31	1,597,883,748.17	2,016,614,632.36
Welfare payable	IX.31	527,368.79	560,271.59
# Including: Employee bonus and welfare fund			
Taxes and dues payable	IX.32	509,203,345.63	487,146,813.64
Including: Taxes payable	IX.32	499,199,139.61	476,616,265.13
Other payables	IX.33	2,144,071,439.73	2,945,722,718.35
Including: Dividend payables	IX.33	68,065,253.60	94,429,787.93
Held-for-sale liabilities			
Non-current liabilities due within one year	IX.34	7,594,392,617.21	3,226,339,059.15
Other current liabilities	IX.35	279,741,466.71	299,982,820.63
Total current liabilities		30,875,981,911.21	28,052,498,137.18
Non-current liabilities			
Long-term borrowings	IX.36	3,174,002,775.83	5,347,701,871.99
Bonds payable	IX.37	1,999,262,904.11	3,997,705,534.28
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	IX.38	2,237,501,929.33	2,401,893,794.83
Long-term payables	IX.39	215,706,279.70	164,017,516.89
Long-term employee benefits payable	IX.40	2,374,100.81	2,519,966.86
Estimated liabilities	IX.41	133,905,329.63	139,023,113.63
Deferred income	IX.42	406,506,962.64	403,500,097.28
Deferred tax liabilities	IX.23	194,472,372.37	194,755,145.08
Other non-current liabilities	IX.43	53,279,224.65	265,180,547.74
Total non-current liabilities		8,417,011,879.07	12,916,297,588.58
Total liabilities		39,292,993,790.28	40,968,795,725.76

Chapter 10

Consolidated Statement of Financial Position

30 June 2023

Item	Note	30 June 2023	31 December 2022
<i>Unit: RMB</i>			
Shareholders' equity			
Share capital	IX.44	7,294,216,875.00	7,355,104,875.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	IX.45	6,047,759,285.11	6,088,287,150.92
Less: Treasury shares	IX.46	193,951,597.00	300,752,201.55
Other comprehensive income	IX.68	-27,791,158.82	-199,683,187.02
Including: Translation difference of the financial			
statements in foreign currency	IX.68	-256,578,822.57	-277,030,189.22
Special reserves	IX.47	120,891,942.75	103,881,480.69
Surplus reserves	IX.48	1,704,231,858.65	1,704,231,858.65
Including: Statutory surplus reserves	IX.48	1,704,231,858.65	1,704,231,858.65
Discretionary surplus reserves			
Retained earnings	IX.49	21,581,661,521.18	20,136,731,211.90
Total equity attributable to shareholders of the Company		36,527,018,726.87	34,887,801,188.59
Non-controlling interests		2,103,412,377.98	2,002,926,004.06
Total shareholders' equity		38,630,431,104.85	36,890,727,192.65
Total liabilities and shareholders' equity		77,923,424,895.13	77,859,522,918.41

The notes form an integral part of the financial statements

Chapter 10

Statement of Financial Position of the Company

30 June 2023

Unit: RMB

Item	Note	30 June 2023	31 December 2022
Current assets			
Cash and bank balances	XVII.1	7,102,628,430.41	8,120,863,202.41
Including: Deposits with finance companies		839,164,676.43	3,864,795,096.58
Held-for-trading financial assets			
Derivative financial assets			
Bills receivable	XVII.2		24,600,513.95
Accounts receivable	XVII.3	892,956,245.29	1,016,488,583.06
Receivables financing	XVII.4	69,800,716.15	22,897,160.22
Prepayments		145,989,077.37	111,633,365.81
Centralized management of receivables			
Other receivables	XVII.5	12,138,490,136.13	9,382,312,455.65
Including: Dividend receivables	XVII.5	1,571,367,708.75	26,872,094.63
Inventories		227,220.39	143,233.41
Including: Raw materials			
Goods in stock (finished goods)			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year		158,913,935.44	171,727,000.00
Other current assets		46,460,236.31	45,949,648.88
Total current assets		20,555,465,997.49	18,896,615,163.39
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	XVII.6	1,457,587,485.42	1,648,157,948.90
Long-term equity investments	XVII.7	20,284,388,151.01	19,130,262,500.34
Other equity instrument investments			
Other non-current financial assets		1,376,628,378.64	1,396,430,798.11
Investment properties		9,397,736.47	9,638,845.69
Fixed assets		23,619,803.32	27,335,459.48
Including: Original value of fixed assets		132,457,409.42	132,259,123.60
Accumulated depreciation		108,837,606.10	104,923,664.12
Provision for impairment of fixed assets			
Construction in progress		2,371,239.22	2,211,947.18
Right-of-use assets		466,664,034.32	479,667,042.38
Intangible assets		173,557,347.43	199,118,942.16
Development expenditure		49,653,883.15	35,946,386.95
Goodwill			
Long-term prepaid expense		500,281.47	614,251.11
Deferred tax assets			
Other non-current assets			
Total non-current assets		23,844,368,340.45	22,929,384,122.30
Total assets		44,399,834,337.94	41,825,999,285.69

The notes form an integral part of the financial statements

Chapter 10

Statement of Financial Position of the Company

30 June 2023

Item	Note	30 June 2023	31 December 2022
<i>Unit: RMB</i>			
Current liabilities			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		561,176,070.49	566,765,123.91
Advances from customers			
Contract liabilities		149,022,556.99	88,582,991.37
Employee benefits payable		119,663,821.82	150,347,029.85
Including: Wages payable		95,578,596.14	125,606,179.77
Welfare payable			
# Including: Employee bonus and welfare fund			
Taxes and dues payable		6,493,143.55	8,089,685.72
Including: Taxes payable		5,895,746.12	7,492,288.29
Other payables		12,451,351,632.99	11,674,210,505.93
Including: Dividend payables			
Held-for-sale liabilities			
Non-current liabilities due within one year		2,087,116,549.27	85,112,884.06
Other current liabilities			24,600,513.95
Total current liabilities		15,374,823,775.11	12,597,708,734.79
Non-current liabilities			
Long-term borrowings	XVII.8	88,375,000.00	95,500,000.00
Bonds payable	XVII.9	1,999,262,904.11	3,997,705,534.28
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		513,018,342.13	522,178,808.64
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		2,600,656,246.24	4,615,384,342.92
Total liabilities		17,975,480,021.35	17,213,093,077.71

Chapter 10

Statement of Financial Position of the Company

30 June 2023

Item	Note	Unit: RMB	
		30 June 2023	31 December 2022
Shareholders' equity			
Share capital		7,294,216,875.00	7,355,104,875.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	XVII.10	10,699,518,814.43	10,756,312,325.64
Less: Treasury shares		193,951,597.00	300,752,201.55
Other comprehensive income		-14,142,716.87	-14,142,716.87
Including: Translation differences of the financial statements in foreign currency			
Special reserves		5,329,970.73	3,884,096.95
Surplus reserves		1,704,231,858.65	1,704,231,858.65
Including: Statutory surplus reserves		1,704,231,858.65	1,704,231,858.65
Discretionary surplus reserves			
Retained earnings	XVII.11	6,929,151,111.65	5,108,267,970.16
Total shareholders' equity		26,424,354,316.59	24,612,906,207.98
Total liabilities and shareholders' equity		44,399,834,337.94	41,825,999,285.69

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Period ended 30 June 2023

Unit: RMB

Item	Note	January-June 2023	January-June 2022
I. Total operating income	IX.50	47,836,753,821.70	55,191,710,612.25
Including: Operating income	IX.50	47,836,753,821.70	55,191,710,612.25
II. Total operating cost		47,129,144,933.87	54,044,673,917.22
Including: Operating costs	IX.50	44,856,407,338.04	51,790,688,717.80
Taxes and surcharges	IX.51	121,906,645.95	131,880,220.82
Selling expenses	IX.52	503,027,116.28	532,869,095.62
Administrative expenses	IX.53	1,579,598,568.75	1,587,889,504.21
Research and development expenses	IX.54	25,876,391.87	48,918,182.36
Finance costs	IX.55	42,328,872.98	-47,571,803.59
Including: Interest expenses	IX.55	252,545,741.73	217,975,576.09
Interest income	IX.55	138,443,036.31	78,097,199.35
Net exchange loss (net gain denoted by "-")	IX.55	-80,040,924.76	-201,286,318.95
Add: Other income	IX.56	1,025,450,886.50	669,244,362.63
Investment income (loss denoted by "-")	IX.57	1,087,866,908.02	1,328,335,463.38
Including: Income from investments in associates and joint ventures	IX.57	1,033,724,979.62	1,180,283,531.21
Income from derecognition of financial assets measured at amortized cost			
Hedging income (loss denoted by "-")			
Gain from changes in fair value (loss denoted by "-")	IX.58	-27,289,720.98	-77,818,030.86
Credit impairment loss (loss denoted by "-")	IX.59	-44,856,222.80	-56,815,560.83
Impairment of assets (loss denoted by "-")	IX.60	-515,864.48	
Income from disposal of assets (loss denoted by "-")	IX.61	61,986,480.15	6,543,026.37
III. Operating profit (loss denoted by "-")		2,810,251,354.24	3,016,525,955.72
Add: Non-operating income	IX.62	36,539,787.85	25,035,654.17
Including: Government grants	IX.63	7,204,285.94	6,595,626.53
Less: Non-operating expenses	IX.64	29,114,287.51	39,658,039.74
IV. Total profit (total loss denoted by "-")		2,817,676,854.58	3,001,903,570.15
Less: Income tax expenses	IX.65	533,168,086.50	553,252,518.57
V. Net profit (net loss denoted by "-")		2,284,508,768.08	2,448,651,051.58
(I) Classified by attribution of ownership			
1. Net profit attributable to shareholders of the Company (net loss denoted by "-")		2,171,671,155.29	2,328,258,949.22
2. Profit or loss attributable to non-controlling interests (net loss denoted by "-")		112,837,612.79	120,392,102.36
(II) Classified by the continuity of operations			
1. Net profit from continuing operations (net loss denoted by "-")		2,284,508,768.08	2,448,651,051.58
2. Net profit from discontinued operations (net loss denoted by "-")			

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Period ended 30 June 2023

Item	Note	Unit: RMB	
		January-June 2023	January-June 2022
VI. Other comprehensive income, net of tax	IX.68	172,237,775.46	-28,370,057.74
Other comprehensive income attributable to shareholders of the Company, net of tax	IX.68	171,892,028.20	-1,836,159.00
(I) Other comprehensive income not to be subsequently reclassified to profit or loss	IX.68	-5,105,736.69	7,153,800.56
1. Change in amount arising from re-measurement of the defined benefit plan			
2. Other comprehensive income not to be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments	IX.68	-5,105,736.69	7,153,800.56
4. Changes in fair value attributable to changes in credit risk			
5. Others			
(II) Other comprehensive income to be subsequently reclassified to profit or loss	IX.68	176,997,764.89	-8,989,959.56
1. Other comprehensive income to be reclassified to profit or loss under the equity method	IX.68	156,546,398.24	36,971,187.14
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets to other comprehensive income			
4. Credit impairment provision of other debt investments			
5. Cash flow hedge reserve (effective portion of gains or losses from cash flow hedges)			
6. Translation difference of the financial statements in foreign currency	IX.68	20,451,366.65	-45,961,146.70
7. Others			
Other comprehensive income attributable to non-controlling interests, net of tax		345,747.26	-26,533,898.74
VII. Total comprehensive income		2,456,746,543.54	2,420,280,993.84
Total comprehensive income attributable to shareholders of the Company		2,343,563,183.49	2,326,422,790.22
Total comprehensive income attributable to non-controlling interests		113,183,360.05	93,858,203.62
VIII. Earnings per share:			
Basic earnings per share	IX.66	0.30	0.31
Diluted earnings per share	IX.66	0.30	0.31

The notes form an integral part of the financial statements

Chapter 10

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

Period ended 30 June 2023

Unit: RMB

Item	Note	January-June 2023	January-June 2022
I. Operating income	XVII.12	2,373,519,870.09	2,532,395,619.96
Less: Operating costs	XVII.12	2,221,347,483.57	2,380,603,784.39
Taxes and surcharges		210,785.87	320,832.75
Selling expenses		38,854,709.56	41,743,612.13
Administrative expenses		156,752,720.81	151,519,253.33
Research and development expenses		63,378,253.97	65,813,083.73
Finance costs	XVII.13	-43,279,863.42	-56,838,837.59
Including: Interest expenses	XVII.13	136,383,266.59	117,719,635.63
Interest income	XVII.13	156,228,369.45	125,625,136.41
Net exchange loss (net gain denoted by "-")	XVII.13	-25,850,352.50	-50,346,452.65
Add: Other income		8,948,624.23	52,715.40
Investment income (loss denoted by "-")	XVII.14	2,603,478,492.91	2,281,993,082.69
Including: Income from investments in associates and joint ventures	XVII.14	838,225,246.28	982,463,708.96
Income from derecognition of financial assets measured at amortized cost			
Hedging income (loss denoted by "-")			
Gain from changes in fair value (loss denoted by "-")			
Credit impairment loss (loss denoted by "-")		2,603,961.20	-5,934,269.15
Impairment of assets (loss denoted by "-")			
Income from disposal of assets (loss denoted by "-")			-3,932.43
II. Operating profit (loss denoted by "-")		2,551,286,858.07	2,225,341,487.73
Add: Non-operating income		43,897.39	36,477.92
Including: Government grants			13,200.00
Less: Non-operating expenses		3,711,796.47	382,341.31
III. Total profit (total loss denoted by "-")		2,547,618,958.99	2,224,995,624.34
Less: Income tax expenses			
IV. Net profit (net loss denoted by "-")		2,547,618,958.99	2,224,995,624.34
Net profit from continuing operations (net loss denoted by "-")		2,547,618,958.99	2,224,995,624.34
Net profit from discontinued operations (net loss denoted by "-")			

Chapter 10

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

Period ended 30 June 2023

Unit: RMB

Item	Note	January-June 2023	January-June 2022
V. Other comprehensive income, net of tax			
(I) Other comprehensive income not to be subsequently reclassified to profit or loss			
1. Change in amount arising from re-measurement of the defined benefit plan			
2. Other comprehensive income not to be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity 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			
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 to other comprehensive income			
4. Credit impairment provision of other debt investments			
5. Cash flow hedge reserve (effective portion of gains or losses from cash flow hedges)			
6. Translation difference of the financial statements in foreign currency			
7. Others			
VI. Total comprehensive income		2,547,618,958.99	2,224,995,624.34

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Cash Flows

Period ended 30 June 2023

Item	Note	Unit: RMB	
		January-June 2023	January-June 2022
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		49,548,107,513.85	56,340,390,301.06
Tax rebate received		20,298,745.81	56,780,527.44
Cash received from other operating activities	IX.69	1,474,590,811.01	934,135,750.17
Sub-total of cash inflows from operating activities		51,042,997,070.67	57,331,306,578.67
Cash paid for goods and services		44,026,060,431.29	50,987,123,974.84
Cash paid to and on behalf of employees		4,135,013,195.43	3,941,955,399.90
Cash paid for taxes and dues		1,000,220,669.60	904,916,196.69
Cash paid for other operating activities	IX.69	1,156,089,741.92	823,500,386.53
Sub-total of cash outflows from operating activities		50,317,384,038.24	56,657,495,957.96
Net cash flows from operating activities	IX.69	725,613,032.43	673,810,620.71
II. Cash flows from investment activities:			
Cash received from disposal of investments			5,608,500.00
Cash received from investment income		164,271,921.52	41,888,646.34
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		105,624,775.83	26,040,847.26
Net cash received from disposal of subsidiaries and other operating units			
Cash received from other investment activities	IX.69	4,232,417.55	2,200,000.00
Sub-total of cash inflows from investment activities		274,129,114.90	75,737,993.60
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		950,434,164.87	722,361,354.67
Cash paid for investments		120,996,379.67	54,700,000.00
Net cash paid for acquisition of subsidiaries and other operating units			186,293,644.60
Cash paid for other investment activities	IX.69		23,545,838.12
Sub-total of cash outflows from investment activities		1,071,430,544.54	986,900,837.39
Net cash flows from investment activities		-797,301,429.64	-911,162,843.79
III. Cash flows from financing activities:			
Cash received from capital contributions		93,403,154.35	44,000,000.00
Including: Cash received by subsidiaries from capital contributions of non-controlling interests		93,403,154.35	44,000,000.00
Cash received from borrowings		363,268,382.10	1,462,226,983.40
Cash received from other financing activities			
Sub-total of cash inflows from financing activities		456,671,536.45	1,506,226,983.40
Cash paid for repayment of debts		402,055,005.50	1,275,715,000.94
Cash paid for the distribution of dividends, profits or settlement of interest	IX.69	1,068,244,369.37	228,299,442.24
Including: Dividends and profits paid by the subsidiaries to non-controlling interests	IX.69	128,684,253.76	64,351,165.34
Cash paid for other financing activities	IX.69	449,024,880.15	593,761,369.98
Sub-total of cash outflows from financing activities		1,919,324,255.02	2,097,775,813.16
Net cash flows from financing activities		-1,462,652,718.57	-591,548,829.76
IV. Effect of foreign exchange rate changes		193,905,385.78	240,141,519.84
V. Net increase in cash and cash equivalents	IX.70	-1,340,435,730.00	-588,759,533.00
Add: Balance of cash and cash equivalents at the beginning of the period	IX.70	16,179,534,628.51	14,214,876,382.00
VI. Balance of cash and cash equivalents at the end of the period	IX.70	14,839,098,898.51	13,626,116,849.00

The notes form an integral part of the financial statements

Chapter 10

Statement of Cash Flows of the Company

Period ended 30 June 2023

Unit: RMB

Item	Note	January-June 2023	January-June 2022
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		2,514,178,265.26	2,180,189,512.44
Tax rebate received			
Cash received from other operating activities		256,165,407.91	232,347,703.56
Sub-total of cash inflows from operating activities		2,770,343,673.17	2,412,537,216.00
Cash paid for goods and services		2,275,469,906.92	2,264,745,666.41
Cash paid to and on behalf of employees		170,247,658.74	154,521,484.58
Cash paid for taxes and dues		760,085.25	320,832.75
Cash paid for other operating activities		267,123,515.62	281,499,373.69
Sub-total of cash outflows from operating activities		2,713,601,166.53	2,701,087,357.43
Net cash flows from operating activities	XVII.15	56,742,506.64	-288,550,141.43
II. Cash flows from investment activities:			
Cash received from disposal of investments			
Cash received from investment income		233,988,760.20	1,275,315,766.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			113,607.37
Net cash received from disposal of subsidiaries and other operating units			
Cash received from other investment activities		296,619,455.46	113,603,813.57
Sub-total of cash inflows from investment activities		530,608,215.66	1,389,033,187.79
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		15,527,531.85	11,708,206.88
Cash paid for investments		305,998,863.67	65,408,552.00
Net cash paid for the acquisition of subsidiaries and other operating units			
Cash paid for other investment activities		1,177,227,015.71	580,481,211.82
Sub-total of cash outflows from investment activities		1,498,753,411.23	657,597,970.70
Net cash flows from investment activities		-968,145,195.57	731,435,217.09
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings			1,000,000,000.00
Cash received from other financing activities		1,840,043,405.65	98,545,321.86
Sub-total of cash inflows from financing activities		1,840,043,405.65	1,098,545,321.86
Cash paid for repayment of debts			1,000,000,000.00
Cash paid for the distribution of dividends, profits or settlement of interest		807,763,136.12	107,250,406.30
Cash paid for other financing activities		1,116,011,777.07	1,087,122,255.19
Sub-total of cash outflows from financing activities		1,923,774,913.19	2,194,372,661.49
Net cash flows from financing activities		-83,731,507.54	-1,095,827,339.63
IV. Effect of foreign exchange rate changes		50,833,592.72	90,079,619.97
V. Net increase in cash and cash equivalents	XVII.15	-944,300,603.75	-562,862,644.00
Add: Balance of cash and cash equivalents at the beginning of the period	XVII.15	8,035,397,765.29	6,680,346,115.38
VI. Balance of cash and cash equivalents at the end of the period	XVII.15	7,091,097,161.54	6,117,483,471.38

The notes form an integral part of the financial statements

Chapter 10 Consolidated Statement of Changes in Equity

Period ended 30 June 2023

Unit: RMB

Item	January-June 2023										Total shareholders' equity	
	Equity attributable to shareholders of the Company					Including: Translation difference of the financial statements in foreign currency						
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Treasury shares	Less: comprehensive income	Other income	Retained earnings	Sub-total	Non-controlling interests	
I. Closing balance of the prior year	7,355,104,875.00				6,064,291,769.76	300,752,201.55	-194,683,187.02	-277,030,189.22	21,139,557,944.29	34,866,026,437.02	2,002,417,559.97	36,868,443,996.99
Add: Changes in accounting policies									22,053,933.05	22,053,933.05	506,444.09	22,562,377.14
Correction of prior errors												
Others					23,995,381.16			616,102.80	-24,890,665.44	-279,181.48		-279,181.48
II. Balance at the beginning of current period	7,355,104,875.00				6,088,287,150.92	300,752,201.55	-199,683,187.02	-277,030,189.22	21,164,451,909.74	34,887,801,188.59	2,002,926,004.06	36,890,727,192.65
III. Increases/decreases in current period (decreases denoted by "-")	-60,888,000.00				-40,527,865.81	-106,800,604.55	171,892,026.20	20,451,366.65	1,444,890,309.28	1,659,217,538.28	100,486,373.92	1,759,703,912.20
(I) Total comprehensive income							171,892,026.20	20,451,366.65	2,171,671,155.29	2,343,563,183.49	113,183,380.05	2,456,746,563.54
(II) Capital contributed and reduced by shareholders					32,160,022.02	26,775,263.28				5,384,758.74	88,933,149.46	94,317,888.20
1. Ordinary shares contributed by shareholders												
2. Capital invested by holders of other equity instruments											63,144,708.52	63,144,708.52
3. Amount of share-based payments included in shareholders' equity												
4. Others												
(III) Appropriation and use of special reserve												
1. Appropriation of special reserves					15,820,974.78					15,820,974.78		15,820,974.78
2. Use of special reserves					16,339,047.24	26,775,263.28				-10,436,236.04	25,788,440.94	15,352,204.90
(IV) Profit distribution												
1. Appropriation of surplus reserves								17,010,462.06		17,010,462.06	694,415.16	17,704,877.22
Including: Statutory surplus reserves												
Discretionary surplus reserves												
2. Appropriation of general risk provision									51,144,504.00	51,144,504.00	1,546,115.81	52,692,619.91
3. Distribution to shareholders									-34,134,041.94	-34,134,041.94	-853,700.75	-34,987,742.69
4. Others									-726,740,846.01	-726,740,846.01	-102,324,550.75	-829,065,396.76
									-726,735,817.50	-726,735,817.50	-102,319,719.43	-829,055,536.93
									-5,028.51	-5,028.51	-4,831.32	-9,859.83

Chapter 10 Consolidated Statement of Changes in Equity

Period ended 30 June 2023

Item	January-June 2023												
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Treasury shares	Less: comprehensive income	Other income	Including Translation difference of the financial statements in foreign currency	Retained earnings	Sub-total	Non-controlling interests	Total shareholders' equity
(V) Internal transfers of shareholders' equity	-60,888,000.00				-72,687,887.83	-133,575,887.83							
1. Capital transferred from capital reserves													
2. Capital transferred from surplus reserves													
3. Recovery of losses by surplus reserves													
4. Transfer of changes in defined benefit plans into retained earnings													
5. Transfer of other comprehensive income into retained earnings													
6. Others													
IV. Balance at the end of current period	7,294,216,875.00				6,047,759,265.11	-133,575,887.83	-27,791,156.82	-2,565,578,822.57	1,704,231,688.65	21,581,661,521.18	-36,527,018,726.87	2,103,412,377.98	-36,630,431,104.85

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Changes in Equity

Period ended 30 June 2023

Unit: RMB

Item	January-June 2022										Total shareholders' equity					
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Others	Capital reserves	Treasury shares	Less: comprehensive income	Other	Including: Translation difference of the financial statements in foreign currency		Special reserves	Surplus reserves	Retained earnings	Sub-total	Non-controlling interests
I. Closing balance of the prior year	7,400,803,875.00				6,075,192,371.14	25,995,381.16		-315,591,219.89		-326,825,587.83	82,365,924.09	1,403,009,237.81	18,448,178,520.91	33,089,978,709.06	1,949,084,451.84	35,048,063,160.90
Add: Changes in accounting policies													20,083,919.78	20,083,919.78	806,427.61	20,900,347.59
Correction of prior errors																
Others											533,271.90		-24,165,997.37	2,422,655.69		2,422,655.69
II. Balance at the beginning of current period	7,400,803,875.00				6,101,187,752.30		-315,591,219.89		-326,825,587.83	82,379,195.99	1,403,009,237.81	18,444,105,443.32	33,121,435,284.53	1,949,890,879.65	35,071,386,164.18	
III. Increases/decreases in current period (decreases denoted by "-")																
(I) Total comprehensive income							-1,836,159.00	-1,836,159.00	-45,961,146.70	11,351,510.85		987,570,242.30	785,388,140.50	104,089,208.37	889,446,349.87	
(II) Capital contributed and reduced by shareholders							223,810,987.59	-1,836,159.00	-45,961,146.70			2,328,258,949.22	2,328,422,790.22	93,858,203.62	2,420,280,993.84	
1. Ordinary shares contributed by shareholders							223,810,987.59						-211,927,463.65	66,983,492.92	-144,943,960.73	
2. Capital invested by holders of other equity instruments														44,000,000.00	44,000,000.00	
3. Amount of share-based payments included in shareholders' equity																
4. Others																
(III) Appropriation and use of special reserve																
1. Appropriation of special reserves																
2. Use of special reserves																
(IV) Profit distribution																
1. Appropriation of surplus reserves																
Including: Statutory surplus reserves																
Discretionary surplus reserves																
2. Appropriation of general risk provision																
3. Distribution to shareholders																
4. Others																
(V) Profit distribution																
1. Appropriation of surplus reserves																
Including: Statutory surplus reserves																
Discretionary surplus reserves																
2. Appropriation of general risk provision																
3. Distribution to shareholders																
4. Others																
(VI) Profit distribution																
1. Appropriation of surplus reserves																
Including: Statutory surplus reserves																
Discretionary surplus reserves																
2. Appropriation of general risk provision																
3. Distribution to shareholders																
4. Others																

-1,340,688,706.92 -1,340,688,706.92 -57,124,364.17 -1,397,813,071.09

Chapter 10

Consolidated Statement of Changes in Equity

Period ended 30 June 2023

Item	January-June 2022										Total shareholders' equity					
	Share capital	Preferred shares	Other equity instruments	Perpetual bonds	Others	Capital reserves	Treasury shares	Less: comprehensive income	Other	Including: Translation difference of the financial statements in foreign currency		Special reserves	Surplus reserves	Retained earnings	Sub-total	Non-controlling interests
(V) Internal transfers of shareholders' equity																
1. Capital transferred from capital reserves																
2. Capital transferred from surplus reserves																
3. Recovery of losses by surplus reserves																
4. Transfer of changes in defined benefit plans into retained earnings																
5. Transfer of other comprehensive income into retained earnings																
6. Others																
IV. Balance at the end of current period	7,400,800,875.00					6,113,071,286.24	223,610,987.39	-317,427,373.69	-372,786,714.33	94,530,706.84	1,409,009,237.81	19,431,676,656.62	33,906,663,425.03	2,053,979,086.02	35,960,632,513.05	

The notes form an integral part of the financial statements

Chapter 10 Statement of Changes in Equity of the Company

Period ended 30 June 2023

Unit: RMB

Item	January-June 2023						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 period Add: Changes in accounting policies Correction of prior errors Others	7,355,104,875.00					10,756,312,325.64	300,752,201.55	-14,142,716.87		3,884,096.95	1,704,231,856.65	5,108,267,970.16	24,612,906,207.98
II. Balance at the beginning of current period	7,355,104,875.00					10,756,312,325.64	300,752,201.55	-14,142,716.87		3,884,096.95	1,704,231,856.65	5,108,267,970.16	24,612,906,207.98
III. Increases/decreases in current period (decreases denoted by "-")	-60,888,000.00					-56,793,511.21	-106,800,804.55			1,445,873.78		1,820,883,141.49	1,811,448,108.61
(I) Total comprehensive income												2,547,618,958.99	2,547,618,958.99
(II) Capital contributed and reduced by shareholders						15,894,376.62	26,775,283.28						-10,880,906.66
1. Ordinary shares contributed by shareholders													
2. Capital invested by holders of other equity instruments													
3. Amount of share-based payments included in shareholders' equity													
4. Others													
(III) Appropriation and use of special reserve						15,820,974.78	26,775,283.28						15,820,974.78
1. Appropriation of special reserves						73,401.84							-26,701,881.44
2. Use of special reserves										1,445,873.78			1,445,873.78
(IV) Profit distribution										1,999,575.61			1,999,575.61
1. Appropriation of surplus reserves										-553,701.83			-553,701.83
Including: Statutory surplus reserves													
Discretionary surplus reserves													
2. Distribution to shareholders													
3. Others													
(V) Internal transfers of shareholders' equity	-60,888,000.00					-72,887,887.83	-133,575,887.83						
1. Capital transferred from capital reserves													
2. Capital transferred from surplus reserves													
3. Recovery of losses by surplus reserves													
4. Transfer of changes in defined benefit plans into retained earnings													
5. Transfer of other comprehensive income into retained earnings													
6. Others													
IV. Balance at the end of current period	-60,888,000.00					-72,887,887.83	-133,575,887.83						
	7,294,216,875.00					10,699,518,814.43	193,951,397.00	-14,142,716.87		5,329,970.73	1,704,231,856.65	6,929,151,111.65	26,424,354,316.59

The notes form an integral part of the financial statements

Chapter 10 Statement of Changes in Equity of the Company

Period ended 30 June 2023

Unit: RMB

Item	January-June 2022				Sub-total						
	Share capital	Preferred shares	Other equity instruments	Including: Translation difference of the financial statements in foreign currency							
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Sub-total
I. Closing balance of the prior year	7,400,803,875.00			10,767,113,557.58			-14,551,804.06	3,992,511.38	1,408,009,237.81	4,523,264,509.75	24,088,631,887.46
Add: Changes in accounting policies											
Correction of prior errors											
Others											
II. Balance at the beginning of current period	7,400,803,875.00			10,767,113,557.58			-14,551,804.06	3,992,511.38	1,408,009,237.81	4,523,264,509.75	24,088,631,887.46
III. Increases/decreases in current period (decreases denoted by "-")											
(I) Total comprehensive income				14,033,181.82		223,810,987.59		234,059.83		884,306,917.42	674,823,171.48
(II) Capital contributed and reduced by shareholders				14,033,181.82		223,810,987.59				2,224,995,624.34	2,224,995,624.34
1. Ordinary shares contributed by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount of share-based payments included in shareholders' equity											
4. Others											-209,717,865.77
(III) Appropriation and use of special reserve				14,033,181.82		223,810,987.59					14,093,181.82
1. Appropriation of special reserves								234,059.83			234,059.83
2. Use of special reserves								1,560,676.51			1,560,676.51
(IV) Profit distribution								-1,326,616.68			-1,326,616.68
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. Capital transferred from capital reserves											
2. Capital transferred from surplus reserves											
3. Recovery of losses by surplus reserves											
4. Transfer of changes in defined benefit plans into retained earnings											
5. Transfer of other comprehensive income into retained earnings											
6. Others											
IV. Balance at the end of current period	7,400,803,875.00			10,781,206,739.40	223,810,987.59	-14,551,804.06	4,226,571.21	1,408,009,237.81	5,407,571,427.17	24,763,455,068.94	

The notes form an integral part of the financial statements

Chapter 10

Notes to the Financial Statements

For the period ended 30 June 2023

(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 the “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 was 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’s issue of 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 were 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”) and issued 1,787,406,000 overseas listed foreign capital 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. Since then, the Company’s issued capital had 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 had 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 and after being approved by the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter referred to as “SASAC”) through the Approval on Issues Relevant to the Private Issuance of H-share Stocks by Sinotrans Limited (GYZCQ〔2014〕No.441) and approved by CSRC on 9 July 2014 through the Approval on Additional Issuance of Overseas Listed Foreign Capital Shares by Sinotrans Limited (ZJXK〔2014〕No.688), the Company allocated 357,481,000 H-shares in total to various placees, with a par value of RMB1 per share, accounting for 8.41% of the issued capital. The Company’s issued capital had increased from 4,249,002,200 shares to 4,606,483,200 shares. Hereby, the registered capital of the Company was changed to RMB4,606,483,200.

Chapter 10

Notes to the Financial Statements

For the period ended 30 June 2023

(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 that made the approval, SINOTRANS & CSC and China Merchants Group (hereinafter referred to as “China Merchants”) implemented the strategic restructuring. SINOTRANS & CSC, in its entirety, merged into China Merchants through free transfer and became the latter’s wholly-owned subsidiary. The Company, therefore, became a listed subsidiary of China Merchants. Since 1 January 2016, China Merchants had taken control of SINOTRANS & CSC, thereby becoming the ultimate holding company of the Company.

On 22 August 2017, the Company entered into an acquisition agreement with China Merchants and 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, with the total consideration of RMB5,450,000,000 and being 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 on the above acquisition. Meanwhile, the related acquisition was approved by SASAC on 11 October 2017 through the Approval on Issues Relevant to Assets Restructuring of Sinotrans Limited (GZCQ [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 the issued capital, and the Company’s issued capital had increased from 4,606,483,200 shares to 6,049,166,644 shares. Hereby, the registered capital of the Company was changed to RMB6,049,166,644.

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

On 31 May 2022, the Company’s 2021 annual general meeting, the first H-share shareholders’ meeting and the first A-share shareholders’ meeting in 2022 considered and approved the Proposal to Apply for a General Mandate to Repurchase H-shares and agreed to grant a general mandate to the Board of Directors of the Company to repurchase H-shares. As at 30 June 2023, pursuant to the general mandate, the Company had repurchased an aggregate of 106,587,000 H-shares, all of which were completed for cancellation. The issued capital of the Company was changed from 7,400,803,875 shares to 7,294,216,875 shares.

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

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION OF THE COMPANY (CONTINUED)

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

Business scopes of the Company’s major subsidiaries are detailed in Note VIII.

II. BASIS FOR THE PREPARATION

The Group has evaluated its ability to continue as a going concern for the 12 months from 30 June 2023 and has not identified any events or circumstances that may cast significant doubt over its ability to continue as a going concern. Therefore, the financial statements are prepared based on a going concern assumption and the actual transactions and events, 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 Rules for Compiling Information Disclosure of Public Securities Companies No. 15 – General Provisions on Financial Reporting (2014 Revision) issued by CSRC and relevant provisions, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on Hong Kong Stock Exchange (the “Listing Rules”), and pursuant to 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 Accounting Standards for Business Enterprises, and truly and completely present the consolidated and parent company’s financial position for the Group as of 30 June 2023, as well as the consolidated and the Company’s operating results and cash flows between January and June in 2023.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. FISCAL YEAR

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

2. FUNCTIONAL CURRENCY

RMB 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 RMB. The overseas subsidiaries of the Company shall determine their functional currencies according to the currencies in the main economic environment where they operate. The currency used by the Company in preparing these financial statements is RMB.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

3. ACCOUNTING BASIS AND MEASUREMENT

The accounting of the Group is based on the accrual basis. The financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value. Where an asset is impaired, the corresponding provision for the impairment shall be made in accordance with relevant regulations.

On 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 actual amount of cash or value of assets received due to the assumed current obligation, the contract amount of the assumed current obligation, or 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 would receive to sell an asset or pay to transfer a liability in an orderly transaction on the measurement date. The fair value measured and disclosed in the financial statements is determined on this basis, regardless of whether it is observable or estimated by using valuation techniques.

When measuring a non-financial asset 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 purpose 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 purpose.

Regarding 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 to what extent the input value of the fair value is observable and how significant the input value is to the overall fair value measurement:

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

4. BUSINESS COMBINATION

Business combinations include business combinations involving entities under common control and business combinations not involving entities under common control.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. BUSINESS COMBINATION (CONTINUED)

4.1 Business combination involving entities under common control

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

Assets and liabilities obtained in the business combination are measured using the book value at the date of acquisition from the combined party's perspective. The difference between the book value of the net assets acquired by the combining party and the consideration paid for the combination is adjusted to capital (or share capital) premium under capital reserves. If the capital (or share capital) premium is not sufficient to be written down, retained earnings are adjusted.

Costs that are directly attributable to the business combination are charged to the current 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 cost of the combination is the fair value of assets paid, liabilities incurred or assumed and equity instruments issued by the purchaser to obtain control of the acquiree. Intermediary costs incurred by the purchaser for the business combination, including the expenses on audit, legal services, assessment and consulting, and other relevant administrative expenses, are recognised in the current profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities and contingent liabilities assumed by the purchaser in a combination that qualifies for recognition are measured at fair value.

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

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Notes to the Financial Statements

For the period ended 30 June 2023

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. GOODWILL

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

The impairment test for goodwill is performed in conjunction with the asset group or combination of asset groups to which it relates. That is, the book value of goodwill is allocated to the asset group or combination of asset groups that can benefit from the synergies of the business combination in a reasonable manner from the date of acquisition. If the recoverable amount of the asset group or combination of asset groups containing the allocated goodwill is less than its book value, an impairment loss is recognised accordingly. The amount of the impairment loss is first set off against the book value of the goodwill allocated to the asset group or combination of asset groups, and then against the book value of each asset other than goodwill in the asset group or combination of asset groups proportionately based on the share of the book value of each asset.

The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the asset's expected future cash flows.

Any impairment loss on goodwill is recognised directly in the current profit or loss when incurred and is not reversed in subsequent accounting periods.

6. CONSOLIDATED FINANCIAL STATEMENTS

The scope of consolidation of the consolidated financial statements is determined on the basis of control. Control is achieved where the investor has power over the investee, rights to variable returns through its involvement in the investee's relevant activities, and the ability to use its power over the investee to affect the amount of the returns. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes in those 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) have been properly included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

For subsidiaries acquired through business combinations not under common control, their operating results and cash flows from the acquisition date (the date when control is obtained) have been properly included in the consolidated statement of profit or loss and other comprehensive income and consolidated statements of cash flows.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For subsidiaries acquired through business combinations under common control or combined parties through a merger, whether the business combination occurs at any point in the reporting period, their operating results and cash flows have been properly 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 as if they had been included in the Group's scope of consolidation from 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.

The effects of internal transactions between the Company and its subsidiaries and between subsidiaries on the consolidated financial statements are set off upon 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 heading of shareholders' equity 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 "profit or loss attributable to non-controlling interests" under the heading of net profit 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 heading 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 a subsidiary or disposing of part of an equity investment without losing control of the subsidiary, it is accounted for as an equity transaction, and the book value of the Company's shareholders' 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 the consideration paid or received are adjusted to capital reserves. If the capital reserves are not enough to be written down, retained earnings shall be adjusted.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

When equity interests of the acquiree are acquired in stages through multiple transactions, which eventually results in a business combination not under common control, it shall be accounted for on the basis of whether those transactions belong to a “package deal”. If they belong to a “package deal”, each transaction shall be treated as a single transaction in which control is obtained. If they do not belong to a “package deal”, the accounting treatment shall be based on the transaction in which control is obtained at the acquisition date, and the equity interests of the acquiree held before the acquisition date shall be remeasured according to the fair value at the acquisition date, and the difference between the fair value and the book value shall be recorded into the current profit or loss. The equity interests of the acquiree held prior to the acquisition date, if involving other comprehensive income and other changes in shareholders’ equity under the equity method, shall be recognised as the current profit or loss or retained earnings at the acquisition date.

When the Group loses control of a subsidiary due to partial disposal of an equity investment or other reasons, the remaining equity interests shall be remeasured at fair value at the date when control is lost. The difference between the aggregate of the fair value of the consideration received from the disposal of the equity interests and the fair value of the remaining equity interests and the share of the former subsidiary’s net assets accumulated from the acquisition date based on the original shareholding ratio shall be included in 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 control is lost.

In the case of step-by-step disposal of an equity investment in a subsidiary through multiple transactions until the loss of control, the terms, conditions, and economic effects of each transaction for the disposal of the equity investment in the subsidiary are consistent with one or more of the following, which generally indicates that the multiple transaction events belong to a package deal: (1) These transactions are entered into simultaneously or with consideration of their mutual effects; (2) These transactions as a whole can 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 single transaction for the 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 for the disposal of the equity investment in the subsidiary until the loss of control are not a package deal, each transaction is accounted for as a separate transaction.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. JOINT ARRANGEMENT

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

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

A joint arrangement is either a joint operation or a 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 a short term (generally due within three months from the date of purchase) and strong liquidity that are easily convertible into known amounts of cash and have low risks of changes in value.

9. FINANCIAL INSTRUMENTS

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

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

Financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets and financial liabilities measured at fair value through profit or loss, related transaction costs are directly included in the current 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 accounts receivable and bills receivable that do not contain significant financing components or do not consider financing components in contracts not exceeding one year in accordance with Accounting Standards for Business Enterprises No.14 – Revenue (hereinafter referred to as “Revenue Standards”), the transaction price as defined by the Revenue Standards is initially measured.

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Notes to the Financial Statements

For the period ended 30 June 2023

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

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

9.1 Classification, recognition and measurement of financial assets

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

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

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Classification, recognition and measurement of financial assets (Continued)

The contractual terms of financial assets stipulate that the cash flows generated on a specific date are only payments of principal and interest on the outstanding principal amount and that the business model of the Group for managing the financial assets is to both collect contractual cash flows and sell the financial assets, the financial assets are classified as at fair value through other comprehensive income. Accounts receivable and bills receivable classified as at fair value through other comprehensive income at the time of acquisition are presented as receivables financing, and the remaining items with a maturity period of one year (including one year) at the time of acquisition are shown in other current assets. 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.

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 deemed to be held by the Group for trading purposes if it meets one of the following conditions:

- The underlying financial asset is acquired primarily for 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 asset is a derivative, 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 at fair value through profit or loss.
- At initial recognition, to eliminate or significantly reduce accounting mismatches, the Group may irrevocably designate financial assets as at fair value through profit or loss.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Classification, recognition and measurement of financial assets (Continued)

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

9.1.1 Financial assets at amortised cost

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

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

- For a purchased or originated credit-impaired financial asset, 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 credit-adjusted effective interest rate.
- For a purchased or originated financial asset without credit impairment but has become credit-impaired in subsequent periods, the Group calculates its interest income in the subsequent periods based on the amortised cost of the financial asset and the effective interest rate. If the financial instrument has no credit impairment due to an improvement in its credit risk in subsequent periods, and this improvement can be linked to an event that occurs after the application of the above provisions, the Group will multiply the book balance of the financial asset by the effective interest rate to calculate and determine the interest income.

9.1.2 Financial assets at fair value through other comprehensive income

For a financial asset at fair value through other comprehensive income, its impairment losses or gains, interest income calculated using the effective interest method and exchange gains and losses are included in the current 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 always been measured at amortised cost. When the financial asset is derecognised, the accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to the current profit or loss.

Chapter 10 Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Classification, recognition and measurement of financial assets (Continued)

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

After a non-trading equity instrument investment is designated as at fair value through other comprehensive income, the changes in its fair value are recognised in other comprehensive income. The accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings. During the period when the Group holds investments in such non-trading 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 charged to the current 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 subsequently measured at fair value. Gains or losses resulting from changes in fair value, dividends, and interest income related to the financial assets are included in the current profit or loss.

9.2 Impairment of financial instruments

The Group accounts for the impairment of 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 measured at fair value through profit or loss, and financial guarantee contracts that are financial liabilities arising from the transfer of financial assets that do not qualify for derecognition or due to the continuing involvement in the transferred financial assets and recognises loss provisions on the basis of expected credit losses.

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

For other financial instruments, except for purchased or originated credit-impaired financial assets, the Group shall evaluate the credit risk changes of the relevant financial instruments since the initial recognition at each balance sheet date. If the credit risk of a 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 instrument within the next 12 months. Apart from financial assets classified as at fair value through other comprehensive income, the increased or retracted amount of credit loss provision shall be recorded in the current profit or loss as an impairment loss or gain. For financial assets classified as at fair value through other comprehensive income, the Group shall recognise the credit loss provision in other comprehensive income, and record any impairment loss or gain into the current profit or loss, without reducing the book value of the financial assets listed in the statement of financial position.

The Group measures the loss provision equivalent to the amount of the expected credit loss throughout the duration period of the financial instruments in the prior accounting period. However, the above financial instruments at current balance sheet date fail to qualify as such with a significant increase in credit risk since initial recognition, the Group measures the loss provision for the financial instruments at an amount equivalent to the expected credit loss within the next 12 months at current balance sheet date. Relevant reversal of the loss provision is included in the current profit or loss as a gain on impairment.

9.2.1 Significant increase in credit risk

By comparing the default risk of financial instruments at the balance sheet date with that on the 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 and financial guarantee contracts, when applying the provision of impairment of financial instruments, the Group shall take the date when it becomes a party to the irrevocable commitment as the initial recognition date.

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

- (1) Whether there is a significant change in the internal price index caused by the change in credit risk.
- (2) If an existing financial instrument is originated or issued as a new financial instrument at the balance sheet date, whether the interest rate or other terms of the financial instrument have changed significantly (such as more stringent contractual terms, increased collateral or security or higher yield, etc.).

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

- (3) Whether the external market indicators of the credit risk of the same financial instrument or similar financial instrument with the same expected duration have changed significantly. These indicators include credit spreads, the price of credit default swaps for borrowers, the length and extent to which the fair value of a financial asset is less than its amortised cost, and other market information related to borrowers (such as the price changes in borrowers' debt instruments or equity instruments).
- (4) Whether the external credit rating of a financial instrument has an actual or expected significant change.
- (5) Whether the actual or expected internal credit rating of the debtor is downgraded.
- (6) Whether there are adverse changes in business, financial or economic conditions that are expected to result in a significant change in the ability of the debtor to meet its obligations.
- (7) Whether the actual or expected operating results of the debtor have changed significantly.
- (8) Whether the credit risk of other financial instruments issued by the same debtor increases significantly.
- (9) Whether there has been a significant adverse change in the regulatory, economic or technological environment of the debtor.
- (10) Whether there has been a significant change in the value of the collateral supporting the obligation or in the quality of the guarantees provided by a third party or credit enhancements. These changes are expected to reduce the debtor's economic 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 in 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 security, or other changes in the contractual framework of the financial instrument.
- (13) Whether the expected performance and repayment behaviour of the debtor changes significantly.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

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

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

9.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of the Group are expected to have adverse effects on the future cash flows of the financial asset. Evidence that a financial asset 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 restructurings.
- (5) The financial difficulties of the issuer or debtor result in the disappearance of the active market of the financial asset.
- (6) Purchase or origination of 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 event has occurred.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.3 Determination of expected credit losses

The Group determines the credit losses of lease receivables on the basis of individual assets and uses the impairment matrix to determine the credit losses of related financial instruments on a portfolio basis for bills receivable, 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 types of financial instruments, credit risk ratings, types of collateral, initial recognition dates, remaining contractual periods, the industry in which the debtor operates, the geographical location of the debtor, the 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 flows to be collected by the Group and the cash flows expected to be collected.
- For lease receivables, the credit loss shall be the present value of the difference between the contractual cash flows to be collected by the Group and the cash flows expected to be collected.
- For financial assets that are credit-impaired at the balance sheet date but are not purchased or originated, the credit loss is the difference between the book balance of the financial assets and the present value of the estimated future cash flows, discounted at the original effective interest rate.

The Group considers the following factors in measuring the expected credit losses of financial instruments: an unbiased and probability-weighted average amount determined by evaluating a range of possible outcomes; the 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 balance sheet date without undue cost or effort.

9.2.4 Write-down of financial assets

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.3 Transfer of financial assets

Financial assets that meet one of the following conditions shall be derecognised: (1) The contractual right to collect the cash flows 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 of its continuing involvement in the transferred financial assets, and recognise the relevant liabilities accordingly. The Group measures the related liabilities in the following ways:

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

The overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets on the date of derecognition and the sum of the consideration received due to the transfer and the amount for the part derecognised in the accumulative fair value changes originally recorded in other comprehensive income is recorded in the current profit or loss. If the transferred financial assets are investments in non-trading equity instruments designated by the Group as at fair value through other comprehensive income, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred from other comprehensive income to retained earnings.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.3 Transfer of financial assets (Continued)

If the partial transfer of financial assets meets the conditions for derecognition, the total book value of the financial assets before the transfer shall be allocated between the part of the derecognition and the part of the continuing recognition according to their respective relative fair values on the transfer date. The difference between the sum of the consideration received for the part of the derecognition and the amount for the part derecognised in the accumulative fair value changes originally recorded in other comprehensive income and the book value allocated to the part of the derecognition on the date of derecognition shall be recorded into the current profit or loss. If the transferred financial assets are investments in non-trading equity instruments designated by the Group as at fair value through other comprehensive income, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred from other comprehensive income to retained earnings.

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

9.4 Classification of financial liabilities and equity instruments

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

9.4.1 Classification, recognition and measurement of financial liabilities

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

9.4.1.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as 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 presented as held-for-trading financial liabilities.

The financial liabilities meet one of the following conditions, indicating that the financial liabilities are assumed by the Group for the purpose of trading:

- The purpose of undertaking related financial liabilities is mainly for recent repurchases.
- At initial recognition, relevant financial liabilities are part of a portfolio of centrally managed identifiable financial instruments, and there is objective evidence of a recent actual pattern of short-term profit-taking.
- Related financial liabilities are derivatives, except for the derivatives that meet the definition of financial guarantee contracts and those designated as effective hedging instruments.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 Classification of financial liabilities and equity instruments (Continued)

9.4.1 Classification, recognition and measurement of financial liabilities (Continued)

9.4.1.1 Financial liabilities at fair value through profit or loss

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 is based on fair value according to the risk management or investment strategy stated in the Group's official written documents, and on this basis, is reported to key management personnel within the Group; (3) They are 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 as at fair value through profit or loss, changes in the fair value of such financial liabilities attributable to changes in the Group's credit risk are recognised in other comprehensive income and other changes in the fair value are recognised in the current profit or loss. On derecognition of the financial liabilities, the cumulative changes in the fair value attributable to changes in the credit risk previously recognised in other comprehensive income are transferred to retained earnings. Dividends or interest expenses related to these financial liabilities are recognised in the current profit or loss. If the treatment of the effects of changes in the credit risk of such financial liabilities as described above would cause or enlarge an accounting mismatch in profit or loss, the Group recognises all the gains or losses on such financial liabilities (including the amount of the effects of changes in the credit risk) in the current profit or loss.

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 Classification of financial liabilities and equity instruments (Continued)

9.4.1 Classification, recognition and measurement of financial liabilities (Continued)

9.4.1.2 Other financial liabilities

Other financial liabilities, except those arising from the transfer of financial assets that do not meet the conditions for derecognition or the continuing involvement in the transferred financial assets, shall be classified as financial liabilities measured at amortised cost, and subsequently measured at amortised cost. The gains or losses generated by derecognition or amortisation shall be recorded into the current profit or loss.

If the Group revises or renegotiates a contract with the counterparty, which does not result in the derecognition of a financial liability that is subsequently measured at amortised cost, but causes changes in the contractual cash flows, the Group recalculates the book value of the financial liability and any related gains or losses are included in the current profit or loss. The recalculated book value of the financial liability is determined based on the discounted present value of the contractual cash flows to be renegotiated or modified at the original effective interest rate of the financial liability. For all costs or expenses incurred by revising or renegotiating the contract, the Group adjusts the book value of the revised financial liability and amortises it over the remaining period of the revised financial liability.

9.4.1.2.1 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to pay a specific amount to the contract holder who has suffered a loss when a specific debtor fails to repay the debt in accordance with the terms of the original or modified debt instrument. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss or financial liabilities formed when a transfer of financial assets does not qualify for derecognition or when there is continuing involvement in the transferred financial asset, 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 Standards.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 Classification of financial liabilities and equity instruments (Continued)

9.4.2 Derecognition of financial liabilities

If all or part of the current obligation of the financial liabilities has been released, the financial liabilities or part thereof shall be derecognised. When the Group (the borrower) and the creditor enter into an agreement to replace the original financial liabilities with new financial liabilities, and the contractual terms of the new financial liabilities and the original financial liabilities are substantially different, the Group derecognises the original financial liabilities and simultaneously recognises the new financial liabilities.

If the financial liabilities are derecognised in whole or in part, the difference between the book value of the part derecognised and the consideration paid (including the transferred non-cash assets or the new financial liabilities assumed) shall be recorded into the current profit or loss.

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's issues (including refinancing), repurchases, sales, or write-offs of equity instruments are accounted for 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 instrument holders by the Group is treated as profit distribution, and the stock dividends issued do not affect the total amount of shareholders' equity.

9.5 Derivative instruments and embedded derivative instruments

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

For the mixed contracts composed of the embedded derivative instruments and the main contract, if the main contract is a financial asset, the Group does not split the embedded derivative instruments from the mixed contracts but applies the accounting standards for the classification of financial assets to the mixed contracts in their entirety.

If the main contract contained in the mixed contracts is not a financial asset and meets all the following conditions, the Group will split the embedded derivative instruments from the mixed contracts and deal with them as separate derivative financial instruments:

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.5 Derivative instruments and embedded derivative instruments (Continued)

- (1) The economic characteristics and risks of embedded derivative instruments are not closely related to those of the main contract.
- (2) Separate instruments with the same terms as the embedded derivative instruments comply with the definition of derivative instruments.
- (3) Mixed contracts are not measured at fair value through profit or loss.

Where the embedded derivative instruments are split from the mixed contracts, the Group shall account for the main contract of the mixed contracts in accordance with the applicable accounting standards. If the Group is unable to reliably measure the fair value of the embedded derivative instruments according to their terms and conditions, 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. If the above method is applied and the fair value of the embedded derivative instruments still cannot be measured separately either on the acquisition date or at a subsequent balance sheet date, the Group will designate the mixed contracts in their entirety as financial instruments at fair value through profit or loss.

9.6 Offset of financial assets and financial liabilities

When the Group has legal rights to offset recognised financial assets and financial liabilities, and the legal rights are currently executable, at the same time, when the Group plans to settle on a net basis or simultaneously realise the financial assets and liquidate the financial liabilities, 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 contains both a liability and a conversion option to convert the liability into its 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 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 between the overall issue price of the convertible bonds and the fair value of the liability portion is included in other equity instruments as the value of the conversion option for bondholders to convert the bonds into equity instruments.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.7 Compound instrument (Continued)

For subsequent measurement, the liability portion of convertible bonds is measured at amortised 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 the maturity or conversion of the convertible bonds.

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

10. INVENTORIES

The Group's inventories mainly include raw materials, goods in stock and revolving materials, etc. Inventories are initially measured at cost. The cost of inventories includes the purchase cost, the processing cost and other expenses incurred to bring the inventories to their current location and state.

Either the first-in-first-out method or the monthly lump-sum weighted average method is mainly adopted to determine the actual cost of the inventory issued.

Packaging and low-value consumables are amortised by the one-off amortisation method.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When the net realisable value is lower than the cost, a provision is made for the decline in value.

The net realisable value represents the estimated selling price of inventory in ordinary activities less the estimated costs to be incurred until completion, estimated selling expenses, and related taxes. The net realisable value of inventory is determined based on the conclusive evidence obtained and by taking into account the purpose of holding the inventory and the impact of events after the balance sheet date.

A provision for the decline in the value of inventories is made by category for the inventory in a large quantity and with relatively low unit prices. For the inventory in series produced and sold in the same region that has the same or similar end-use purposes or is difficult to be measured separately from other items, a provision for the decline in value of inventories is made on a collective basis. The provision for the decline in value of other inventories is made based on the excess of the cost of a single inventory item over its net realisable value.

When the circumstances that previously caused inventories to be written down below cost no longer exist after a provision for the decline in value of inventories is made, and the net realisable value is higher than the book value, the write-down amount is reversed to the limit of the provision already made and charged to the current profit or loss.

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. LONG-TERM EQUITY INVESTMENT

11.1 Determination basis for joint control and significant influence

Control refers to the investor having the power over the investee, enjoying variable returns by participating in the relevant activities of the investee, and having the ability to use the power over 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 operating policies of the investee, but that cannot control or jointly control the formulation of these policies with other parties. In determining whether it is possible to exercise control over or exert significant influence over the investee, consideration shall be given to the potential voting right factors such as the current convertible corporate bonds of the investee and the current executable warrants held by the investor and other parties.

11.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investment shall be the share of the shareholders' equity of the combined party in the book value of the ultimate controlling party's consolidated financial statements on the combination date. The difference between the initial investment cost and the book value of cash paid, non-cash assets transferred, and liabilities assumed is adjusted to capital reserves. If the capital reserves are not sufficient to be written down, retained earnings are adjusted. If equity securities are issued as the consideration for the combination, the initial investment cost of the long-term equity investment shall be the share of the shareholders' equity of the combined party in the book value of the ultimate controlling party's consolidated financial statements on the combination date. The face value of the total issued shares is recognised as share capital. The difference between the initial investment cost and the face value of the total issued shares is adjusted to capital reserves. If the capital reserves are not sufficient to be written down, retained earnings are adjusted.

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

The intermediary fees such as auditing, legal services, evaluation and consultation and other related administrative expenses incurred by the combining party or the purchaser for business combinations shall be recorded into profit or loss when incurred.

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. LONG-TERM EQUITY INVESTMENT (CONTINUED)

11.3 Subsequent measurement and profit or loss recognition method

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

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

The long-term equity investment accounted for using the cost method is measured at 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 share of the cash dividend or profit distributions declared by the investee.

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 investments in associates and joint ventures are accounted for using the equity method. An associate refers to an investee over which the Group can exert significant influence, and a joint venture is a joint arrangement in which the Group has only the right to the net assets.

Under the equity method, if the initial investment cost of a long-term equity investment is greater than the fair value share of identifiable net assets of the investee at the time of the investment, the initial investment cost of the 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 investee at the time of the investment, the difference shall be recorded into the current profit or loss, and the cost of the long-term equity investment shall be adjusted accordingly.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. LONG-TERM EQUITY INVESTMENT (CONTINUED)

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

11.3.2 Long-term equity investment accounted for using the equity method (Continued)

Under the equity method, investment income and other comprehensive income shall be recognised respectively according to the shares of net profit or loss and other comprehensive income of the investee. The book value of the long-term equity investment shall be adjusted concurrently. The book value of the long-term equity investment shall be reduced accordingly by calculating the share of the profit distribution or cash dividends declared by the investee. The book value of the long-term equity investment shall be adjusted and included in capital reserves for any changes in the shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution. When recognising the share of the net profit and loss of the investee, the net profit of the investee shall be adjusted and recognised on the basis of the fair value of the identifiable assets of the investee when the investment is acquired. If the accounting policies and periods adopted by the investee are inconsistent with those of the Group, the financial statements of the investee shall be adjusted in accordance with the accounting policies and periods of the Group, and the investment income and other comprehensive income shall be recognised accordingly. For the Group's transactions with its associates and joint ventures, if the contribution or sale of assets does not constitute a business, the unrealised internal transaction profit or loss attributable to the Group proportionately calculated is eliminated, and on this basis, investment income or loss is recognised. However, the unrealised internal transaction loss resulting from the Group's transactions with its investee and that is an impairment loss on the transferred assets are not eliminated.

When the share of the net loss of the investee is recognised, the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment of the investee shall be written down to zero. In addition, if the Group has the obligation to bear additional losses of the investee, it shall recognise the estimated liabilities according to the expected obligations and record them into the current investment loss. Where the investee has a net profit in subsequent periods, the Group resumes recognising its share of the profit only after its share of the profit makes up for the share of the loss previously not recognised.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. LONG-TERM EQUITY INVESTMENT (CONTINUED)

11.4 Disposal of long-term equity investment

At the time of the disposal of a long-term equity investment, the difference between its book value and the actual price obtained shall be recorded in the current profit or loss. For a long-term equity investment accounted for using the equity method, the remaining equity after the disposal is still accounted for using the equity method. Other comprehensive income recognised by the equity method is accounted for on the same basis as the assets or liabilities directly disposed of by the investee and is carried forward proportionately to the current profit or loss. The shareholders' equity recognised due to any changes in the shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is carried forward proportionately to the current profit or loss. For a long-term equity investment accounted for using the cost method, if the remaining equity after the disposal is still accounted for using the cost method, other comprehensive income recognised due to the use of the equity method or the financial instrument recognition and measurement standards, before the acquisition of 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 or loss. Any changes in the shareholders' equity recognised by the equity method in the investee's net assets, other than those attributable to net profit or loss, other comprehensive income and profit distribution are carried forward proportionately to the current profit or loss.

Where the Group loses control over the investee due to the disposal of part of its equity investment and when individual financial statements are prepared, the remaining equity after the disposal shall be accounted for using the equity method if it can exercise joint control or exert significant influence over the investee and be adjusted as if it were accounted for under the equity method at the time of acquisition. If the remaining equity after the disposal cannot exercise joint control or exert significant influence over the investee, it shall be accounted for according to the relevant provisions of the financial instrument recognition and measurement standards, and the difference between its fair value and book value on the date of loss of control shall be included in the current profit or loss. Other comprehensive income recognised due to the use of the equity method or the financial instrument recognition and measurement standards before the Group acquires control over the investee is accounted for on the same basis as the relevant assets or liabilities directly disposed of by the investee when control over the investee is lost. Any changes in the shareholders' equity recognised by the equity method in the investee's net assets, other than those attributable to net profit or loss, other comprehensive income and profit distribution are carried forward to the current profit or loss when control over the investee is lost. Among them, if the remaining equity after the disposal is accounted for by the equity method, other comprehensive income and other shareholders' equity are carried forward on a pro-rata basis; if the remaining equity after the disposal is accounted for according to the financial instrument recognition and measurement standards, other comprehensive income and other shareholders' equity are fully carried forward.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. LONG-TERM EQUITY INVESTMENT (CONTINUED)

11.4 Disposal of long-term equity investment (Continued)

If the Group loses joint control or significant influence over the investee due to the disposal of part of its equity investment, the remaining equity after the disposal shall be accounted for according to the financial instrument recognition and measurement standards, and the difference between the fair value and book value on the date of the loss of joint control or significant influence shall be included in the current profit or loss. Other comprehensive income recognised for the original equity investment by the equity method shall be accounted for on the same basis as the relevant assets or liabilities directly disposed of by the investee when the equity method is terminated. The shareholders' equity recognised due to the changes in the shareholders' equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be fully transferred to the current investment income when the equity method is terminated.

If the Group disposes of an equity investment in its subsidiary step by step through multiple transactions until it loses control and these transactions belong to a package deal, each transaction shall be treated as a single transaction for the disposal of the equity investment in the subsidiary and the loss of control. Prior to the loss of control, the difference between the disposal price and the book value of the long-term equity investment for which the equity is disposed of in each disposal shall be first recognised as other comprehensive income, and then fully transferred to profit or loss in the period in which control is lost.

12. INVESTMENT PROPERTIES

Investment properties refer to the properties held by the Group to earn 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 assets are likely to flow to the Group and the cost can be measured reliably. Other subsequent expenditures shall be recorded into profit or loss when incurred.

The Group uses the cost model for subsequent measurement of investment properties and depreciates or amortises them 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 disposal income from the sale, transfer, scrap, or destruction of an investment property after deducting its book value and related taxes and fees shall be recorded into the current profit or loss.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. FIXED ASSETS AND DEPRECIATION

Fixed assets refer to the tangible assets held for the production of goods, provision of labour services, lease or management, and whose service life exceeds one fiscal year. Fixed assets are recognised only when their economic benefits are likely to flow to the Group and their costs can be measured reliably. Fixed assets are initially measured at cost by 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 to the Group and their costs are measurable reliably, shall be included in the cost of fixed assets and the book value of the replaced part shall be derecognised. Other subsequent expenditures, when incurred, shall be included in the current profit or loss.

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

Category	Service life (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings	5-30	0-5	3.17-20.00
Port and terminal facilities	20-40	5	2.38-4.75
Motor vehicles and vessels	5-25	5	3.80-19.00
Machinery 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 a fixed asset after deducting the estimated disposal costs, 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 fixed asset shall be derecognised. The disposal income from the sale, transfer, scrap, or destruction of a fixed asset after deducting its book value and related taxes and fees shall be recorded in the current profit or 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 a change in an accounting estimate.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. CONSTRUCTION IN PROGRESS

Construction in progress is measured at the actual cost, which includes the expenditure incurred during the construction period, the capitalised borrowing costs before the project reaches its intended usable state, and other related costs. There is no depreciation for construction in progress. Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

15. INTANGIBLE ASSETS

15.1 Intangible assets

Intangible assets include land use rights, trademark rights, software, etc.

Intangible assets are initially measured at cost. Since the intangible assets with finite service life are available for use, the original value minus the estimated residual value and the accumulated amount of impairment provision that has been made are amortised evenly in phases during their expected service life by the straight-line method. Intangible assets with indefinite service life shall not be amortised.

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

Expenditures during the research phase are charged to profit or loss as incurred.

15.2 Research and development expenditures

Expenditures during the development phase are recognised as intangible assets if all of the following conditions are met, and others that do not meet the following conditions are recognised in the current profit or loss:

- (1) The technical feasibility of completing the intangible asset so that it can be used or sold.
- (2) Intention to complete the intangible asset for use or sale.
- (3) The ways in which the intangible asset generates economic benefits, including proving the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- (4) Having sufficient technical, financial and other resources to complete the development of the intangible asset and to use or sell the intangible asset.
- (5) Expenditures attributable to the development phase of the intangible asset can be measured reliably.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. INTANGIBLE ASSETS (CONTINUED)

15.2 Research and development expenditures (Continued)

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all research and development expenditures incurred are recognised in the current profit or loss. The cost of an intangible asset resulting from internal development activities includes only the total amount of expenditures 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 expenditures that have been recognised in profit or loss as expenses before the capitalisation condition is met for the same intangible asset in the development process.

16. LONG-TERM PREPAID EXPENSE

Long-term prepaid expenses represent expenditures incurred which should be recognised as expenses over one year and should be allocated in current and subsequent periods. Long-term prepaid expenses are amortised on a straight-line basis over the estimated beneficial period.

17. IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

At each balance sheet date, 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 finite service 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 indefinite service lives 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.

The recoverable amount of an asset is estimated on an individual asset basis. 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 asset group minus the disposal costs and the present value of the expected future cash flows.

If the recoverable amount of an asset is less than its book value, the difference shall be the basis for a provision for asset impairment and included in the current profit or loss.

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

Except for impairment losses on assets related to contract costs, the above-mentioned impairment losses on assets, once recognised, are not reversed in subsequent accounting periods. After a provision for impairment of an asset related to contract costs is made and if the factors of impairment in previous periods change so that the difference between the above two items is higher than the book value of the asset, the original provision for impairment of the asset is reversed and recognised in the current profit or loss, but the book value of the asset after the reversal cannot exceed the book value of the asset at the date of the reversal assuming no provision for impairment is made.

18. ESTIMATED LIABILITIES

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

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

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

19. EMPLOYEE REMUNERATIONS

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

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

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. EMPLOYEE REMUNERATIONS (CONTINUED)

Short-term remunerations refer to all the employee remunerations that the Group needs to pay to employees within 12 months after the end of the annual reporting period for the relevant services provided by employees, except for post-employment benefits and termination benefits. Short-term remunerations include wages, bonuses, allowances and subsidies, employee benefits, social insurance premiums such as medical insurance, work injury insurance and maternity insurance, housing provident fund, trade union funds and employee education funds, short-term paid absences, short-term profit-sharing plans, non-monetary benefits, and other short-term remunerations. During the accounting period when employees provide services, the Group shall recognise the short-term remuneration payable as a liability and record it into the cost or expense of related assets according to the beneficiaries of the services provided by the employees.

Post-employment benefits refer to the various forms of remuneration and welfare provided by the Group after the employee retires or dissolves labour relations with the enterprise in order to obtain the services provided by the employee, except short-term remunerations and termination benefits. Post-employment benefits include endowment insurance, annuity, unemployment insurance, internal retirement benefits, and other post-employment benefits.

The Group classifies post-employment benefit plans into defined contribution plans and defined benefit plans. Post-employment benefit plan refers to the agreement reached between the Group and the employee on the post-employment benefit, or the regulations or measures formulated by the Group for the provision of post-employment benefits to the employee. Where a defined contribution plan is a post-employment benefit plan in which the Group no longer undertakes the further payment obligation after the fixed fee is deposited into the independent fund; Defined benefit plans refer to post-employment benefit plans other than defined contribution plans. During the accounting period when the employee provides services for the Group, the amount due for deposit calculated according to the defined escrow plan shall be recognised as a liability and recorded into the current profits and losses or the cost of related assets.

The Group provides internal retirement benefits to employees who accept internal retirement arrangements. Internal retirement benefits refer to the wages and social insurance contributions paid to employees who have not reached the retirement age set by the state and have been approved to voluntarily withdraw from their jobs. For internal retirement benefits, if the conditions related to the recognition of internal retirement benefits are met, the internal retirement benefits to be paid by the Group during the period when the employee stops providing the service solstice normally retires will be recognised as liabilities according to the present value and recorded into the current profits and losses.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. EMPLOYEE REMUNERATIONS (CONTINUED)

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

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

20. SHARE-BASED PAYMENT

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

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

21. BONDS PAYABLE

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

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. REVENUE RECOGNITION

The Group recognises revenue at the transaction price apportioned to the performance obligation in the contract when it is satisfied, i.e., when the customer acquires control of the relevant goods or services. A performance obligation is a contractual commitment by the Group to transfer clearly distinguishable goods or services to the customer. The transaction price is the amount of consideration that the Group expects to be entitled to receive as a result of the transfer of goods or services to the customer, but excluding amounts collected on behalf of third parties and amounts that the Group expects to be returned to the customer.

A performance obligation is a performance obligation that is performed over a period of time, and the Group recognises revenue over a period of time in accordance with the progress of the performance, when one of the following conditions is met: (I) The customer acquires and consumes the economic benefits from the Group's performance as the Group performs; (II) The customer is able to control the goods under construction in the Group's performance; (III) The goods or services produced by the Group's performance are irreplaceable, and the Group is entitled to receive payment for the portion of the performance that has been accumulated to date throughout the contract period. Otherwise, the Group recognises revenue at the point at which the customer acquires control of the relevant goods or services.

The Group uses the input method to determine the progress of performance, i.e., it determines the progress of performance based on the Group's inputs to meet its performance obligations. When the progress of performance is not reasonably determinable and the costs incurred are expected to be recovered, the Group recognises revenue at the amount of the costs incurred until the progress of performance is reasonably determinable.

A contract asset is a right to receive consideration for goods or services that the Group has transferred to a customer and that is dependent on factors other than the passage of time. For the accounting policy regarding contract asset impairment, please refer to Note IV. 9. The Group's unconditional (that is, time-dependent) right to collect considerations from customers is presented separately as receivables.

A contract liability is an obligation to transfer goods or services to a customer for consideration received or receivable by the Group from the customer.

Contract assets and contract liabilities under the same contract are shown on a net basis.

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. REVENUE RECOGNITION (CONTINUED)

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

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

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

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

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

Where there is a significant financing element in a contract, the Group determines the transaction price based on the amount that would be payable in cash assuming that the customer paid for the goods or services at the time it acquired control. The difference between this transaction price and the contract consideration is amortised over the term of the contract using the effective interest method. Significant financing elements of the contract are not taken into account when the Group expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price will not exceed one year at the contract start date.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. REVENUE RECOGNITION (CONTINUED)

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

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

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

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

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

The cost of obtaining a contract

An asset is recognised when the Group expects to recover the incremental costs incurred to obtain the contract (i.e., costs that would not have been incurred but for the contract). If the asset is amortised over a period of less than one year, it is charged to the current profits and losses as incurred. Other expenses incurred to acquire a contract are charged to the current profits and losses when incurred, except when clearly borne by the customer.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. REVENUE RECOGNITION (CONTINUED)

The cost of performing a contract

Costs incurred by the Group to perform a contract, which is outside the scope of other corporate accounting standards other than the revenue standard, are recognised as an asset when the following conditions are met: (1) The cost is directly related to a current or expected contract; (2) The cost increases the Group's future resources available to meet its performance obligations; and (3) The cost is expected to be recoverable. These assets are amortised using the same basis as revenue recognition for the goods or services to which the asset relates and are recognised in the current profits and losses.

23. GOVERNMENT GRANTS

Government grants are monetary and non-monetary assets that the Group acquires from the government at no cost to the Group. Government grants are recognised when the conditions attached to the grant can be met and the grant can be received.

Where government grants are monetary assets, they are measured at the amount received or receivable. Where government grants are non-monetary assets, they are measured at fair value; where fair value cannot be obtained reliably, they are measured at nominal amounts. Government grants measured at nominal amounts are directly recognised in the current profits and losses.

Government grants relating to assets should be recognised as deferred income and charged to profit or loss over the useful life of the related assets in a reasonable and systematic manner. Government grants measured at nominal amounts are directly recognised in the current profits and losses. If the relevant asset is sold, transferred, scrapped, or destroyed before the end of its useful life, the undistributed balance of the relevant deferred income should be transferred to the current profits and losses in which the asset is disposed of.

Revenue-related government grants which are used to compensate the Group for related costs or losses in future periods, are recognised as deferred income and charged to the current profits and losses in which the related costs or losses are recognised; those used to compensate the Group for related costs or losses already incurred are charged directly to the current profits and losses.

For government grants that contain both asset-related parts and revenue-related parts, the different parts are distinguished for separate accounting treatment; if it is difficult to distinguish, the whole is classified as revenue-related government grants.

Government grants related to the Group's daily activities are included in other income in accordance with the substance of economic operations. Government grants not related to the Group's daily activities are included in non-operating income and expenditure.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. BORROWING COSTS

The capitalisation of borrowing costs directly attributable to the acquisition or production of a capitalisation-eligible asset begins when expenditures for the asset have been incurred, borrowing costs have been incurred, and the acquisition or production activities necessary to bring the asset to its intended useable or marketable condition have commenced; the capitalisation of a capitalisation-eligible asset acquired or produced to its intended useable or marketable condition ceases when the asset is acquired or produced. If an abnormal interruption in the acquisition or production of a capitalisation-eligible asset occurs and the interruption lasts for more than three consecutive months, the capitalisation of borrowing costs is suspended until the acquisition or production of the asset is restarted.

The remaining borrowing costs are recognised as an expense in the period in which they are incurred.

The amount of interest expenses actually incurred during the period of special borrowing, less the interest income earned by depositing unused borrowed funds with banks or investment income earned by making temporary investments, is capitalized; the amount of capitalisation for general borrowing is determined by multiplying the weighted average of the cumulative asset expenses in excess of the portion of special borrowing by the capitalisation rate of the general borrowing used. The capitalisation rate is determined based on the calculation of the weighted average interest rate on general borrowing. During the capitalisation period, all exchange differences on foreign-currency specialized borrowings are capitalized; exchange differences on foreign-currency general borrowings are recorded in the current profits and losses.

25. INCOME TAXES

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

25.1 Current income tax

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. INCOME TAXES (CONTINUED)

25.2 Deferred tax assets and deferred tax liabilities

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

Generally, all temporary differences are recognised for related deferred income tax purposes. However, for deductible temporary differences, the Group recognises a related deferred tax asset to the extent that it is more likely than not that the Group will be able to realize the taxable income used to offset the deductible temporary differences. In addition, deferred tax assets or liabilities are not recognized for temporary differences associated with the initial recognition of goodwill and for temporary differences associated with the initial recognition of assets or liabilities arising from transactions that are not business combinations and do not affect accounting profits and taxable income (or deductible losses) at the time of occurrence and in which the initial recognition of the assets and liabilities results in the non-equivalent taxable temporary differences and deductible temporary differences.

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

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

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

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. INCOME TAXES (CONTINUED)

25.2 Deferred tax assets and deferred tax liabilities (Continued)

Current income tax and deferred income tax expenses or benefits are recognized in profit or loss, except for current income tax and deferred income tax relating to transactions and events directly attributable to other comprehensive income or owners' equity, which are recognized in other comprehensive income or owners' equity, and the book value of goodwill adjusted for deferred income taxes arising from business combinations.

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

25.3 Offset of income taxes

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to acquire assets and settle liabilities simultaneously, the Group's current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

The Group's deferred tax assets and deferred tax liabilities are presented net of offset when there is a legally enforceable right to settle current tax assets and current tax liabilities on a net basis and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities, provided that, in each future period in which significant deferred tax assets and liabilities reverse, the taxable entity involved intends to settle current income tax assets and liabilities on a net basis, or to acquire the assets and settle the liabilities simultaneously.

26. FOREIGN CURRENCY OPERATIONS AND TRANSLATION OF FOREIGN CURRENCY STATEMENTS

26.1 Foreign currency operations

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

Chapter 10 Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

26.1 Foreign currency operations (Continued)

At the balance sheet date, monetary items denominated in foreign currencies are translated into those in functional currency using exchange rates approximating the spot rates at that date, and exchange differences resulting from differences between the conversion exchange rate at that date and the conversion exchange rate at initial recognition or at the previous balance sheet date are recognized in profit or loss for the current period, except: (1) Exchange differences on foreign currency special borrowings eligible for capitalisation are capitalised to the cost of the related assets during the capitalisation period; (2) Exchange differences on hedging instruments that are hedged are accounted for under the hedge accounting method; (3) Exchange differences on monetary items classified as fair value through other comprehensive income are included in current profits and losses, other than those arising from changes in book balance other than amortised cost, which are recognised in other comprehensive income.

If the preparation of the consolidated financial statements involves foreign operations, and if there are foreign currency monetary items that substantially constitute a net investment in foreign operations, exchange differences resulting from changes in exchange rates are included in “Exchange differences on translation of foreign operations” in other comprehensive income; when foreign operations are disposed of, they are included in profit or loss for the period of disposal.

Foreign currency non-monetary items measured at historical cost continue to be measured at the recorded local currency amount discounted at the spot exchange rate at the date of the transaction. Non-monetary items in foreign currencies measured at fair value are translated using an exchange rate that approximates the spot rate at the date the fair value is determined, and the difference between the recorded local currency amount after translation and the original recorded local currency amount is treated as a change in fair value (including exchange rate changes) and recognised in the current profits and losses or in other comprehensive income.

26.2 Translation of foreign operations

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

Cash flows in foreign currencies and the cash flows of foreign subsidiaries are translated using the approximate exchange rate at the spot exchange rate at the date of the cash flows, and the effect of exchange rate changes on cash and cash equivalents is shown as a reconciling item in the statement of cash flows as “Effect of foreign exchange rate changes”.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

26.2 Translation of foreign operations (Continued)

Prior closing balances and prior period actuals are presented in accordance with the amounts translated from the prior period'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 in translation of foreign operations shown in the other comprehensive income line item in the balance sheet that is 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 in translation of foreign operations related to the disposal portion of the foreign operation will be attributed to non-controlling interests and will not be transferred to the current profits and losses. When the foreign operation is disposed of as part of an associate or joint venture, the exchange differences in translation of foreign operations related to the foreign operation are transferred to the profit and loss of the period in which the foreign operation is disposed of in proportion to the disposal of the foreign operation.

27. LEASES

A lease is a contract in which the lessor gives the right to use an asset to the lessee for a certain period of time in return for consideration.

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

27.1 The Group as lessee

27.1.1 Separation of leases

Where a contract contains one or more lease and non-lease components, the Group separates each individual lease and non-lease component and apportions the contract consideration in relative proportions to the sum of the separate prices of each lease component and the separate prices of the non-lease components.

Chapter 10 Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (CONTINUED)

27.1 The Group as lessee (Continued)

27.1.2 Right-of-use asset

With the exception of short-term leases and leases of low-value assets, the Group recognises a right-of-use asset for leases at the lease term start date. The lease term start date is the date on which the lessor makes the leased asset available for use by the Group.

Right-of-use assets are initially measured at a 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.
- Costs that the Group expects to incur to dismantle and remove the leased asset, to rehabilitate the site on which the leased asset is located, or to restore the leased asset to the condition agreed upon in the terms of the lease, excluding costs that are attributable to the production of inventories.

The Group depreciates right-of-use assets with reference to the relevant depreciation provisions of *Accounting Standards for Business Enterprises No. 4 – Fixed Assets*. Where the Group is able to obtain ownership of a leased asset with reasonable certainty at the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the leased asset. Where it is not reasonably certain that ownership of a leased asset can be obtained at the end of the lease term, depreciation is charged over the shorter of the lease term and the remaining useful life of the leased asset.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (CONTINUED)

27.1 The Group as lessee (Continued)

27.1.3 Lease liability

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 depend on an index or rate.
- The Group reasonably determines the exercise price of the purchase options to be exercised.
- The lease term reflects the payments required to exercise the lease termination option where the Group will exercise the lease termination option.
- Expected payments based on the residual value of guarantees provided by the Group.

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

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (CONTINUED)

27.1 The Group as lessee (Continued)

27.1.3 Lease liability (Continued)

After the lease term starts, the Group premeasured the lease liability and adjusts the corresponding right-of-use asset if any of the following occurs; if the book value of the right-of-use asset has been reduced to zero but the lease liability is subject to further reduction, the Group recognises the difference in the current profits and losses:

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

27.1.4 Short-term leases and low-value asset leases

The Group elects not to recognise right-of-use assets and lease liabilities for short-term leases and low-value asset leases. Short-term leases are leases with a lease term of less than 12 months at the start date of the lease term and do not include purchase options. Leases of low-value assets are leases where the value of a single leased asset does not exceed RMB50,000 when the asset is brand new. The Group recognises the lease payments for short-term leases and low-value asset leases in the current profits and losses or the cost of the related assets in each period of the lease term on a straight-line basis or by other systematic and reasonable methods.

27.1.5 Lease modification

When a lease modification occurs and the following conditions are also met, the Group accounts for the lease modification as a separate lease:

- The lease modification expands the scope of the lease by adding the right to use one or more of the leased assets.
- The increased consideration is equal to the separate price of the expanded portion of the lease, adjusted for that contract.

If the lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Group reassesses the consideration for the changed contract, redetermines the lease term, and remeasures the lease liability at the present value of the modified lease payments and the revised discount rate.

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

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (CONTINUED)

27.2 The Group as lessor

The Group recognises lease receipts under operating leases as rental income on a straight-line basis from period to period over the term of the lease, unless another systematic and rational method better reflects the pattern of depletion of economic benefits arising from the use of the leased asset. Initial direct costs incurred by the Group in connection with operating leases are capitalized and amortised over the lease term on the same basis as rental income and are recognised in the current profits and losses.

27.2.1 Separation of leases

Where the contract contains both leased and non-leased components, the Group apportioned the contract consideration in accordance with the provisions of Revenue Standards on transaction price apportionment, based on the separate prices of each of the leased and non-leased components.

27.2.2 Classification of leases

A lease that transfers substantially all the risks and rewards of ownership of the leased asset is a finance lease. Leases other than finance leases are operating leases.

27.2.3 The Group records operating lease business as a lessor

At various periods during the lease term, the Group recognises lease receipts for operating leases as rental income using the straight-line method or other systematic and reasonable method. Initial direct costs incurred by the Group in connection with operating leases are capitalized as incurred and are amortised over the term of the lease on the same basis as rental income recognition and charged to the current profits and losses.

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (CONTINUED)

27.2 The Group as lessor (Continued)

27.2.4 The Group records finance lease business as a 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 are required to be made by a lessee exercising a lease termination option provided that the lease term reflects that the lessee will exercise the lease termination option.
- The residual value of the guarantee provided to the Group by the lessee, a party related to the lessee and an independent third party with the financial ability to meet the guarantee obligations.

Variable lease receivables that are index- or rate-dependent are determined at initial measurement based on an index or rate at the lease term start date. Variable lease receipts that are not included in the net lease investment measurement are charged to the current profits and losses in which they occur.

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

27.2.5 Sublease

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (CONTINUED)

27.2 The Group as lessor (Continued)

27.2.6 Lease modification

Where there is a modification in an operating lease, the Group accounts for it as a new lease from the effective date of the modification, and the amount of lease receipts received or receivable in advance relating to the pre-modification lease is treated as receipts under the new lease.

When a modification in a finance lease occurs and the following conditions are also met, the Group accounts for the modification as a separate lease:

- The modification expands the scope of the lease by adding the right to use one or more of the leased assets.
- The increased consideration is equal to the separate price of the expanded portion of the lease, adjusted for that contract.

If a modification in a finance lease is not accounted for as a separate lease, the Group treats the modified lease as follows:

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

Chapter 10 Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (CONTINUED)

27.3 Sale and leaseback transactions

27.3.1 The Group as seller and lessee

The Group assesses whether the transfer of an asset in a sale and leaseback transaction is a sale in accordance with the provisions of Revenue Standards. If the asset transfer is not a sale, the Group continues to recognise the transferred asset and recognises a financial liability equal to the amount of the transfer proceeds, and accounts for the financial liability in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*. If the transferred asset is a sale, the Group measures the right-of-use asset resulting from the sale and leaseback at the portion of the book value of the original asset that relates to the right of use acquired through leaseback and recognises gain or loss only on the right transferred to the lessor.

27.3.2 The Group as buyer and lessor

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

28. HELD FOR SALE

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

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

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

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. HELD FOR SALE (CONTINUED)

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

Equity investments in associates or joint ventures are classified in whole or in part as assets held for sale, and the portion classified as held for sale is no longer accounted for under the equity method from the date it is classified as held for sale.

29. SAFETY PRODUCTION COST

The Group extracts safety production costs in accordance with the *Administrative Measures on the Withdrawal and Use of Safety Production Costs by Enterprises No. 136 of Caizi [2022]* issued jointly by the Ministry of Finance and the Ministry of Emergency Management on 13 December 2022, which is recorded in the cost of the relevant products or current profits and losses, and transferred to the special reserve. When using the extracted safety production cost, if it is an expense, it is directly deducted from the special reserve. When the safety production costs are used to form fixed assets, the expenses incurred are collected under the account “Construction in progress” and recognised as fixed assets when the safety projects are completed and ready for use; at the same time, the special reserve is deducted from the cost of the fixed assets and the same amount of accumulated depreciation is recognised. Such fixed assets are not depreciated in subsequent periods.

30. ASSET SECURITISATION BUSINESS

When a financial asset is transferred, it is judged on the basis of the transfer of substantially all the risks and rewards of ownership of the relevant financial asset: If it has been transferred in full, the corresponding financial asset is derecognised; if it has not been transferred and substantially all the risks and rewards of ownership of the relevant financial asset have been retained, derecognition is not possible; if neither substantially all the risks and rewards of ownership of the financial asset are transferred nor retained, derecognition is determined based on the extent of control over the financial asset. If control over the financial asset is relinquished, the financial asset is derecognised; if control over the financial asset is not relinquished, the financial asset is recognised to the extent of its continuing involvement in the financial asset, and the related liability is recognised accordingly.

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. DISCONTINUED OPERATION

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

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

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

32. NON-MONETARY ASSET EXCHANGE

Non-monetary asset exchanges are measured at fair value if the non-monetary asset exchange has commercial substance and the fair value of the exchange-in asset or exchange-out asset can be measured reliably. For the exchange-in assets, the fair value of the exchange-out asset and the related tax payable are initially measured as the cost of the exchange-in asset; for the exchange-out assets, the difference between the fair value and the book value of the exchange-out asset is recognised in the current profits and losses upon derecognition. If there is sufficient evidence that the fair value of the exchange-in asset is more reliable, the fair value of the exchange-in asset and the relevant tax payable is used as the initial measurement amount of the exchanged asset; for the exchange-out asset, the difference between the fair value of the exchange-in asset and the book value of the exchange-out asset is charged to the current profits and losses upon derecognition.

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

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

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. NON-MONETARY ASSET EXCHANGE (CONTINUED)

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

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

33. DEBT RESTRUCTURING

33.1 Recording debt restructuring obligations as a debtor

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

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

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*.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. DEBT RESTRUCTURING (CONTINUED)

33.1 Recording debt restructuring obligations as a debtor (Continued)

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

33.2 Recording debt restructuring obligations as a 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 the 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 the abandoned creditor's rights and other costs directly attributable to the asset, such as taxes, transportation costs, handling charges, installation costs, and professional services fees, incurred before bringing the asset to its intended usable condition. The cost of a biological asset includes the fair value of the abandoned creditor's rights and other costs attributable to the asset, such as taxes, transportation costs, and insurance premiums. The cost of an intangible asset includes the fair value of abandoned creditor's rights and other costs such as taxes that are directly attributable to bringing the asset to its intended use. The difference between the fair value and the book value of abandoned creditors' rights should be recognised in the current profits and losses.

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

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

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

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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 book value of statement items that cannot be measured accurately. These judgments, estimates, and assumptions are based on the historical experience of the management and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

1. KEY ASSUMPTIONS AND UNCERTAINTY IN CRITICAL ACCOUNTING JUDGMENTS AND ACCOUNTING ESTIMATES

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

1.1 Classification of financial assets

The classification and measurement of financial assets are 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 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 the acquisition, taking into account both qualitative and quantitative information and incorporating forward-looking information in the process.

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

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

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

1.2 Recognition of expected credit losses (Continued)

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

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

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

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

1.3 Goodwill impairment

As at 30 June 2023, the book value of goodwill is RMB2,330,303,504.87. The Group conducts impairment tests on goodwill at least annually. In the impairment test of goodwill, it is necessary to calculate the present value of the expected future cash flow of the relevant asset group or asset group portfolios and to estimate the future cash flow of the asset group or asset group portfolios. At the same time, it is necessary to determine a pre-tax interest rate that appropriately reflects the time value of the currency in the current market and asset-specific risks. All these matters involve the judgment of the management.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

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

1.4 Recognition of deferred income tax

Within the limits of deductible temporary differences and deductible losses, the Group is likely to obtain sufficient taxable income in the future to recognise deferred income tax assets for all unused deductible temporary differences and deductible losses. This requires the management of the Group to use a large number of judgments to estimate the time and amount of future taxable income, combined with a tax planning strategy, to determine the amount of deferred income tax assets that should be recognised.

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

1.5 Impairment of long-term equity investments

As at 30 June 2023, the book value of the Group's investment in associates amounted to RMB4,768,362,480.68 (1 January 2023: 4,443,731,016.94); the book value of the Group's investment in joint ventures as at 30 June 2023 amounted to RMB4,937,310,885.21 (1 January 2023: RMB4,083,707,156.25). For long-term equity investments that have indications of impairment, the Group determines whether a long-term equity investment is impaired by estimating the recoverable amount of the long-term equity investment and comparing it with its book value. If the book value of the long-term equity investment is greater than the estimated recoverable amount, an impairment provision is made accordingly.

1.6 Fair value of financial instruments

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

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

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

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

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

1.7 Estimated useful life and estimated residual value of fixed assets and intangible assets

The Group determines the useful life and residual value of fixed assets and intangible assets. The estimation is based on the historical experience of the actual useful life and the residual value of fixed assets and intangible assets with similar properties and functions and may have significant changes due to technological innovation and severe industry competition. When the expected useful life and the residual value of fixed assets or intangible assets are less than the previous estimates, the Group will increase the depreciation/amortisation, or write off or offset the technologically obsolete fixed assets or intangible assets.

1.8 Impairment of non-current assets other than financial assets (other than goodwill, long-term equity investments)

The Group determines at the balance sheet date whether there is any indication that non-current assets other than financial assets may be impaired, and performs impairment tests on those assets when there is an indication of impairment. In addition, intangible assets with indefinite useful lives are tested for impairment annually. The recoverable amount of an asset or asset group is determined based on the higher of the value in use of the asset or group of assets and the net amount of its fair value less disposal expenses. In estimating its value in use, the future cash flows of the asset or asset group are projected and determined using a discount rate discounted to the present value of future cash flows. Management makes an accounting estimate on the use of the asset and forecasts future cash flows on a reasonable and informed basis and determines the present value of the future cash flows using a discount rate that reflects the time value of money in the current market and the specific risks associated with the asset.

1.9 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.

1.10 Contingent liabilities

The Group is faced with numerous legal disputes in the course of its going concern, the outcome of which is subject to a significant degree of uncertainty. When the economic benefits associated with a particular legal dispute are considered to be likely to flow out and the amount can be measured reliably, the Group's management makes provisions for them based on professional legal advice. Significant contingent liabilities faced by the Group, other than those which are considered to be highly unlikely to result in an outflow of economic benefits, are disclosed in Note XII. Management uses its judgment to determine whether a related legal dispute should be provided for as a provision or disclosed as a contingent liability.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

VI. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECTS

The Ministry of Finance issued the Interpretation of *Accounting Standards for Business Enterprises No. 16* (Cai Kuai [2022] No. 31) on 30 November 2022, which regulates the accounting treatment of deferred income tax, to which the initial recognition exemption does not apply, relating to assets and liabilities arising from a single transaction, the accounting treatment of the income tax effects of dividends related to financial instruments classified by the issuer as equity instruments and the accounting treatment of the modification of cash-settled share-based payments to equity-settled share-based payments, and requires that the accounting treatment of deferred income tax, to which the initial recognition exemption does not apply, relating to assets and liabilities arising from a single transaction be effective from 1 January 2023 onwards. The Group has prepared the current financial statements in accordance with the above requirements. The effect of the relevant provisions of Accounting Standards for Business Enterprises No. 16 on the accounting treatment of deferred income tax, to which the initial recognition exemption does not apply, relating to assets and liabilities arising from a single transaction on the Group and the Company is set out below:

Impact on the Group:

Consolidated statement of financial position

Item	1 January 2022			31 December 2022		
	Before adjustment	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment
Deferred tax assets	259,677,060.28	27,948,479.29	287,625,539.57	225,516,679.37	26,210,883.11	251,727,562.48
Total non-current assets	37,949,270,171.77	27,948,479.29	37,977,218,651.06	39,493,471,182.71	26,210,883.11	39,519,682,065.82
Total assets	74,314,378,721.11	27,948,479.29	74,342,327,200.40	77,833,312,035.30	26,210,883.11	77,859,522,918.41
Deferred tax liabilities	179,851,893.45	7,048,131.70	186,900,025.15	191,106,639.11	3,648,505.97	194,755,145.08
Total non-current liabilities	14,982,186,213.82	7,048,131.70	14,989,234,345.52	12,912,649,082.61	3,648,505.97	12,916,297,588.58
Total liabilities	39,263,892,904.52	7,048,131.70	39,270,941,036.22	40,965,147,219.79	3,648,505.97	40,968,795,725.76
Retained earnings	18,424,012,523.54	20,093,919.78	18,444,106,443.32	20,114,677,278.85	22,053,933.05	20,136,731,211.90
Total equity attributable to shareholders of the Company	33,101,401,364.75	20,093,919.78	33,121,495,284.53	34,865,747,255.54	22,053,933.05	34,887,801,188.59
Non-controlling interests	1,949,084,451.84	806,427.81	1,949,890,879.65	2,002,417,559.97	508,444.09	2,002,926,004.06
Total shareholders' equity	35,050,485,816.59	20,900,347.59	35,071,386,164.18	36,868,164,815.51	22,562,377.14	36,890,727,192.65
Total liabilities and shareholders' equity	74,314,378,721.11	27,948,479.29	74,342,327,200.40	77,833,312,035.30	26,210,883.11	77,859,522,918.41

Note: The amount before adjustment includes the amount of retrospective adjustment for the business combination of Beijing Sinotrans Automobile Transportation Company (hereinafter referred to as Beijing Automobile Transportation) under common control in the current period.

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VI. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

1. CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECTS (CONTINUED)

Consolidated statement of profit or loss and other comprehensive income

Item	January-June 2022		
	Before adjustment	Adjustment	After adjustment
Less: Income tax expenses	554,723,193.93	-1,470,675.36	553,252,518.57
V. Net profit (net loss denoted by “-”)	2,447,180,376.22	1,470,675.36	2,448,651,051.58
(I) Classified by attribution of ownership:	-	-	-
Net profit attributable to shareholders of the Company (net loss denoted by “-”)	2,326,639,103.21	1,619,846.01	2,328,258,949.22
Profit or loss attributable to non-controlling interests (net loss denoted by “-”)	120,541,273.01	-149,170.65	120,392,102.36
(II) Classified by the continuity of operations:	-	-	-
Net profit from continuing operations (net loss denoted by “-”)	2,447,180,376.22	1,470,675.36	2,448,651,051.58
Net profit from discontinued operations (net loss denoted by “-”)	-	-	-
VII. Total comprehensive income	-	-	-
Total comprehensive income attributable to shareholders of the Company	2,324,802,944.21	1,619,846.01	2,326,422,790.22
Total comprehensive income attributable to non-controlling interests	94,007,374.27	-149,170.65	93,858,203.62
VIII. Earnings per share	-	-	-
Basic earnings per share	0.31	-	0.31
Diluted earnings per share	0.31	-	0.31

Note: The amount before adjustment includes the amount of retrospective adjustment for the business combination of Beijing Automobile Transportation under common control in the current period.

Impact on the Company:

The Company had significant amounts of deductible losses in the comparative periods and earlier periods presented in these financial statements for which deferred tax assets were not recognized because the Company's management determined that sufficient taxable income would not be available to offset the deductible losses in future periods. In retrospectively recognizing deferred tax assets related to leases, the Company considers the period and the amount of the lease-related taxable temporary differences to be reversed and uses the period and amount as the limit. In short, the implementation of the provisions of ASBE Interpretation No. 16 on accounting for deferred income taxes related to assets and liabilities arising from a single transaction to which the initial recognition exemption does not apply has resulted in the Company consistently recognizing deferred tax assets and deferred tax liabilities related to leases in equal amounts in comparative periods and earlier periods, and presenting them net of offsets as the offsetting conditions are met. As a result, the aforementioned change in accounting policy had no impact on the Company's statement of financial position as of 1 January 2022 and 31 December 2022 and statement of profit or loss and other comprehensive income of January-June 2022.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

VI. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

2. CHANGES OF ACCOUNTING ESTIMATES AND EFFECTS

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

3. CORRECTION OF PRIOR ERRORS AND IMPACT

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

4. OTHER ADJUSTMENTS

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

VII. TAXES

1. MAIN TAX CATEGORIES AND RATES

Tax categories	Tax bases	Tax rates
Value-added tax	Taxable value-added amount (the balance of the output tax less deductible input tax)	3%, 5%, 6%, 9%, 13%
Urban maintenance & construction tax	Turnover tax payable	1%, 5%, 7%
Education surcharge and local education surcharge	Turnover tax payable	3%, 2%
Stamp duty	Registered capital, capital reserve, economic contract amount, etc.	0.05%, 0.03%, etc.
Property tax	Taxable residual value and rental income of properties	1.2%, 12%
Urban Land use tax	The actual amount of land area	0.6-30 RMB/m ²
Enterprise income tax (Note 1)	Taxable income	0-38%

Note 1: The enterprise income tax of the Company and its subsidiaries was calculated at the local current tax rate. The income tax rate of the Group's subsidiaries located in Mainland China is 25%. The income tax rates of main subsidiaries in the countries or regions outside the mainland of the PRC are as follows:

Country or region	Applicable income tax rate (%)
Hong Kong, China	16.50%
Japan	38%
Korea	21%
Belarus	18%
Netherlands	25%
Romania	16%
United Kingdom	19%

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VII. TAXES (CONTINUED)

2. SIGNIFICANT TAX PREFERENCES AND APPROVALS

2.1 Enterprise income tax

- (1) According to the Announcement on the Continuation of Enterprise Income Tax Policy for Western Development (the Ministry of Finance, State Taxation Administration and the National Development and Reform Commission 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 regulations of the “Announcement on Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises” (the Ministry of Finance and State Taxation Administration Announcement No. 13 of 2022) and the “Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses” (the Ministry of Finance and the State Taxation Administration Announcement No. 6 of 2023), from 1 January 2023 to 31 December 2024, the portion not exceeding RMB1 million of the annual taxable income of small and micro-profit enterprises shall be included in the taxable income at a reduced percentage of 25% and subject to corporate income tax at a rate of 20%; from 1 January 2022 to 31 December 2024, the portion of the annual taxable income of small and micro enterprises exceeding RMB1 million but not exceeding RMB3 million is included in taxable income at a reduced percentage of 25% and subject to corporate income tax at a rate of 20%. During the reporting period, the Group’s small and micro-enterprises meeting the conditions were entitled to the aforesaid income tax incentives.
- (3) 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.
- (4) In accordance with the No. 326 of the Decree of the President of the Republic of Belarus dated 30 June 2014, the occupants in the Great Stone Industrial Park are exempted from income tax on their profits from the sales of independently manufactured goods in the Great Stone Industrial Park for ten calendar years from the date of registration in Belarus; upon expiration of the period of ten calendar years from the date of registration, the profit taxes are paid at half of the tax rate set out in the Decree of the President during the next ten calendar years. In the reporting period, the profits from the sales of self-produced goods (projects, services) in the Great Stone Industrial Park by China Merchants Great Stone Trade Logistics Co., Ltd., a subsidiary of the Group, (hereinafter referred to as Great Stone Trade Logistics) are exempted from enterprise income tax.

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Notes to the Financial Statements

For the period ended 30 June 2023

(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 Notice of the Ministry of Finance and the State Taxation Administration 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 Taxation Administration on Enterprise Income Tax Treatment Issues Related to the Promotion of Enterprise Restructuring (Cai Shui [2014] No. 109) and the Announcement of the State Taxation Administration on the Administration of Enterprise Income Tax for the Transfer of Assets (Equity) (State Taxation Administration Announcement [2015] No. 40) on the application of special tax treatment, during the reporting period, the Group meets the requirements of applying the special tax treatment for the internal equity and asset transfers required in the aforesaid notices and announcements, without an adjustment on the tax base of the related assets and liabilities.

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) According to the Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Policies on Reduction and Exemption of Value-added Tax and Other Policies for Value-added Tax Small-Scale Taxpayers (Announcement of the Ministry of Finance and the State Taxation Administration No. 1 of 2023), from 1 January 2023 to 31 December 2023, small-scale taxpayers of value-added tax (VAT) with a monthly sales turnover of less than RMB100,000, inclusive, are exempted from value-added tax. From 1 January 2023 to 31 December 2023, small-scale VAT payers subject to a 3% levy rate on their taxable sales revenue are subject to a reduced VAT levy rate of 1%; and prepaid VAT items subject to a 3% pre-payment rate are subject to a reduced VAT pre-payment rate of 1%. Certain subsidiaries of the Group were entitled to the above tax incentives during the reporting period.
- (3) According to the Business Tax to VAT Cross-border Taxable Acts VAT Exemption Administration Measures (for Trial Implementation), 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.

Chapter 10 Notes to the Financial Statements

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VII. TAXES (CONTINUED)

2. TAX PREFERENCES AND APPROVALS (CONTINUED)

2.2 Value-added tax (Continued)

- (4) According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Deepening the Relevant Policies of VAT Reform (Announcement No. 39 of 2019), the Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Policy of VAT Addition and Reduction in the Living Service Industry (Announcement No. 87 of 2019), and the Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Policies on Reduction and Exemption of Value-added Tax and Other Policies for Value-added Tax Small-Scale Taxpayers (Announcement No. 1 of 2023), from 1 January 2023 to 31 December 2023, taxpayers in the productive services industry who provide postal services, telecommunications services, modern services and living services and obtain sales that account for more than 50% of all sales are allowed to add 5% credit to the current period's creditable input tax to offset the taxable amount. Certain subsidiaries of the Group were entitled to the above tax incentives during the reporting period.

2.3 Other taxes

- (1) According to the Announcement on Further Implementing the "Six Taxes and Two Fees" Reduction and Exemption Policy for Small and Micro Enterprises (Ministry of Finance and State Taxation Administration Announcement No. 10 of 2022), from 1 January 2022 to 31 December 2024, the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government shall, based on the actual situation of their respective regions and the needs of macroeconomic regulation, determine their tax reduction and exemption policies, and may reduce the resource tax, urban maintenance & construction tax, property tax, urban land use tax, stamp duty (excluding the stamp duty on securities transactions), arable land occupation tax, education surcharge and local education surcharge, within the range of 50% of the amount of the tax, in the case of value-added taxpayers on a smaller scale, small-scale and micro-profit enterprises, and individual businesses. Certain subsidiaries of the Group were entitled to the above tax incentives during the reporting period.
- (2) According to the Announcement on Continuing the Implementation of Preferential Policies on Urban Land Use Tax for Land for Bulk Commodity Warehousing Facilities of Logistics Enterprises (Ministry of Finance and the State Taxation Administration Announcement No. 5 of 2023), starting from 1 January 2023 to 31 December 2027, the urban land use tax for land for bulk commodity warehousing facilities owned (including self-use and leasing) or leased by logistics enterprises will be reduced by 50% of the applicable tax standard of the land class to which the land belongs. Certain subsidiaries of the Group were entitled to the above tax incentives during the reporting period.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION OF MAIN SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION FOR THE PERIOD

No.	Name	Grade	Enterprise type	Registered place	Principal place of business	Business nature	Paid-in capital	Total shareholding ratio of the Group (%)	Total shareholding ratio of the Group (%)	Acquisition method	Remark
1	Sinotrans South China Co., Ltd.	2nd	1	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Freight forwarding, logistics and storage and terminal services	1,349,668,931.90	100.00	100.00	1	—
2	Sinotrans Eastern Company Limited	2nd	1	Shanghai	Shanghai	Freight forwarding, logistics and storage and terminal services	1,120,503,439.18	100.00	100.00	1	—
3	Sinotrans Air Transportation Development Co., Ltd.	2nd	1	Beijing	Beijing	Air freight forwarding and logistics	905,481,720.00	100.00	100.00	1	—
4	Sinotrans Changjiang Co., Ltd.	2nd	1	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Freight forwarding and logistics	863,002,484.00	100.00	100.00	1	—
5	Sinotrans Central China Co., Ltd.	2nd	1	Qingdao, Shandong Province	Qingdao, Shandong Province	Freight forwarding, logistics and storage and terminal services	645,339,941.77	100.00	100.00	1	—
6	Sinotrans Chemical International Logistics Co., Ltd.	2nd	1	Shanghai	Shanghai	Integrated logistics	339,554,483.66	59.20	59.20	1	—
7	Sinotrans Fujian Co., Ltd.	2nd	1	Xiamen, Fujian Province	Xiamen, Fujian Province	Freight forwarding, storage and terminal services and others	223,257,965.92	100.00	100.00	1	—
8	Trade Sky International Limited	2nd	3	HKSAR	Xiamen, Fujian Province	Transportation	171,374,160.00	100.00	100.00	1	—
9	Sinotrans North China Co., Ltd.	2nd	1	Tianjin	Tianjin	Freight forwarding	140,193,047.50	100.00	100.00	1	—
10	Sinotrans Hubei Company Limited	2nd	1	Wuhan, Hubei Province	Wuhan, Hubei Province	Freight forwarding and logistics	120,000,000.00	100.00	100.00	1	—
11	Sinotrans Heavy-lift Logistics Co., Ltd.	2nd	1	Jinan, Shandong Province	Jinan, Shandong Province	Lifting and transportation	103,600,000.00	100.00	100.00	3	—
12	Wide Shine Development Limited	2nd	3	HKSAR	HKSAR	Container leasing	79,287,945.35	100.00	100.00	2	—
13	Sinotrans Northeast Co., Ltd.	2nd	1	Dalian, Liaoning Province	Dalian, Liaoning Province	Freight forwarding and logistics	150,000,000.00	100.00	100.00	1	—
14	China Marine Shipping Agency Co., Ltd.	2nd	1	Beijing	Beijing	Freight forwarding	30,000,000.00	100.00	100.00	1	—
15	Sinotrans Chongqing Co., Ltd.	2nd	1	Chongqing	Chongqing	Freight forwarding	60,869,000.00	100.00	100.00	1	—
16	Sinotrans Brazil Logistics Co., Ltd.	2nd	3	Brazil	Brazil	Integrated logistics	2,065,554.43	100.00	100.00	1	—

Chapter 10 Notes to the Financial Statements

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. GENERAL INFORMATION OF MAIN SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION FOR THE PERIOD (CONTINUED)

No.	Name	Grade	Enterprise type	Registered place	Principal place of business	Business nature	Paid-in capital	Total shareholding ratio of the Group (%)	Total shareholding ratio of the Group (%)	Acquisition method	Remark
17	Sinotrans (HK) Logistics Limited	2nd	3	HKSAR	HKSAR	Freight forwarding and logistics	530,557.66	100.00	100.00	2	—
18	Sanawat Al-Khier Company For General Trading And Marine Services	2nd	3	Iraq	Iraq	Integrated logistics	292,842.00	100.00	100.00	1	—
19	Sinotrans Logistics Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	1,346,761,911.29	100.00	100.00	2	—
20	Sinotrans Innovative Technology Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Integrated logistics	100,000,000.00	100.00	100.00	1	—
21	Sinotrans Cold Chain Logistics Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	66,000,000.00	100.00	100.00	1	—
22	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd. (Note 1)	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	701,410,000.00	42.00	100.00	1	—
23	Sinotrans Logistics Investment Holdings Co., Ltd.	2nd	1	Beijing	Beijing	Logistics	433,110,000.00	100.00	100.00	2	—
24	SE LOGISTICS HOLDING B.V.	2nd	3	Netherlands	Netherlands	Logistics	7,780.50	100.00	100.00	3	—
25	Sinotrans Overseas Development Co., Ltd.	2nd	3	HKSAR	HKSAR	Freight forwarding	10,611.78	100.00	100.00	1	—

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For the period ended 30 June 2023

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. GENERAL INFORMATION OF MAIN SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION FOR THE PERIOD (CONTINUED)

Note 1: China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd. was jointly invested and established by China Merchants Yingkai Investment Development (Shenzhen) Co., Ltd. (hereinafter referred to as China Merchants Yingkai) and Sinotrans Logistics, with shareholdings of 58% and 42% respectively. According to the China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd. Equity Trusteeship Agreement entered into between the Company and Merchants Yingkai, the voting rights corresponding to the 58% of shares held by Merchants Yingkai are fully delegated to the Company, and the Group is able to lead the relevant activities of China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd. and enjoy variable returns, and therefore it is included in the scope of consolidation.

Note 2: (1) Enterprise type: 1. domestic non-financial subsidiary; 2. domestic financial subsidiary; 3. overseas subsidiary; 4. public institution; 5. infrastructure unit.

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

2. BUSINESS COMBINATIONS UNDER COMMON CONTROL

(1) Business combination under common control that occurred during the period

Name of the combined party	Proportion of equity acquired in business combination	Basis for forming a business combination under common control	Combination date	Basis for determining the combination date	Revenue of the combined party	Net profit of the combined party	Revenue of the combined party for the comparative period	Net profit of the combined party for the comparative period
					from the beginning of the period to the combination date	from the beginning of the period to the combination date		
Beijing Sinotrans Automobile Transportation Company	100%	See Note for details	1 January 2023	See Note for details	-	-	236,336.28	-39,816.83

Note: Beijing Sinotrans Transportation Co., Ltd. (hereinafter referred to as Beijing Sinotrans Transportation), a subsidiary of the Group, entered into the State-owned Property Rights Transfer Agreement with Sinotrans Beijing Co., Ltd. in November 2022 to acquire 100% equity interest in Beijing Automobile Transportation at RMB936,000. Beijing Sinotrans Transportation and Beijing Automobile Transportation were controlled by China Merchants before and after the combination and such control was not temporary, therefore, the combination was a business combination under common control. By 1 January 2023, Beijing Sinotrans Transportation and Sinotrans Beijing Co., Ltd. had completed the necessary procedures for the handover of property and the payment of the price, and the date of the combination was determined to be 1 January 2023.

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. BUSINESS COMBINATIONS UNDER COMMON CONTROL (CONTINUED)

(2) Consolidated costs

Consolidated costs	Beijing Sinotrans Automobile Transportation Company
– Cash	936,000.00
– Book value of non-cash assets	–
– Contingent consideration	–
Total consolidated costs	936,000.00

(3) Book value of the assets and liabilities of the combined party at the combination date

Item	Beijing Sinotrans Automobile Transportation Company	
	The combination date	The end of the prior year
Assets:	7,541,512.85	7,541,512.85
Cash and bank balance	4,198,807.34	4,198,807.34
Accounts receivables	42,460.49	42,460.49
Other current assets	5,395.64	5,395.64
Fixed assets	3,294,849.38	3,294,849.38
Liabilities:	7,820,694.33	7,820,694.33
Payables	7,533,050.36	7,533,050.36
Employee benefits payable	287,643.97	287,643.97
Net assets	-279,181.48	-279,181.48
Less: Non-controlling interests	–	–
Net assets acquired	-279,181.48	-279,181.48

Note: The Group has not assumed any contingent liabilities of the combined party in the above business combination.

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For the period ended 30 June 2023

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. REASONS FOR INCLUDING COMPANIES INTO THE SCOPE OF CONSOLIDATION WITH LESS THAN HALF OF THE VOTING RIGHTS OR NOT INCLUDED IN THE SCOPE OF CONSOLIDATION BUT MORE THAN HALF OF THE VOTING RIGHTS

(1) Investees with more than half of the voting rights but not included in the scope of consolidation

No.	Company name	Shareholding ratio (%)	Voting ratio (%)	Registered capital	Investment	Reasons for not being included in the scope of consolidation
1	Xinjiang Xintie Sinotrans Logistics Co., Ltd.	51.00	51.00	RMB10 million	RMB5.1 million	As agreed in the Articles of Xinjiang Xintie Sinotrans Logistics Co., Ltd., a resolution of the shareholders' meeting shall be valid only if approved by shareholders representing more than two-thirds of the voting rights. The Group does not hold more than two-thirds of the voting rights and cannot separately control Xinjiang Xintie Sinotrans Logistics Co., Ltd. Therefore, it was not included in the scope of consolidation.
2	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	60.00	60.00	USD19.57 million	USD11.742 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 on 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.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT NON-WHOLLY OWNED SUBSIDIARIES

(1) Non-controlling interests

January-June 2023

No.	Company name	Profits and losses			Cumulative non-controlling interests at the end of the period
		Shareholding ratio of non-controlling interests (%)	attributable to non-controlling interests in the period	Dividends paid to non-controlling interests in the period	
1	Sinotrans Chemical International Logistics Co., Ltd.	40.80	18,532,378.40	24,568,584.29	208,513,337.72
2	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	58.00	-31,207,376.95	-	109,923,586.71

January-June 2022

No.	Company name	Profits and losses			Cumulative non-controlling interests at the end of the period
		Shareholding ratio of non-controlling interests (%)	attributable to non-controlling interests in the period	Dividends paid to non-controlling interests in the period	
1	Sinotrans Chemical International Logistics Co., Ltd.	40.80	11,388,374.20	-	212,820,840.87
2	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	58.00	-12,268,156.08	-	144,521,684.38

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Notes to the Financial Statements

For the period ended 30 June 2023

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT NON-WHOLLY OWNED SUBSIDIARIES (CONTINUED)

(2) Main financial information

Item	Closing balance/Amount in current period		Opening balance/Amount in prior period	
	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	970,577,620.16	240,363,321.35	916,184,229.58	217,386,273.54
Non-current assets	285,399,174.20	595,698,220.71	284,314,799.86	566,803,051.12
Total assets	1,255,976,794.36	836,061,542.06	1,200,499,029.44	784,189,324.66
Current liabilities	648,740,763.32	250,728,623.67	583,381,337.99	194,094,403.39
Non-current liabilities	36,720,333.79	394,969,905.97	38,174,688.69	346,288,411.62
Total liabilities	685,461,097.11	645,698,529.64	621,556,026.68	540,382,815.01
Operating income	1,001,275,935.52	310,514,250.00	1,035,371,849.18	929,961,617.88
Net profits attributable to shareholders of the Company	45,422,496.07	-53,805,822.33	27,912,681.87	-21,151,993.25
Profits and losses attributable to non-controlling interests	5,458,222.83	-	3,937,251.70	-
Total comprehensive income attributable to shareholders of the Company	45,422,496.07	-53,503,616.93	27,912,681.87	-66,900,094.52
Total comprehensive income attributable to non-controlling interests	5,458,222.83	-	3,937,251.70	-
Net cash flows from operating activities	99,756,463.83	-10,072,820.85	5,262,861.39	43,077,958.36

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. THE SHARE OF OWNERSHIP EQUITY CHANGES IN SUBSIDIARY AND THE TRANSACTIONS OF SUBSIDIARY STILL IN CONTROL

Item	Shenzhen Henglu	
	Logistics Co., Ltd. (Note 1)	Y2T Technology Co., Ltd. (Note 2)
Purchase cost/disposal consideration or capital increase/ reduction by minority shareholders	11,080,000.00	120,000,000.00
Including: Cash	11,080,000.00	120,000,000.00
Less: Share of net assets of subsidiaries in proportion to equity interests acquired/disposed of/reduced	-25,788,440.94	64,674,387.81
Difference	36,868,440.94	55,325,612.19
Including: Adjustment to capital reserves	36,868,440.94	55,325,612.19
Adjustment to surplus reserves	-	-
Adjustment to retained earnings	-	-

Note 1: Shenzhen Henglu Logistics Co., Ltd. (hereinafter referred to as Henglu Logistics), a subsidiary of the Group, repurchased a total of 7.69444% of the shares in Henglu Logistics held by its minority shareholders, Shenzhen Shengchao Investment Management Co., Ltd. and Shenzhen Fangsheng Investment Management Co., Ltd., at a repurchase consideration of RMB11.08 million during the period. Upon completion of the aforesaid repurchase, Henglu Logistics became a wholly-owned subsidiary of the Group.

Note 2: Y2T, a subsidiary of the Group, was granted a capital increase of RMB120 million by strategic investors during the period (of which RMB80 million was invested in the current period and the remaining RMB40 million was paid to Y2T in the form of deposit in the previous period), which resulted in the dilution of the Group's shareholding to 39.99%. Pursuant to the Concert Party Agreement entered into between the Group and Shenzhen China Merchants Innovation Investment Fund Center (Limited Partnership) (which holds 39.99% equity interest in Y2T and is under the control of China Merchants together with the Group), the Group will still be able to exercise control over Y2T after the completion of the aforesaid capital increase.

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For the period ended 30 June 2023

(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 2023, “Closing” refers to 30 June 2023, “Current Period” refers to the period from 1 January to 30 June 2023 and “Prior Period” refers to the period from 1 January to 30 June 2022.

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	—	—	9,257,241.26	—	—	5,034,544.53
Including: RMB	1,382,800.29	1.0000	1,382,800.29	910,246.03	1.0000	910,246.03
USD	121,681.32	7.2098	877,297.98	430,276.76	6.9646	2,996,705.52
HKD	106,146.43	0.9205	97,707.79	60,758.80	0.8933	54,275.84
JPY	765,840.08	0.0504	38,598.34	653,551.70	0.0524	34,246.11
EUR	5,844.79	7.8773	46,041.16	10,797.98	7.4229	80,152.33
Others	—	—	6,814,795.70	—	—	958,918.70
Cash at banks	—	—	14,829,841,657.25	—	—	16,174,500,083.98
Including: RMB	10,967,076,475.39	1.0000	10,967,076,475.39	10,371,589,357.81	1.0000	10,371,589,357.81
USD	372,638,905.30	7.2098	2,686,651,979.43	667,433,069.95	6.9646	4,648,404,358.97
HKD	468,544,356.80	0.9205	431,295,080.43	544,554,024.40	0.8933	486,450,110.00
JPY	2,606,590,085.91	0.0504	131,372,140.33	2,500,300,266.63	0.0524	131,015,733.97
EUR	43,665,908.18	7.8773	343,969,458.51	44,737,614.65	7.4229	332,082,839.79
Others	—	—	269,476,523.16	—	—	204,957,683.44
Other cash and bank balances	—	—	123,608,545.84	—	—	133,558,206.53
Including: RMB	123,608,545.84	1.0000	123,608,545.84	119,026,010.62	1.0000	119,026,010.62
USD	—	7.2098	—	1,541,897.01	6.9646	10,738,695.92
Others	—	—	—	—	—	3,793,499.99
Total	—	—	14,962,707,444.35	—	—	16,313,092,835.04
Including: Total amount deposited abroad	—	—	2,665,389,799.14	—	—	2,815,392,938.69

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

1. CASH AND BANK BALANCES (CONTINUED)

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

Item	Closing balance	Opening balance	Reasons for restricted use
Funds deposited subject to restrictions on the litigation (Note)	80,400,024.10	1,300,000.00	Court freeze
Guarantee money	25,790,481.34	25,092,600.38	Bank deposits
Interest receivable	11,313,739.92	85,937,044.19	Not yet settled
Others	6,104,300.48	21,228,561.96	—
Total	123,608,545.84	133,558,206.53	—

Note: Funds deposited subject to restrictions on the litigation were mainly generated from litigation involving Sinotrans Changjiang Co., Ltd., YangZhou Sinotrans Logistics. Co., Ltd. and Sinotrans Dongguan Supply Chain Management Ltd., which are subsidiaries of the Group.

2. HELD-FOR-TRADING FINANCIAL ASSETS

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss Including: Held-for-trading equity instrument investments	571,780.60	664,096.67
Total	571,780.60	664,096.67

3. BILLS RECEIVABLE

(1) Classification of bills receivable

Type	Closing balance	Opening balance
Commercial acceptance bills	27,762,213.64	88,529,670.89
Total	27,762,213.64	88,529,670.89

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Notes to the Financial Statements

For the period ended 30 June 2023

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

3. BILLS RECEIVABLE (CONTINUED)

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

(3) The closing balance of endorsed or discounted bills receivable not yet due at the balance sheet date

Type	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Commercial acceptance bills	-	11,219,678.97
Total	-	11,219,678.97

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

(5) As at 30 June 2023 and 31 December 2022, there were no commercial acceptance bills held by the Group subject to significant credit risk and resulted in significant losses due to default (bills receivable are expected to be collected in full), therefore, there was no credit loss provision incurred.

(6) There was no actual write-off of bills receivable during the period.

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

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

4. ACCOUNTS RECEIVABLE

(1) Overall status of accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	14,640,079,763.73	13,887,312,518.73
Less: Credit loss provision	585,681,779.77	539,531,235.12
Total	14,054,397,983.96	13,347,781,283.61

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(2) 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)	14,179,848,181.71	96.85	234,168,273.91	13,519,947,974.15	97.36	241,727,799.29
1 to 2 years						
(including 2 years)	192,750,818.70	1.32	87,620,064.84	125,060,480.04	0.90	60,296,202.68
2 to 3 years						
(including 3 years)	50,781,831.07	0.35	47,194,508.77	56,199,484.95	0.40	52,690,390.27
Over 3 years	216,698,932.25	1.48	216,698,932.25	186,104,579.59	1.34	184,816,842.88
Total	14,640,079,763.73	100.00	585,681,779.77	13,887,312,518.73	100.00	539,531,235.12

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023

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

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Classification of accounts receivable

Item	Original value					Credit loss provision					Original currency	Accrual reasons			
	Within 180 days	180 days to 1 year	1 year to 2 years	2 year to 3 years	Over 3 years	Total	Within 180 days	180 days to 1 year	1 year to 2 years	2 year to 3 years			Over 3 years	Total	Net value
Low risk portfolio	169,467,026.16	16,860,394.38	3,612,300.13	-	-	191,940,349.67	-	-	-	-	-	-	191,940,349.67	RMB	Note 1
Normal risk portfolio	13,335,667,416.33	419,345,346.51	174,070,342.47	28,530,363.43	87,816,089.82	14,245,191,650.56	1,962,671,777.57	6,000,507.92	72,532,516.74	25,233,854.76	87,816,089.82	387,562,146.41	13,857,339,412.15	USD, HKD, Others	Note 2
Accounts receivable with individual credit loss provision	936,326.73	35,571,470.80	15,067,546.10	22,191,467.64	128,880,842.43	202,647,663.30	936,326.73	30,894,082.09	15,067,546.10	21,960,654.01	128,880,842.43	197,729,631.86	4,916,222.14		High individual risk
Total	13,706,070,970.22	473,772,211.49	192,750,618.70	50,781,831.07	216,698,932.25	14,640,079,763.73	1,972,057,044.30	36,944,589.61	87,620,064.64	47,194,508.77	216,698,932.25	565,681,779.77	14,054,397,963.96		

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

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

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Classification of accounts receivable (Continued)

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

Name of debtor	Book balance	Credit loss provision	Expected credit loss ratio (%)	Reasons for accrual
Entity 1	35,545,846.17	35,545,846.17	100.00	Difficulty in fund flow
Entity 2	23,981,211.48	23,981,211.48	100.00	Involved in litigation
Entity 3	12,976,547.62	12,976,547.62	100.00	Business operating difficulties
Entity 4	9,419,633.80	9,419,633.80	100.00	Involved in litigation
Entity 5	7,709,254.60	7,709,254.60	100.00	Application for enforcement of unenforceable assets
Entity 6	6,706,283.62	6,706,283.62	100.00	Application for enforcement of unenforceable assets
Entity 7	6,700,911.89	2,013,503.38	30.05	Difficulty in fund flow
Entity 8	6,204,569.75	6,204,569.75	100.00	Bankruptcy liquidation in bankruptcy
Entity 9	6,049,304.67	6,049,304.67	100.00	Business reorganisation in bankruptcy
Entity 10	5,805,996.58	5,805,996.58	100.00	Involved in litigation
Entity 11	5,155,618.78	5,155,618.78	100.00	Involved in litigation
Others	76,392,674.54	76,161,860.91	99.70	Involved in litigation, disputes, etc.
Total	202,647,853.50	197,729,631.36	—	—

(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	191,940,349.67	—	—
Total	191,940,349.67	—	—

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(5) Accounts receivable of normal risk portfolio

Item	Book balance	Expected credit loss rate over the entire life (%)	Credit loss provision
Within 1 year (including 1 year)	13,955,012,764.84	1.45	202,347,685.09
1 to 2 years (including 2 years)	174,070,342.47	41.68	72,552,518.74
2 to 3 years (including 3 years)	28,590,363.43	88.26	25,233,854.76
Over 3 years	87,818,089.82	100.00	87,818,089.82
Total	14,245,491,560.56	—	387,952,148.41

(6) Changes in credit loss provision of accounts receivable

Item	Opening balance	Accrual	Changes in current period			Other changes	Closing balance
			Recovery or reversal	Carry forward or write-off			
Current period	539,531,235.12	55,260,698.27	11,997,131.63	—	2,886,978.01	585,681,779.77	
Prior period	524,850,233.24	66,310,621.46	12,480,305.56	—	2,077,695.95	580,758,245.09	

Note: Other changes are mainly the effect from translation in foreign currency statements, and changes in exchange rates.

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

Company name	Book balance of accounts receivable	Reason for recovery or reversal	Basis for determining original credit loss provisions	Accumulated amount of credit loss provision before recovered or reversal	Recovered or reversal amount
Entity 1	22,453,099.73	Payment recovery	Involved in litigation	9,358,451.97	9,358,451.97
Entity 2	24,381,211.48	Payment recovery	Involved in litigation	24,381,211.48	400,000.00
Others	2,910,164.22	Payment recovery	Involved in litigation	2,896,013.28	2,238,679.66
Total	49,744,475.43	—	—	36,635,676.73	11,997,131.63

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

- (8) There was no actual write-off of accounts receivable during the period.
- (9) There were no outstanding amounts due from shareholders holding more than 5% (including 5%) voting shares of the Company at the end of the period.
- (10) Top five in terms of accounts receivable

Company name	Relationship with the Group	Amount	Aging	Credit loss provision	Percentage of total accounts receivable (%)
Entity 1	Client	188,538,453.32	Within 1 year	2,733,807.57	1.29
Entity 2	Client	163,378,260.53	Within 1 year	2,368,984.78	1.12
Entity 3	Client	161,781,498.40	Within 1 year	2,345,831.73	1.11
Entity 4	Client	148,376,824.20	Within 1 year	2,151,463.95	1.01
Entity 5	Client	117,437,050.53	Within 1 year	1,747,090.24	0.80
Total	—	779,512,086.98	—	11,347,178.27	5.33

- (11) There were no accounts receivable derecognized due to the transfer of financial assets during the period.
- (12) As at 30 June 2023, there were no accounts receivable transferred, such as securitization and factoring with accounts receivable, that continued to be involved in assets and liabilities recognized.
- (13) The Group had no accounts receivable involving government grants at the end of the period.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

5. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bills receivable	541,312,730.75	476,847,200.59
Including: Bank acceptance bills	541,312,730.75	476,847,200.59
Total	541,312,730.75	476,847,200.59

Note: Bank acceptance bills held by the Group at fair value through other comprehensive income are mainly accepted by large commercial banks with high credit ratings and listed share-holding commercial banks, with maturities of less than 6 months and very low credit risk. At the balance sheet date, the book value of bank acceptance bills receivable approximates the fair value.

- (1) There were no bank acceptance bills due to defective endorsement, etc. at the end of the period.
- (2) There were no pledged bills receivable at the end of the period.
- (3) The closing balance of endorsed or discounted bills receivable not yet due at the balance sheet date

Type	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Bank acceptance bills	372,667,946.35	—
Total	372,667,946.35	—

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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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

5. RECEIVABLES FINANCING (CONTINUED)

- (4) There were no bills transferred to accounts receivable due to non-performance by the drawer at the end of the period.
- (5) As at 30 June 2023 and 31 December 2022, there were no bank acceptance bills held by the Group that are subjected to significant credit risk and resulted in significant losses due to default (bills receivable are expected to be fully recoverable); therefore, there was no credit losses provision incurred.
- (6) There was no actual write-off of bills receivable during the period.
- (7) There were no outstanding amounts due from shareholders' entities holding 5% (including 5%) of the voting shares of the Company at the end of the period.
- (8) The maturity date of the bill receivables 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	Proportion	Impairment	Book balance	Proportion	Impairment
	Amount	(%)	provision	Amount	(%)	provision
Within 1 year						
(including 1 year)	5,117,920,370.70	98.72	-	5,682,311,925.68	98.83	-
1 to 2 years						
(including 2 years)	33,536,012.57	0.65	-	26,344,680.81	0.46	-
2 to 3 years						
(including 3 years)	15,570,177.62	0.30	-	12,977,576.70	0.22	-
Over 3 years	16,932,124.17	0.33	-	28,046,449.20	0.49	-
Total	5,183,958,685.06	100.00	-	5,749,680,632.39	100.00	-

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

6. PREPAYMENTS (CONTINUED)

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

Company name	Closing balance	Aging	Reasons for non-settlement
Entity 1	4,715,000.00	1 to 2 years	Business not completed
Entity 2	2,261,212.99	Over 3 years	Business not completed
Total	6,976,212.99	—	—

(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	204,719,921.40	Within 1 year	3.95	Business not completed
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Supplier	178,699,689.85	Within 1 year	3.45	Business not completed
Entity 2	Supplier	119,750,170.02	Within 1 year	2.31	Business not completed
Entity 3	Supplier	85,933,773.98	Within 1 year	1.66	Business not completed
Entity 4	Supplier	69,304,249.16	Within 1 year	1.34	Business not completed
Total	—	658,407,804.41	—	12.71	—

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

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

7. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivables	1,084,922.77	1,736,849.64
Dividend receivables	78,706,522.60	38,223,072.98
Other receivables	1,912,104,467.81	1,821,868,463.69
Total	1,991,895,913.18	1,861,828,386.31

(1) Interest receivables

1) Classification of interest receivable due for collection

Item	Closing balance	Opening balance
Entrusted loans	1,084,922.77	1,736,849.64
Total	1,084,922.77	1,736,849.64

2) Significant overdue interest receivable

Loan unit	Book balance	Overdue time	Reason for overdue	Whether an impairment occurred
MAXX LOGISTICS FZCO.	1,084,922.77	Within 1 year, 1 to 6 years	Funding support for joint ventures	Funding support for joint ventures, expected to be recovered without impairment
Total	1,084,922.77	—	—	—

- 3) As at 30 June 2023, the Management of the Group believes that it is unnecessary to recognize credit loss for the interest receivable.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

7. OTHER RECEIVABLES (CONTINUED)

(2) Dividend receivables

Investee	Opening balance	Increase due to changes in the scope of consolidation	Increase in current period	Decrease in current period	Closing balance	Reason for non-recovery	Whether an impairment occurred
Dividend receivables aged within 1 year	9,564,726.46	-	204,755,371.14	164,271,921.52	50,048,176.08	—	—
Including: China Merchants Loscam International Holdings Co., Ltd.	-	-	94,500,000.00	45,833,850.00	48,666,150.00	Declared not issued	No
Shenyang Henglu Logistics Co., Ltd.	-	-	1,382,026.08	-	1,382,026.08	Declared not issued	No
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	5,168,041.35	-	-	5,168,041.35	-	—	—
SIPG Sinotrans Container Depot Co., Ltd.	4,396,685.11	-	-	4,396,685.11	-	—	—
China Southern Airlines Logistics Co., Ltd.	-	-	60,000,000.00	60,000,000.00	-	—	—
Weihai Weidong Shipping Co., Ltd.	-	-	25,614,360.00	25,614,360.00	-	—	—
Sinotrans Sarens Logistics Co., Ltd.	-	-	10,000,000.00	10,000,000.00	-	—	—
Ningbo Dagang Container Co., Ltd.	-	-	6,190,082.07	6,190,082.07	-	—	—
Shanghai Tongyun International Logistics Co., Ltd.	-	-	2,464,607.15	2,464,607.15	-	—	—
Ningbo Dagang New Century Container Co., Ltd.	-	-	2,404,295.84	2,404,295.84	-	—	—
Nantong Jiangshan Sinotrans Port Storage Co., Ltd.	-	-	1,500,000.00	1,500,000.00	-	—	—
Beijing Medlink Supply Chain Management Co., Ltd.	-	-	700,000.00	700,000.00	-	—	—
Dividend receivables aged over 1 year	28,658,346.52	-	-	-	28,658,346.52	—	—
Including: Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	24,000,000.00	-	-	-	24,000,000.00	Declared not issued	No
China International Exhibition Transportation Co., Ltd.	2,797,362.80	-	-	-	2,797,362.80	Incomplete payment approval process	No
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	1,860,983.72	-	-	-	1,860,983.72	Incomplete payment approval process	No
Total	38,223,072.98	-	204,755,371.14	164,271,921.52	78,706,522.60	—	—

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For the period ended 30 June 2023
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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables

1) Analysis by aging

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	1,393,467,901.40	67.41	8,236,373.19	1,315,839,116.28	66.66	2,083,673.83
1 to 2 years (including 2 years)	257,905,196.90	12.47	1,866,543.94	318,020,799.75	16.11	10,457,435.26
2 to 3 years (including 3 years)	137,156,516.90	6.63	11,750,273.60	72,793,048.11	3.69	3,917,391.92
Over 3 years	278,929,060.98	13.49	133,501,017.64	267,263,345.67	13.54	135,589,345.11
Total	2,067,458,676.18	100.00	155,354,208.37	1,973,916,309.81	100.00	152,047,846.12

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Notes to the Financial Statements

For the period ended 30 June 2023

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

2) Classification of other receivables

Item	Original value						Credit loss provision						Original currency	Reasons for accrual		
	Within 180 days			Over 3 years			Aging			Total						
	180 days to 1 year	1 year to 2 years	2 year to 3 years	180 days to 1 year	1 year to 2 years	2 year to 3 years	1 year to 2 years	2 year to 3 years	Over 3 years	1 year to 2 years	2 year to 3 years	Over 3 years				
Low risk portfolio	1,001,659,026.16	236,200,916.19	252,576,946.71	123,699,432.63	145,428,043.34	1,760,066,365.03	-	-	-	-	-	-	-	1,760,066,365.03	RMB USD,	Note 1
Normal risk portfolio	143,447,837.10	9,696,372.95	5,128,250.19	3,302,372.46	100,785,844.76	262,358,677.46	5,594,465.65	378,153.54	100,785,844.76	1,655,543.94	1,655,561.79	100,785,844.76	152,038,102.78	152,038,102.78	HKD,	Note 2
Other receivables with individual credit loss provision	1,763,749.00	500,000.00	200,000.00	9,854,711.81	32,715,172.88	45,033,633.69	1,763,749.00	500,000.00	32,715,172.88	200,000.00	9,854,711.81	45,033,633.69	-	-	Others	High individual risk
Total	1,147,076,922.6	246,397,289.14	257,905,196.90	137,156,516.90	276,929,060.98	2,067,438,676.18	7,366,214.65	878,153.54	133,501,017.64	1,966,543.94	11,750,273.80	165,954,208.37	1,912,104,467.81	-	-	-

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

Note 2: The Group's normal risk portfolio is 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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(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)

2) Classification of other receivables (Continued)

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

Name of debtor	Book balance	Credit loss provision	Expected credit loss ratio (%)	Reasons for accrual
Entity 1	9,654,711.81	9,654,711.81	100.00	Not expected to be recovered
Entity 2	7,494,860.58	7,494,860.58	100.00	Involved in litigation
Entity 3	6,769,874.00	6,769,874.00	100.00	Application for enforcement of unenforceable assets
Entity 4	2,500,000.00	2,500,000.00	100.00	Insolvent business, listed as a defaulting creditor
Entity 5	1,873,645.14	1,873,645.14	100.00	Involved in litigation
Entity 6	1,385,250.00	1,385,250.00	100.00	Bankruptcy liquidation, not expected to be recovered
Entity 7	1,266,533.14	1,266,533.14	100.00	Historic issues, not expected to be recovered
Entity 8	1,242,000.00	1,242,000.00	100.00	Historic issues, not expected to be recovered
Entity 9	1,070,326.07	1,070,326.07	100.00	Involved in litigation
Entity 10	1,000,000.00	1,000,000.00	100.00	Application for enforcement of unenforceable assets
Others	10,776,432.95	10,776,432.95	100.00	Involved in litigation, business disputes, etc.
Total	45,033,633.69	45,033,633.69	—	—

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For the period ended 30 June 2023

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

3) Analysis by nature of payments

Item	Closing balance			Opening balance		
	Book balance	Credit loss provision	Book value	Book balance	Credit loss provision	Book value
Deposits, collateral	1,282,223,085.11	90,508,744.87	1,191,714,340.24	1,192,838,816.88	92,263,454.17	1,100,575,362.71
Government grants	293,846,592.00	-	293,846,592.00	282,131,655.40	-	282,131,655.40
Advances	152,516,338.82	30,122,799.29	122,393,539.53	188,793,930.44	23,931,441.76	164,862,488.68
Related party payments	114,901,945.26	-	114,901,945.26	101,089,579.93	-	101,089,579.93
Compensation	15,112,881.09	8,476,524.20	6,636,356.89	17,201,448.49	8,655,121.13	8,546,327.36
Reserves	10,920,148.30	-	10,920,148.30	4,342,498.36	-	4,342,498.36
Others	197,937,685.60	26,246,140.01	171,691,545.59	187,518,380.31	27,197,829.06	160,320,551.25
Total	2,067,458,676.18	155,354,208.37	1,912,104,467.81	1,973,916,309.81	152,047,846.12	1,821,868,463.69

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

Credit loss provision	Stage 1	Stage 2	Stage 3	Total
	12-Month expected credit losses	Expected credit losses over the entire life (Not credit-impaired)	Expected credit losses over the entire life (Credit-impaired)	
Opening balance	2,083,673.83	107,459,271.62	42,504,900.67	152,047,846.12
Opening balance in current period	—	—	—	—
- Transfer to stage 2	-199,923.76	199,923.76	-	-
- Transfer to stage 3	-	-2,024,618.93	2,024,618.93	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Accrual in current period	4,022,990.34	-2,437,684.05	23,849.87	1,609,156.16
Reversal in current period	-	-	-16,500.00	-16,500.00
Carry forward in current period	-	-	-	-
Write-off in current period	-	-	-	-
Other changes	65,883.78	1,151,058.09	496,764.22	1,713,706.09
Closing balance	5,972,624.19	104,347,950.49	45,033,633.69	155,354,208.37

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

5) Changes in credit loss provision for other receivables

Item	Opening balance	Accrual	Changes in current period		Other changes	Closing balance
			Recovery or reversal	Carry forward or write-off		
Current period	152,047,846.12	1,609,156.16	16,500.00	-	1,713,706.09	155,354,208.37
Prior period	175,230,203.44	4,148,996.61	1,163,751.68	-	2,792,127.12	181,007,575.49

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

Company name	Book balance of other receivables	Reason and method of recovered or reversal	Basis for determining original credit loss provisions	Accumulated amount of credit loss provision before recovered or reversal	Recovered or reversal amount
Entity 1	950,000.00	Payment recovery	Involved in litigation	950,000.00	16,500.00
Total	950,000.00	—	—	950,000.00	16,500.00

6) There was no actual write-off of other receivables during the period.

7) Outstanding debts of shareholders holding more than 5% (including 5%) voting shares of the Company

Company name	Closing balance		Opening balance	
	Amount owed	Credit loss provision	Amount owed	Credit loss provision
SINOTRANS & CSC	2,543,575.23	-	288,708.00	-
Total	2,543,575.23	-	288,708.00	-

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

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

Company name	Relationship with the Group	Amount	Aging	Percentage of total other receivables (%)	Credit loss provision	Nature or content
Entity 1	Supplier	86,698,199.78	Within 1 year, 1 to 2 years	4.19	-	Deposits, collateral
Entity 2	Non-related party	68,941,745.02	Within 1 year	3.33	-	Government grants
Entity 3	Non-related party	58,521,400.99	1 to 2 years, 2 to 3 years	2.83	-	Government grants
Entity 4	Supplier	57,000,000.00	Within 1 year, 1 to 2 years	2.76	-	Deposits, collateral
Entity 5	Non-related party	43,162,801.13	Within 1 year	2.09	-	Government grants
Total	—	314,324,146.92	—	15.20	-	—

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For the period ended 30 June 2023
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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

9) Other receivables in relation to government grants

Company name	Government grant items	Closing balance	Closing aging	Expected time received and amount
Entity 1	Logistics industry subsidies	68,941,745.02	Within 1 year	Expected to be recovered by the end of September 2023
Entity 2	Logistics industry subsidies	58,521,400.99	1 to 2 years, 2 to 3 years	Expected to be recovered by the end of 2023
Entity 3	Logistics industry subsidies	43,162,801.13	Within 1 year	Expected to be recovered by the end of January 2024
Entity 4	Logistics industry subsidies	35,477,204.41	Within 1 year	Expected recovery of RMB25 million at the end of August 2023 and the remaining portion expected at the end of October 2023
Entity 5	Logistics industry subsidies	21,760,000.00	Within 1 year	Expected to be recovered by the end of 2023
Entity 6	Logistics industry subsidies	20,760,557.18	Within 1 year	Expected to be recovered by the end of October 2023
Entity 7	Logistics industry subsidies	20,040,012.83	Within 1 year	Expected to recover RMB1.49 million at the end of 2023, with the remainder expected to be recovered at the end of 2024
Others	Logistics industry subsidies	25,182,870.44	Within 1 year, 1 to 2 years	Full payment is expected to be recovered at the end of 2023
Total	—	293,846,592.00	—	—

Note: Each subsidiary of the Group accrues government grants on a monthly or quarterly basis according to the preferential policies of the region in which it is located, when the conditions stipulated in the policies are met and the government grants are expected to be received.

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

10) There were no other receivables derecognized due to the transfer of financial assets during the period.

11) As at 30 June 2023, there were no other receivables transferred, such as securitization and factoring with other receivables, that continues to be involved in assets and liabilities recognised.

12) There were no prepayments transferred to other receivables during the period.

8. INVENTORIES

(1) Classification of inventories

Item	Closing balance			Opening balance		
	Book balance	Provision for value reduction/ Provision for impairment of contract performance costs	Book value	Book balance	Provision for value reduction/ Provision for impairment of contract performance costs	Book value
Raw materials	32,206,043.08	2,995,950.82	29,210,092.26	32,639,854.69	2,995,950.82	29,643,903.87
Goods in stock (finished goods)	17,312,005.16	2,640,675.10	14,671,330.06	20,939,286.20	2,045,443.29	18,893,842.91
Revolving materials (packaging, low-value consumables, etc.)	16,862,365.98	-	16,862,365.98	16,923,513.39	-	16,923,513.39
Total	66,380,414.22	5,636,625.92	60,743,788.30	70,502,654.28	5,041,394.11	65,461,260.17

(2) Provision for price reduction of inventories and provision for impairment of contract performance costs

Item	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Accrual	Others	Reversal or carry-forward	Others	
Raw materials	2,995,950.82	-	-	-	-	2,995,950.82
Goods in stock (finished goods)	2,045,443.29	515,864.48	79,367.33	-	-	2,640,675.10
Total	5,041,394.11	515,864.48	79,367.33	-	-	5,636,625.92

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For the period ended 30 June 2023
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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. NON-CURRENT ASSETS DUE WITHIN ONE YEAR

Item	Closing balance	Opening balance
Long-term receivables due within one year	12,325,000.00	13,957,417.55
Total	12,325,000.00	13,957,417.55

10. OTHER CURRENT ASSETS

Item	Closing balance	Opening balance
Deductible VAT taxation expenses (certification)	361,628,312.92	374,053,522.41
Prepaid taxes	61,015,587.41	47,944,546.96
Subtotal	422,643,900.33	421,998,069.37
Less: Impairment provision	-	-
Total	422,643,900.33	421,998,069.37

11. LONG-TERM RECEIVABLES

(1) Classification of long-term receivables

Item	Closing balance			Opening balance			Range of discount rates at the end of the period
	Book balance	Credit loss provision	Book value	Book balance	Credit loss provision	Book value	
Amounts due from associates and joint ventures (Note 1)	46,220,000.00	-	46,220,000.00	48,820,000.00	-	48,820,000.00	1.20%, 12.50%
Other long-term receivables (Note 2)	-	-	-	65,119,837.03	63,487,419.48	1,632,417.55	—
Total	46,220,000.00	-	46,220,000.00	113,939,837.03	63,487,419.48	50,452,417.55	—
Less: Long-term receivables due within one year	12,325,000.00	-	12,325,000.00	13,957,417.55	-	13,957,417.55	—
Long-term receivables due after one year	33,895,000.00	-	33,895,000.00	99,982,419.48	63,487,419.48	36,495,000.00	—

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Notes to the Financial Statements

For the period ended 30 June 2023

(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)

(1) Classification of long-term receivables (Continued)

Note 1: The Group's receivables from associates and joint ventures included are as follows:

Shanghai Pu'an Storage Co., Ltd. (hereinafter referred to as Shanghai Pu'an"), an associate of the Group, obtained an entrusted loan of 45.16 million from the Group in April 2017 to supplement its circulating funds, with a maturity date of December 2024 at an annual interest rate of 12.50%. According to the arrangements under the loan contract, Shanghai Pu'an shall repay the principal and interest on a quarterly basis from June 2017 to November 2024. As at 30 June 2023, the balance of the borrowing was RMB17.72 million (1 January 2023: RMB20.32 million), of which the portion due within one year was RMB5.2 million.

Sinotrans Suzhou Logistics Center Co., Ltd. (hereinafter referred to as Suzhou Logistic Center), a joint venture of the Group, obtained an entrusted loan of 57 million from the Group in August 2016. The loan term is 10 years and the annual interest rate is 1.20%, with a maturity date of August 2026. The loan is a policy-specific loan provided by China's Agriculture Development Key Construction Fund Co., Ltd. to the Company through the Agricultural Development Bank of China, and is dedicated to the Suzhou Logistics Center Wusongjiang Integrated Logistics Park Project. After the construction period of the project, Suzhou Logistics Center will repay the principal in equal shares for 7 years from August 2019 to August 2026. As at 30 June 2023, the balance of the borrowing was RMB28.5 million (1 January 2023: RMB28.5 million), of which the portion due within one year was RMB7.125 million.

Note 2: Sinoair, a subsidiary of the Group, has started its freight forwarding business with Uni-top Airlines Co., Ltd., and its two related parties, UT CHARTER BROKER LTD. and Huali Logistics Co., Ltd. since 2010. As at March 2018, UT CHARTER BROKER LTD. owed Sinoair HKD10,726,517.54, Huali Logistics Co., Ltd. owed Sinoair HKD55,974,597.46, while Uni-top Airlines Co., Ltd. owed Sinoair RMB29,880,000. On 13 March 2018, Sinoair, Uni-top Airlines Co., Ltd, UTCHARTER BROKER LTD., Huali Logistics Co., Ltd., Uni-top Shenzhen Industrial Co., Ltd. (hereinafter referred to as Uni-top Industry) and Uni top Shenzhen City Holdings Co., Ltd. (hereinafter referred to as Uni-top Holdings) reached a debt restructuring agreement, stipulating that Uni-top Industry will repay the above debts in six installments within three years and the interest calculated according to the actual number of days and by benchmark the interest rate of bank loans for the same period. Uni-top Holdings assumed joint and several liabilities guarantee for the above debts.

As at 31 December 2022, the long-term receivables from Sinoair to Uni-top Industry amounted to RMB63,487,419.48. As Uni-top Industry did not repay the amount according to the agreed time and was facing serious financial difficulties, the full amount of credit loss provision has been made for this long-term receivable. During the current period, the claim has been written off by fulfilling the Company's internal approval procedures.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. LONG-TERM RECEIVABLES

(2) Credit loss provision for long-term receivables accrued, recovered or reversed during the period

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	-	-	63,487,419.48	63,487,419.48
Opening balance in current period	—	—	—	—
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Accrual in current period	-	-	-	-
Reversal in current period	-	-	-	-
Carry forward in current period	-	-	-	-
Write-off in current period	-	-	63,487,419.48	63,487,419.48
Other changes	-	-	-	-
Closing balance	-	-	-	-

(3) There were no long-term receivables derecognized due to the transfer of financial assets during the period.

(4) As at 30 June 2023, there were no assets and liabilities resulting from the transfer of long-term receivables and continued involvement of the Group.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

12. LONG-TERM EQUITY INVESTMENTS

(1) Classification of long-term equity investments

Item	Opening balance	Effect of changes in the scope of consolidation	Increase in investment	Decrease in investment	Other increases (decreases)	Effects from translation in foreign currency statements	Closing balance
Investments in joint ventures	4,087,727,429.39	-	50,000,000.00	-	802,337,866.11	1,265,862.85	4,941,331,158.35
Investments in associates	4,452,309,918.23	-	70,996,379.67	-	241,996,016.60	11,900,285.56	4,777,202,600.06
Subtotal	8,540,037,347.62	-	120,996,379.67	-	1,044,333,882.71	13,166,148.41	9,718,533,758.41
Less: Impairment provision of long-term equity investments	12,599,174.43	-	-	-	-	261,218.09	12,860,392.52
Total	8,527,438,173.19	-	120,996,379.67	-	1,044,333,882.71	12,904,930.32	9,705,673,365.89

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Details of long-term equity investments

Investee	Investment costs	Opening balance	Opening balance of impairment provision	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Changes in current period			Effects from transaction 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			
Joint ventures			4,020,273.14		50,000,000.00		826,961,630.39	-1,364,739.22	23,535,955.06		1,265,652.85	4,941,351,136.35	4,020,273.14
DHL-Sinotrans International Air Courier Ltd.	1,798,825,013.05	4,087,727,429.39					781,728,613.30	73,401.84				2,801,006,923.94	
Dongguan Port Container Terminals Co., Ltd.	89,144,505.07	2,019,203,906.80					-7,029,714.20					334,726,309.88	
New Land Bridge (Lianyungang) Terminal Co., Ltd.	378,633,333.00	342,058,024.08					4,900,411.39					220,010,554.61	
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	132,365,575.46	215,020,143.22					6,005,137.73	61,858.94				175,749,222.07	
Chengdu Bonded Logistics Investment Co., Ltd.	105,691,247.29	169,667,925.40					1,883,970.65					126,387,054.95	
Nissan-Sinotrans International Logistics Co., Ltd.	95,000,000.00	124,503,083.70					12,287,468.31		10,000,000.00			125,402,480.84	
Sinotrans Sevens Logistics Co., Ltd.	55,516,961.25	113,144,991.53					6,413,716.46					120,452,031.64	
Sinotrans Saitou Logistics Center Co., Ltd.	82,570,000.00	124,038,313.18					2,823,208.96					100,603,581.60	
Shanghai Tongyun International Logistics Co., Ltd.	97,888,300.00	97,780,372.64					1,394,741.92		2,464,607.15			91,574,961.11	
Shenyang Jinyun Automobile Logistics Co., Ltd.	40,949,168.75	92,844,426.34					-1,048,927.85	-1,500,000.00				88,067,335.18	
Ningbo Dagang Container Co., Ltd.	100,000,000.00	90,616,283.03					2,061,044.64		6,190,082.07			56,902,981.25	
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	49,852,251.00	61,022,028.68					186,853.07					54,055,242.69	
Sinotrans PFS Cold Chain Logistics Co., Ltd.	51,000,000.00	53,869,389.62					1,000,182.49					52,510,973.89	
Yining Xinyuan Energy Technology Co., Ltd.	90,000,000.00	51,510,791.40										49,903,167.86	
SFG Sinotrans Container Depot Co., Ltd. (Note 1)	50,000,000.00	-			50,000,000.00		-8,832.14					48,919,014.10	
Shanghai Wa-Hong Yehuda International Logistics Co., Ltd.	30,000,000.00	44,974,755.39					3,944,259.71					45,874,932.37	
Sinotrans Xemas (Shanghai) International Aviation Express Delivery Co., Ltd.	56,268,343.25	46,216,115.89					-341,183.52					45,573,749.85	
Ningbo Taiping Int'l Trade Transportation	19,911,240.00	38,618,294.74					3,961,042.20					42,578,336.94	
Jiangsu Sinotrans Lusi Port Heavy Logistics Development Co., Ltd.	17,872,235.90	39,033,615.70					1,305,616.33					40,339,192.03	
MAXX LOGISTICS FZCO.	40,000,000.00	40,149,906.13					186,593.31					40,336,499.44	
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	31,170,670.04	29,865,066.31					422,957.60			948,112.53		30,437,156.44	
Sinotrans Logistics (Pakistan) Limited	32,500,000.00	29,152,253.21					-1,117,526.83					28,034,726.38	
Dalian Rilong Express Logistics Co., Ltd.	1,457,004.00	27,450,769.24					378,424.74					27,809,192.98	
Ningbo Dagang New Century Container Co., Ltd.	16,419,924.68	25,801,208.63					707,902.22		2,404,236.84			25,651,208.63	
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	19,815,780.28	23,500,966.84					1,678,069.89					22,234,593.22	
Sinotrans Turkey Limited	5,100,000.00	15,466,926.00					2,286,163.30			31,670.50		17,344,935.89	
SINOTRANS ALMA/DOUQUE MIDDLE EAST CO., LTD.	1,040,119.70	15,039,767.14					1,794,113.83					11,655,103.90	
Shanghai United Cold Chain Logistics Co., Ltd.	5,516,348.95	9,860,990.07					-3,821,191.95					6,077,865.82	
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	15,000,000.00	11,889,057.77					916,745.99					7,366,241.79	
China-Vietnam Sinotrans Logistics Co., Ltd.	2,500,000.00	6,449,495.80					810,022.77					5,679,170.73	
Nantong Jiergenhen Sinotrans Port Storage Co., Ltd.	2,557,495.36	4,688,662.91					483,019.55					4,320,657.36	
Others	2,500,000.00	5,337,037.80					888,673.91		1,500,000.00			4,320,657.36	
	102,847,509.07	119,482,659.20	4,020,273.14						700,000.00		114,594.77	119,786,127.88	4,020,273.14

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

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

Investee	Investment costs	Opening balance	Opening balance of impairment provision	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Changes in current period			Effects from transition in foreign currency statements	Impairment provision	Others	Closing balance	Closing balance of impairment provision
								Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared					
Associates	3,683,202,042.57	4,452,300,918.23	8,578,901.29	-	70,986,279.67	-	206,763,388.23	156,546,388.24	182,615.21	121,496,036.08	11,900,255.56	-	-	4,777,202,600.06	8,840,119.38
Lesam International Holdings Co., Ltd.	2,012,021,379.89	2,494,817,388.67	-	-	-	-	103,483,408.57	156,546,388.24	-	94,500,000.00	-	-	-	2,650,327,175.48	-
China Merchants Hanan Development Investment Co., Ltd.	351,328,381.51	330,484,122.16	-	-	-	-	9,327,710.32	-	-	-	10,803,983.20	-	-	410,555,825.68	-
Shenzhen Hanying Harbor Development Co., Ltd.	442,856,642.42	374,146,413.48	-	-	-	-	15,157,090.06	-	-	-	-	-	-	389,303,512.54	-
Jiangsu Jiangyin Port Group Co., Ltd.	59,319,000.00	335,327,238.71	-	-	-	-	41,560,773.36	-	-	-	-	-	-	376,888,012.07	-
Wenhua Weidong Shipping Co., Ltd.	206,722,602.90	257,088,863.24	-	-	-	-	31,685,432.67	-	25,614,380.00	-	-	-	-	283,169,995.91	-
Wuluan Port Container Co., Ltd.	127,189,594.38	182,319,212.69	-	-	-	-	3,216,760.21	-	182,615.21	-	-	-	-	185,707,588.11	-
Shanghai Puan Storage Co., Ltd.	78,173,640.00	79,017,921.64	-	-	-	-	765,868.38	-	-	-	-	-	-	79,783,791.02	-
Zhejiang Seaport Changning Port Co., Ltd.	56,100,000.00	57,288,422.38	-	-	-	-	5,018,170.23	-	-	-	-	-	-	62,316,592.61	-
Qinghai Logistics Technology Co., Ltd.	49,000,000.00	47,382,317.13	-	-	-	-	-1,737,028.58	-	-	-	-	-	-	45,564,388.55	-
Ma arshan Transrun Port Co., Ltd.	21,000,000.00	30,976,637.55	-	-	-	-	629,638.82	-	-	-	-	-	-	31,606,277.37	-
Shanghai Bulk Commodity Warehouse Receipt Registration Co., Ltd. (Note 2)	30,000,000.00	-	-	-	30,000,000.00	-	16,187.59	-	-	-	-	-	-	30,016,187.59	-
Eurasian Rai Gateway Closed Joint-Stock Company	19,080,978.81	20,247,279.05	-	-	-	-	-26,594.37	-	-	-	725,292.01	-	-	20,946,006.69	-
Shenjiang Fuyun Cold Chain Logistics Co., Ltd.	20,000,000.00	20,336,964.50	-	-	-	-	335,461.61	-	-	-	-	-	-	20,671,826.11	-
Shandong Port & Shipping Shorters Supply Chain Development Co., Ltd. (Note 3)	18,000,000.00	-	-	-	18,000,000.00	-	749,316.10	-	-	-	-	-	-	18,749,316.10	-
Shouyong Supply Chain Technology (Chengde) Co., Ltd. (Note 4)	10,000,000.00	-	-	-	10,000,000.00	-	-	-	-	-	-	-	-	10,000,000.00	-
Beijing Hongjian Technology Co., Ltd.	4,000,000.00	8,460,308.60	-	-	-	-	-1,234,230.57	-	-	-	-	-	-	7,166,018.03	-
Sinotrans Medical Technology (Chengde) Co., Ltd.	11,250,000.00	11,250,000.00	-	-	-	-	-4,312,719.64	-	-	-	-	-	-	6,937,280.36	-
Others	167,697,882.66	153,197,448.43	8,578,901.29	-	12,986,279.67	-	2,270,000.47	-	-	1,382,026.08	371,000.35	-	-	167,452,805.84	8,840,119.38
Total	5,482,027,055.62	6,540,037,347.62	12,598,174.43	-	120,986,279.67	-	1,033,724,979.82	156,546,388.24	-1,182,124.01	144,755,371.14	13,166,148.41	-	-	9,716,533,736.41	12,880,392.32

Note 1: Yineng Xinyuan Energy Technology Co., Ltd. was invested in and established by the Company and China Power International Development Co., Ltd. on 20 March 2023, with a registered capital of RMB200 million, the Company contributed RMB100 million with a 50% shareholding. As of 30 June 2023, the Company had actually made a capital contribution of RMB50 million. According to the Articles of Incorporation of Yineng Xinyuan Energy Technology Co., Ltd., the Company is able to exercise joint control over it, which is accounted for under the equity method of accounting.

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

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

Note 2: Shanghai Bulk Commodity Warehouse Receipt Registration Co., Ltd. was invested and established on 22 December 2022 by the Company, China Logistics Group Co., Ltd., China Shipping Cargo Services Co., Ltd., Shanghai International Port (Group) Co., Ltd. and Shandong Port Group Co., Ltd. and other 9 companies, with a registered capital of RMB300 million and a shareholding ratio of 10% held by the Company, which, according to the Articles of Incorporation of Shanghai Bulk Commodity Warehouse Receipt Registration Co., Ltd. is capable of exercising significant influence over the Company and accounted for by the equity method.

Note 3: Shandong Port & Shipping Sinotrans Supply Chain Development Co., Ltd. was invested and established by Sinotrans Central China Co., Ltd. (hereinafter referred to as Sinotrans Central China), a subsidiary of the Group, and Shandong Port Group Co., Ltd. on 30 December 2022 with a registered capital of RMB50 million, with Sinotrans Central China Company's contributed capital of RMB24.5 million, representing 49% of its shareholding ratio, and Sinotrans Central China Company's actual capital contribution of RMB18 million as at 30 June 2023. According to the Articles of Incorporation of Shandong Port & Shipping Sinotrans Supply Chain Development Co., Ltd., Sinotrans Central China is able to exercise significant influence over it, which is accounted for by the equity method.

Note 4: Shouong Supply Chain Technology (Chengdu) Co., Ltd. was invested and established by Sinotrans Cold Chain Logistics Co., Ltd. (hereinafter referred to as Sinotrans Cold Chain Company), a subsidiary of the Group, together with Beijing Fisheries Co., Ltd. and Beijing Jiujiang Innovative Investment and Technology Co., Ltd. on 27 April 2023, with a registered capital of RMB100 million, of which Sinotrans Cold Chain Company's actual capital contribution amounted to RMB10 million, representing a shareholding ratio of 10%. According to the Articles of Incorporation of Shouong Supply Chain Technology (Chengdu) Co., Ltd., Sinotrans Cold Chain Logistics Co., Ltd. is able to exercise significant influence over it, which is accounted for by the equity method.

(3) The changes in the impairment provision of long-term equity investments are as follows:

Item	Opening balance	Effects from changes in		Decrease in current period		Effects from translation in foreign currency statements	Closing balance
		the scope of consolidation	Increase in current period	Decrease	Reasons for decreases		
Beijing China Merchants Science City Real Estate Development Co., Ltd.	5,748,385.50	-	-	-	-	175,032.00	5,923,417.50
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	4,020,273.14	-	-	-	-	-	4,020,273.14
Beijing Sima Ling Clothing Co., Ltd.	1,463,225.40	-	-	-	-	44,553.60	1,507,779.00
Beijing Shungang Clothing Accessories Co., Ltd.	1,367,290.39	-	-	-	-	41,632.49	1,408,922.88
Total	12,599,174.43	-	-	-	-	261,218.09	12,860,392.52

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(4) Significant joint venture investments

Name of invested entities	Place of registration	Business nature	Registered capital	Proportion of shareholding (%)	Voting proportion (%)	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Total operating income for the period	Net profit for the period	Net profit of the investee attributable to the company for the period
Joint ventures											
DHL-Sinotrans International Air Courier Ltd.	Beijing, PRC	International express service	USD14.5M	50.00	50.00	8,579,377,543.01	2,977,365,635.13	5,602,011,847.88	10,187,820,238.86	1,566,213,306.25	1,566,213,306.25
Total						8,579,377,543.01	2,977,365,635.13	5,602,011,847.88	10,187,820,238.86	1,566,213,306.25	1,566,213,306.25

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(5) Main financial information of material joint ventures

Item	Closing/ current period DHL-Sinotrans International Air Courier Ltd.	Opening/ prior period DHL-Sinotrans International Air Courier Ltd.
Current assets	7,361,447,018.75	6,165,005,133.27
Non-current assets	1,217,930,524.26	1,287,892,903.81
Total assets	8,579,377,543.01	7,452,898,037.08
Current liabilities	2,584,942,255.08	2,982,198,126.33
Non-current liabilities	392,423,440.05	432,292,093.16
Total liabilities	2,977,365,695.13	3,414,490,219.49
Net assets	5,602,011,847.88	4,038,407,817.59
Net assets attributable to owners of the parent company	5,602,011,847.88	4,038,407,817.59
Share of net assets calculated at the shareholding ratio	2,801,005,923.94	2,019,203,908.80
Adjustments	-	-
- Goodwill	-	-
- Unrealised profits on internal transactions	-	-
- Others	-	-
Book value of equity investments in joint ventures	2,801,005,923.94	2,019,203,908.80
Fair value of equity investments with open market price	-	-
Operating income	10,187,820,238.86	10,089,472,951.38
Finance costs	-18,399,960.39	-47,090,706.52
Income tax expenses	503,126,974.49	619,812,609.10
Net profit	1,566,213,306.25	1,858,455,915.85
Other comprehensive income	-	-
Other comprehensive income	1,566,213,306.25	1,858,455,915.85
Dividends from joint ventures for the period	-	-

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Notes to the Financial Statements

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(6) Significant associate investments

Name of invested entities	Place of registration	Business nature	Registered capital	Proportion of shareholding (%)	Voting proportion (%)	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Total operating income for the period	Net profit for the period	Net profit of the investee attributable to the company for the period
Associates	—	—	—	—	—	—	—	—	—	—	—
Loscam International Holdings Co., Ltd.	The British Virgin Islands	Logistics equipment leasing	USD101	45.00	45.00	9,287,395,966.01	4,430,980,541.16	4,856,415,424.85	1,105,925,401.51	230,368,639.75	225,498,084.87
Total	—	—	—	—	—	9,287,395,966.01	4,430,980,541.16	4,856,415,424.85	1,105,925,401.51	230,368,639.75	225,498,084.87

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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	Closing/ current period Loscam International Holdings Co., Ltd.	Opening/ prior period Loscam International Holdings Co., Ltd.
Current assets	1,702,356,889.64	1,848,253,096.07
Non-current assets	7,585,039,076.37	6,393,398,560.44
Total assets	9,287,395,966.01	8,241,651,656.51
Current liabilities	1,119,251,784.23	852,623,763.46
Non-current liabilities	3,311,728,756.93	3,335,209,040.23
Total liabilities	4,430,980,541.16	4,187,832,803.69
Net assets	4,856,415,424.85	4,053,818,852.82
Net assets attributable to owners of the parent company	4,468,647,513.89	4,053,818,852.82
Share of net assets calculated at the shareholding ratio	2,010,891,381.25	1,824,218,483.77
Adjustments	639,435,794.23	660,598,884.90
– Goodwill	–	–
– Unrealised profits on internal transactions	–	–
– Others	639,435,794.23	660,598,884.90
Book value of equity investments in associates	2,650,327,175.48	2,484,817,368.67
Fair value of equity investments with open market price	–	–
Operating income	1,105,925,401.51	982,526,773.41
Finance costs	67,761,766.26	43,854,246.79
Income tax expenses	129,468,016.78	94,232,444.58
Net profit	230,368,639.75	211,494,276.96
Net profits attributable to owners of the parent company	225,498,084.87	211,494,276.96
Other comprehensive income	105,631,957.32	57,245,191.29
Other comprehensive income	336,000,597.07	268,739,468.25
Dividends from associates for the period	45,833,850.00	–

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For the period ended 30 June 2023

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

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

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

Item	Closing/ current period	Opening/ prior period
Joint ventures:	—	—
Total book value of investments	2,136,304,961.27	2,064,503,247.45
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	45,232,977.09	57,858,827.00
Other comprehensive income	—	—
Other comprehensive income	45,232,977.09	57,858,827.00
Associates:	—	—
Total book value of investments	2,118,035,305.20	1,958,913,648.27
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	103,299,980.66	98,024,321.65
Other comprehensive income	—	11,210,851.06
Other comprehensive income	103,299,980.66	109,235,172.71

(9) As at 30 June 2023, there was no significant restriction on the Group's ability to transfer funds from joint ventures or associates to the Group.

(10) Excess losses incurred by joint ventures or associates

Name of joint venture or associate	Accumulated unrecognised losses in prior year	Unrecognised losses for the period (or net profit shared for the period)	Cumulative unrecognised losses at the end of the period
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	-3,002,922.84	—	—
Total	-3,002,922.84	—	—

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

13. OTHER EQUITY INSTRUMENT INVESTMENTS

(1) Details of other equity instrument investments

Item	Reasons for designation as other equity instrument investments	Closing balance	Opening balance	Dividend income
Other equity instrument investments				
– Listed company equity instrument investments	—	23,769,079.28	30,576,728.20	—
Including: Air China Limited	Strategic purpose holding	23,769,079.28	30,576,728.20	—
Total	—	23,769,079.28	30,576,728.20	—

(2) Other equity instrument investments at the end of the period

Item	Dividend income recognized during the period	Cumulative gains	Cumulative losses	Transfer of other comprehensive income to retained earnings	Reasons for designation as at fair value through other comprehensive income	Reasons for transfer of other comprehensive income to retained earnings
Air China Limited	—	11,769,155.76	—	—	Strategic purpose holding	—

(3) There were no other equity instrument investments derecognised during the period.

14. OTHER NON-CURRENT FINANCIAL ASSETS

Item	Closing balance	Opening balance
Financial assets classified as measured at fair value through profit or loss	684,928,055.38	708,417,806.54
Including: Equity instrument investments	684,928,055.38	708,417,806.54
Total	684,928,055.38	708,417,806.54

Note: As at 30 June 2023, other non-current financial assets were investments in equity instruments held by the Group, mainly comprising: the investment in China Southern Airlines Logistics Co., Ltd. of RMB223,636,365.50; the investment in Nanjing Port Longtan Container Co., Ltd of RMB135,806,515.46; the investment in JD Logistics, Inc. (hereinafter referred to as JD Logistics) of RMB112,485,100; the investment in Ouyeel Cloud Commerce Co., Ltd. of RMB147,747,600; the investment in SINO-BLR Industrial Investment Fund, L.P. of RMB43,589,189.50; and the investment in Shenyang Airport Logistics Co., Ltd. of RMB14,930,000.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

15. INVESTMENT PROPERTIES

(1) Investment properties using the cost measurement model

Item	Buildings	Land use rights	Total
I. Original value	—	—	—
Opening balance	2,621,915,550.21	144,548,536.20	2,766,464,086.41
Acquisition for the period	59,217.31	—	59,217.31
Conversion of fixed assets to investment properties	19,313,510.48	—	19,313,510.48
Conversion of intangible assets to investment properties	—	822,903.79	822,903.79
Disposal for the period	1,042,664.00	—	1,042,664.00
Transfer from investment properties to fixed assets	4,015,594.66	—	4,015,594.66
Effects from translation in foreign currency statements	68,321,691.97	—	68,321,691.97
Closing balance	2,704,551,711.31	145,371,439.99	2,849,923,151.30
II. Accumulated depreciation and accumulated amortisation	—	—	—
Opening balance	442,425,257.64	47,441,832.60	489,867,090.24
Accrued amount for the period	45,093,888.27	1,711,028.85	46,804,917.12
Conversion of fixed assets to investment properties	10,435,039.16	—	10,435,039.16
Conversion of intangible assets to investment properties	—	161,673.81	161,673.81
Disposal for the period	861,330.43	—	861,330.43
Transfer from investment properties to fixed assets	2,787,183.64	—	2,787,183.64
Effects from translation in foreign currency statements	11,094,956.98	—	11,094,956.98
Closing balance	505,400,627.98	49,314,535.26	554,715,163.24
III. Impairment provision	—	—	—
Opening balance	3,138,161.54	—	3,138,161.54
Closing balance	3,187,573.30	—	3,187,573.30
IV. Net amount	—	—	—
Opening balance	2,176,352,131.03	97,106,703.60	2,273,458,834.63
Closing balance	2,195,963,510.03	96,056,904.73	2,292,020,414.76

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

15. INVESTMENT PROPERTIES (CONTINUED)

(2) Investment properties without the title certificate

Item	Book value	Reason for not obtaining the title certificate
Sichuan Observation Tower Film and Culture Plaza (Block C, Building 339, Chengdu) 10th Floor, Building 3	24,153,042.57	In progress
Office building of Sinotrans (Changchun) Logistics Co., Ltd.	4,146,456.23	In progress
Houses of Sinotrans Logistics on Munan Road No. 98	585,002.65	In progress
Total	28,884,501.45	—

16. FIXED ASSETS

Item	Closing balance	Opening balance
Fixed assets	14,573,514,686.31	14,751,953,338.67
Disposal of fixed assets	179.49	51,132.07
Total	14,573,514,865.80	14,752,004,470.74

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Notes to the Financial Statements

For the period ended 30 June 2023

(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	14,462,060,835.91	1,847,402,260.81	1,472,372,198.95	6,715,659,248.97	24,497,484,544.64
Effect of changes in the scope of consolidation	-	-	-	-	-
Acquisition for the period	12,569,491.02	1,021,852.35	81,956,206.66	120,631,372.97	216,178,923.00
Transfer to construction in progress for the period	53,639,404.88	71,506,177.02	-	15,960,235.07	141,105,816.97
Transfer from investment properties for the period	4,015,594.66	-	-	-	4,015,594.66
Disposals, obsolescence for the period	12,319,288.75	29,448.77	47,448,956.35	81,965,690.44	141,763,384.31
Reclassification	22,211,064.86	-5,223,376.14	-364,273.44	-16,623,415.28	-
Transfer to investment properties for the period	19,313,510.48	-	-	-	19,313,510.48
Other decreases	-	-	-	-	-
Effects from translation in foreign currency statements	17,685,150.74	25,879.56	23,415,574.52	59,941,469.11	101,068,073.93
Closing balance	14,540,538,742.84	1,914,703,344.83	1,529,930,750.34	6,813,603,220.40	24,798,776,058.41
II. Accumulated depreciation	—	—	—	—	—
Opening balance	4,449,697,437.63	600,812,486.87	967,792,623.43	3,454,331,684.14	9,472,634,232.07
Effect of changes in the scope of consolidation	-	-	-	-	-
Accrued amount for the period	258,764,773.50	31,340,252.57	66,209,649.65	207,673,821.29	563,988,497.01
Transfer from investment properties for the period	2,787,183.64	-	-	-	2,787,183.64
Disposals, obsolescence for the period	9,644,399.99	16,219.89	36,813,162.22	73,766,532.05	120,240,314.15
Reclassification	6,530,681.46	-1,904,061.25	-1,545,926.01	-3,080,694.20	-
Transfer to investment properties for the period	10,435,039.16	-	-	-	10,435,039.16
Other decreases	-	-	-	-	-
Effects from translation in foreign currency statements	3,294,478.16	1,133.83	9,528,843.87	26,748,114.43	39,572,570.29
Closing balance	4,700,995,115.24	630,233,592.13	1,005,172,028.72	3,611,906,393.61	9,948,307,129.70
III. Impairment provision	—	—	—	—	—
Opening balance	253,909,451.98	-	18,747,270.32	240,251.60	272,896,973.90
Closing balance	257,966,720.48	-	18,747,270.32	240,251.60	276,954,242.40
IV. Net amount	—	—	—	—	—
Opening balance	9,758,443,946.30	1,246,589,773.94	485,832,305.20	3,261,087,313.23	14,751,953,338.67
Closing balance	9,581,576,907.12	1,284,469,752.70	506,011,451.30	3,201,456,575.19	14,573,514,686.31
Net mortgaged assets at the end of the period	173,396,425.34	-	-	-	173,396,425.34

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

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

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

Item	Amount	Remark
1. Original value of fixed assets fully depreciated at the end of the period but still in use	3,212,410,279.34	—
2. Original value of temporarily idle fixed assets at the end of the period	22,220,397.46	—
3. Disposal and scrap of fixed assets for the period	—	—
(1) Original value of disposal and scrap of fixed assets for the period	141,763,384.31	—
(2) Net value of disposal and scrap of fixed assets for the period	21,523,070.16	—
(3) Gains and losses from disposal and scrap of fixed assets for the period	13,112,910.36	—

3) Temporary idle fixed assets

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Remark
Buildings	15,629,274.42	10,062,542.87	-	5,566,731.55	—
Machinery, equipment, furniture, appliances and other equipment	6,591,123.04	5,751,639.49	-	839,483.55	—
Total	22,220,397.46	15,814,182.36	-	6,406,215.10	—

4) Fixed assets rented through operating lease

Item	Book value
Machinery, equipment, furniture, appliances and other equipment	737,816,106.27
Total	737,816,106.27

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

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

5) Fixed assets without the title certificate

Item	Closing book value	Opening book value	Remark
Warehouse of China Merchants Logistics Group Guangxi Co., Ltd.	208,402,457.84	212,066,002.40	In progress
Yunnan Company Distribution Center	171,742,237.51	174,550,415.17	Not yet completed and settled
Wuhu Sanshan Port Sinotrans Wharf Project Phase I	140,502,737.96	142,702,696.70	In progress
Northeast Regional Logistics Center Warehouse	76,481,976.88	78,379,850.14	Temporary suspension of demolition
Harbin Distribution Center Phase II	76,176,536.25	77,918,992.41	In progress
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 0	40,592,747.03	41,256,585.28	In progress
Office building of Sinotrans (Zhengzhou) Airport Logistics Co., Ltd.	35,480,036.43	36,292,958.43	Not accepted and approved
Office building 1, Tianzhu Airport Logistics Park	34,884,781.69	36,081,383.94	In progress
Pudong International Airport Storage Project	33,690,668.22	35,976,756.30	In progress
Changchun Distribution Center Warehouse No. 1	32,869,706.37	33,525,885.69	In progress
Rongcheng 7-11 warehouse and office building	31,788,474.18	32,732,659.80	In progress
Changchun Distribution Center Warehouse No. 7	30,143,442.72	30,742,980.48	In progress
Changchun Distribution Center Warehouse No. 3	27,876,928.55	28,410,408.71	In progress
China Merchants Logistics Group Qingdao Logistics Centre 1# Warehouse	25,644,736.48	26,071,026.94	Not yet completed and settled
Changchun Distribution Center Warehouse No. 5	24,453,094.07	24,934,051.01	In progress
China Merchants Logistics Group Qingdao Logistics Centre 3# Warehouse	24,453,411.91	24,859,899.07	Not yet completed and settled
China Merchants Logistics Group Qingdao Logistics Centre 2# Warehouse	23,953,737.75	24,365,611.95	Not yet completed and settled
Block C, Building 339, Chengdu	23,634,770.73	24,263,603.97	In progress
Office building of Sinotrans (Changchun) Logistics Ltd.	23,992,003.46	23,843,018.16	In progress
China Merchants Logistics Group Changchun Warehouse Package 1	22,780,066.24	23,199,553.12	In progress
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 5	21,482,730.63	21,915,698.10	In progress
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 1	21,423,216.43	21,854,861.29	Not accepted and approved
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 1	20,603,299.78	21,037,544.09	In progress
China Merchants Logistics Group Qingdao Logistics Centre 4# Warehouse	20,364,575.26	20,703,094.00	Not yet completed and settled
China Merchants Logistics Group Qingdao Logistics Centre Complex	19,081,744.60	19,482,355.78	Not yet completed and settled
China Merchants Logistics Group Qingdao Logistics Centre 5# Warehouse	18,512,985.40	18,820,725.34	Not yet completed and settled
Wuhu Sanshan Port Warehouse	17,958,857.63	18,342,109.07	In progress
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 3	15,914,733.90	16,315,970.64	In progress
Wuhu Sanshan Port Joint Inspection Building and Dormitory Building	15,531,589.17	15,965,241.15	In progress
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 02	13,225,832.88	13,667,834.22	Temporary suspension of demolition
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 01	13,041,752.01	13,478,090.07	Temporary suspension of demolition
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 2	12,833,275.88	12,943,621.33	In progress
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 2	12,078,727.54	12,310,038.28	Not accepted and approved
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 04	11,247,918.41	11,704,564.67	Temporary suspension of demolition
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 3	11,195,806.08	11,410,208.64	Not accepted and approved
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 03	9,491,627.50	9,876,971.32	Temporary suspension of demolition
Wuhu Sanshan Port Waiting Building	6,918,721.01	7,114,689.83	In progress
China Merchants Logistics Group Changchun Phase I Complex	6,582,359.93	6,710,615.39	In progress
Others	38,271,391.97	42,591,380.78	—
Total	1,415,305,698.28	1,448,419,953.66	—

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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, equipment, furniture, appliances and other equipment	179.49	51,132.07
Total	179.49	51,132.07

17. CONSTRUCTION IN PROGRESS

(1) Listed by classification

Item	Closing balance	Opening balance
Construction work in progress	1,196,398,964.00	795,865,087.48
Construction materials	-	-
Total	1,196,398,964.00	795,865,087.48

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

17. CONSTRUCTION IN PROGRESS (CONTINUED)

(2) Details of construction in progress

Item	Closing balance		Opening balance			
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Sinotrans Lingang International Logistics Center Project	204,688,807.15	-	204,688,807.15	254,876.38	-	254,876.38
Lianyungang Shanghe Logistics Park Project	194,260,695.53	-	194,260,695.53	184,147,298.49	-	184,147,298.49
Sinotrans Logistics Development Hefei Supply and Marketing Logistics Park	173,108,843.74	-	173,108,843.74	102,666,584.88	-	102,666,584.88
Shaanxi Company Distribution Center	144,614,347.84	-	144,614,347.84	143,262,294.28	-	143,262,294.28
Jiaxing Haiyan Logistics Centre Project	78,031,227.47	-	78,031,227.47	11,616,472.96	-	11,616,472.96
Comprehensive Bonded Zone Storage Project	53,754,920.47	-	53,754,920.47	53,094,477.29	-	53,094,477.29
Taicang Port Bonded Area Integrated Logistics Park Project	52,127,778.09	-	52,127,778.09	7,518,531.54	-	7,518,531.54
Sinotrans International Freight Forwarding and Logistics Centre Project	44,341,913.59	-	44,341,913.59	44,341,913.59	-	44,341,913.59
Rizhao Smart Logistics Park	32,112,501.07	-	32,112,501.07	31,361,400.48	-	31,361,400.48
Wuhu Sanshan Port Terminal Transmission System Improvement and Expansion Project	27,859,803.79	-	27,859,803.79	21,451,366.86	-	21,451,366.86
Sinotrans South China Foshan Sanshui Port Purchase of Remote-Control Gantry Crane Project	23,697,018.47	-	23,697,018.47	8,821,659.70	-	8,821,659.70
Jiaozhou Smart Logistics Warehouse	18,078,792.06	-	18,078,792.06	4,620,489.47	-	4,620,489.47
Shanghai Base Office Building Renovation and Warehouse Remodeling	20,576,030.78	-	20,576,030.78	12,651,176.44	-	12,651,176.44
Qingdao Nonferrous Minerals Synthesis and Distribution Center	18,835,079.74	-	18,835,079.74	2,735,864.66	-	2,735,864.66
Xinjiang Ganquanbao Distribution Center	12,574,749.89	-	12,574,749.89	12,574,749.89	-	12,574,749.89
Sinotrans Middle East Co., Ltd. SHEIN Project	10,306,467.07	-	10,306,467.07	9,953,557.23	-	9,953,557.23
Jinhua Sinotrans International Logistics Centre Phase II	5,725,407.15	-	5,725,407.15	17,689,558.09	-	17,689,558.09
Dockside 500-Day Shoreline Modification and Expansion Declaration Project	-	-	-	52,732,533.67	-	52,732,533.67
Terminal Expansion Project	-	-	-	14,947,772.88	-	14,947,772.88
Nancheng New Warehouse Project	117,675.48	-	117,675.48	8,453,958.34	-	8,453,958.34
Other Projects	81,686,904.62	100,000.00	81,586,904.62	51,068,550.36	100,000.00	50,968,550.36
Total	1,196,498,964.00	100,000.00	1,196,398,964.00	795,965,087.48	100,000.00	795,865,087.48

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

17. CONSTRUCTION IN PROGRESS (CONTINUED)

(3) Changes in significant construction in progress during the period

Item	Budget	Opening balance	Increase in current period	Effects from changes in the scope of consolidation	Transfer to fixed assets	Other decreases	Closing balance	Proportion of project investment to budget amount (%)	Project progress (%)	Accumulated amount of interest capitalisation	Including: Amount of interest capitalisation for the period	Interest capitalization rate for the period (%)	Sources of funds
Sinotrans Lingang International Logistics Center Project	1,142,196,300.00	254,876.38	204,433,930.77	-	-	-	204,688,807.15	17.92	-	-	-	-	Self-owned capital
Lianyungang Shenghe Logistics Park Project	375,000,000.00	184,147,298.49	10,113,397.04	-	-	-	194,260,695.53	69.42	95.00	-	-	-	Self-owned capital
Sinotrans Logistics Development Hebei Supply and Marketing Logistics Park	322,510,000.00	102,666,894.88	70,442,268.86	-	-	-	173,108,843.74	53.68	53.68	611,491.20	611,491.20	3.20	Borrowings, self-owned capital
Shaanxi Company Distribution Center	499,430,000.00	143,282,294.28	1,352,053.56	-	-	-	144,614,347.84	95.27	95.27	25,498,101.84	-	-	Borrowings, self-owned capital
Jiayang Haijiao Logistics Centre Project	467,203,400.00	11,616,472.96	66,414,754.51	-	-	-	78,031,227.47	29.82	25.00	-	-	-	Self-owned capital
Taiyang Port Bonded Area Integrated Logistics Park Project	436,318,300.00	7,518,631.54	44,609,246.55	-	-	-	52,127,778.09	11.95	30.00	-	-	-	Self-owned capital
Dockside 500-Day Shoreline Modification and Expansion Declaration Project	66,450,315.65	52,732,533.67	392,748.82	-	53,125,282.49	-	-	79.95	100.00	-	-	-	Self-owned capital
Sinotrans Chengde Ouyangliang Cold Chain Logistics Park Project	298,129,500.00	-	36,219,305.74	-	36,219,305.74	-	-	100.00	100.00	2,709,151.39	-	-	Borrowings, self-owned capital
Terminal Expansion Project	19,000,000.00	14,947,772.88	-	-	14,947,772.88	-	-	78.67	100.00	-	-	-	Self-owned capital
Jinhua Sinotrans International Logistics Center Phase II	24,600,000.00	17,689,558.09	35,849.06	-	12,000,000.00	-	5,725,407.15	72.05	68.00	-	-	-	Self-owned capital
Nanchang New Warehouse Project	35,100,000.00	8,453,958.34	-	-	8,336,282.86	-	117,675.48	24.09	24.09	-	-	-	Self-owned capital
Total	3,685,937,815.65	543,289,881.51	434,013,544.91	-	124,628,643.97	-	882,074,782.45	-	-	28,818,744.43	611,491.20	-	-

(4) The Group did not recognize any provision for impairment of construction in progress during the period.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

18. RIGHT-OF-USE ASSETS

(1) Details of right-of-use assets classification

Item	Buildings	Land use rights	Port and terminal facilities	Motor vehicles and vessels	Machinery, equipment, furniture, appliances and other equipment	Others	Total
I. Original value	—	—	—	—	—	—	—
Opening balance	4,631,978,603.56	42,135,667.86	-	4,020,851.35	22,331,697.35	17,177,631.66	4,717,644,451.78
Effects from changes in the scope of consolidation	-	-	-	-	-	-	-
Increase in current period	158,986,682.01	10,460,583.92	-	857,919.06	3,784,316.43	4,248,536.33	178,338,037.75
Decrease in current period (Note)	314,636,271.69	-	-	1,973,845.98	11,706,105.51	628,919.67	328,945,142.85
Effects from translation in foreign currency statements	36,183,885.87	-	-	45,839.37	28,433.27	-29,097.55	36,229,060.96
Closing balance	4,512,512,899.75	52,596,251.78	-	2,950,763.80	14,438,341.54	20,768,150.77	4,603,266,407.64
II. Accumulated depreciation	—	—	—	—	—	—	—
Opening balance	1,778,858,586.95	4,459,095.23	-	3,437,057.12	12,437,321.10	2,946,401.39	1,802,138,461.79
Effects from changes in the scope of consolidation	-	-	-	-	-	-	-
Accrued amount for the period	370,687,656.69	3,684,960.51	-	850,950.73	2,664,626.10	2,787,568.18	380,675,762.21
Decrease in current period (Note)	300,874,728.25	-	-	2,085,520.98	9,814,610.85	560,694.20	313,335,554.28
Effects from translation in foreign currency statements	14,662,408.29	-	-	23,449.34	28,328.74	87,590.75	14,801,777.12
Closing balance	1,863,333,923.68	8,144,055.74	-	2,225,936.21	5,315,665.09	5,260,866.12	1,884,280,446.84
III. Impairment provision	—	—	—	—	—	—	—
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
IV. Net amount	—	—	—	—	—	—	—
Opening balance	2,853,120,016.61	37,676,572.63	-	583,794.23	9,894,376.25	14,231,230.27	2,915,505,989.99
Closing balance	2,649,178,976.07	44,452,196.04	-	724,827.59	9,122,676.45	15,507,284.65	2,718,985,960.80

Note: The decrease in the original value and accumulated depreciation of right-of-use assets for the period is mainly due to the simultaneous reduction of the original value and accumulated depreciation of right-of-use assets upon the expiry of the leases.

The Group leases a number of assets, including buildings, land use rights, port and terminal facilities, motor vehicles and vessels, machinery, equipment, furniture, appliances, and other equipment, etc. The lease contracts are entered into for terms of 1 to 50 years and contain partial renewal or termination options. In determining the term of the lease and assessing the length of the non-cancellable period, the Group determines the period for which the contract is enforceable in accordance with the terms of the contracts.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(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)

The Group's significant lease contracts do not contain an option clause to purchase the leased assets at a price below market value at the end of the lease term or renewal period.

The short-term lease expenses charged to profit or loss for the period under simplified treatment amounted to RMB337,317,955.47 (prior period: RMB302,734,418.23) and the lease expenses for low-value assets amounted to RMB7,870,829.45 (prior period: RMB8,626,626.00).

The Group's leases do not contain the terms of the variable lease payment. The total cash outflow in relation to leases for the period was RMB738,922,381.79 (prior period: RMB679,042,026.62).

19. INTANGIBLE ASSETS

Item	Amortisation period	Opening balance	Effect of changes in the scope of consolidation	Increase in current period	Decrease in current period (Note)	Reclassification	Effects from translation in foreign currency statements	Closing balance
I. Total original value	—	8,504,414,116.05	-	7,379,952.53	31,203,391.45	-	81,756,842.28	8,562,347,519.41
Including: Land use rights	20-99 years	6,972,023,269.74	-	42,454.40	26,738,909.72	-	53,104,609.15	6,998,431,423.57
Trademark rights	10 years	5,007,651.46	-	-	-	-	-	5,007,651.46
Software	5 years	898,125,855.00	-	6,699,596.36	4,464,481.73	-	1,405,911.11	901,766,880.74
Customer relationship	9 years, 10 years	520,532,840.90	-	-	-	-	27,230,872.42	547,763,713.32
Others	5 years, 8 years	108,724,498.95	-	637,901.77	-	-	15,449.60	109,377,850.32
II. Total accumulated amortisation	—	2,183,871,417.52	-	149,186,523.99	13,393,400.97	-	16,214,883.93	2,335,879,424.47
Including: Land use rights	20-99 years	1,407,835,433.46	-	72,142,974.78	9,311,722.36	-	4,767,929.53	1,475,434,615.41
Trademark rights	10 years	5,051.11	-	765.12	-	-	-	5,816.23
Software	5 years	594,556,880.71	-	46,361,319.33	4,081,678.61	-	1,072,875.61	637,909,397.04
Customer relationship	9 years, 10 years	153,955,113.55	-	30,375,099.79	-	-	10,369,718.18	194,699,931.52
Others	5 years, 8 years	27,518,938.69	-	306,364.97	-	-	4,360.61	27,829,664.27
III. Total impairment provision	—	58,913,956.77	-	-	-	-	-	58,913,956.77
Including: Land use rights	20-99 years	3,887,400.00	-	-	-	-	-	3,887,400.00
Trademark rights	10 years	5,000,000.00	-	-	-	-	-	5,000,000.00
Software	5 years	-	-	-	-	-	-	-
Customer relationship	9 years, 10 years	-	-	-	-	-	-	-
Others	5 years, 8 years	50,026,556.77	-	-	-	-	-	50,026,556.77
IV. Total Book value	—	6,261,628,741.76	—	—	—	—	—	6,167,554,138.17
Including: Land use rights	20-99 years	5,560,300,436.28	—	—	—	—	—	5,519,109,408.16
Trademark rights	10 years	2,600.35	—	—	—	—	—	1,835.23
Software	5 years	303,568,974.29	—	—	—	—	—	263,857,483.70
Customer relationship	9 years, 10 years	366,577,727.35	—	—	—	—	—	353,063,781.80
Others	5 years, 8 years	31,179,003.49	—	—	—	—	—	31,521,629.28

Note: The Group's intangible assets were mainly acquired through external purchases or commissioned external research and development, and the amount and proportion of intangible assets formed through internal research and development were insignificant.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

19. INTANGIBLE ASSETS (CONTINUED)

Note 1: The decrease in the original value and accumulated amortization of intangible assets for the period was mainly due to the disposal of land use rights and the scrapping of software.

(1) Land use rights without the title certificate

Item	Book value	Reason for not obtaining the title certificate
Land use rights of Rongcheng Pulin Shandong Project	20,810,190.79	In negotiation with the government for
Land use rights of Dayaowan Kaisan District Container Yard Phase II	5,872,818.88	In negotiation with the government for
Total	26,683,009.67	—

20. DEVELOPMENT EXPENDITURE

Item	Opening balance	Effect of changes in the scope of consolidation	Increase in current period		Decrease in current period		Effects from translation in foreign currency		Closing balance
			Internal development expenditure	Others (Note)	Transfer to intangible assets	Inclusion in current profit or loss	Others	statements	
Sinotrans Sailing	25,365,901.32	-	5,008,382.75	-	-	-	-	-	30,374,284.07
LLCT	11,864,790.80	-	8,884,709.97	-	-	-	-	-	20,749,500.77
Data Services Agency Project	15,466,973.94	-	-	3,582,627.88	-	-	-	-	19,049,601.82
Network Cargo Iterative Upgrade Project (Phase II)	2,874,024.21	-	3,714,683.90	-	-	-	-	-	6,588,708.11
Data Autonomous Driving Technology Application Project	2,292,452.77	-	-	2,311,865.31	-	-	-	-	4,604,318.08
Development and Upgrade of GTS System Equipment	2,929,811.24	-	-	556,981.12	-	-	-	-	3,486,792.36
Emergency Command Centre Construction	2,016,421.76	-	-	13,253.25	-	-	-	-	2,029,675.01
Information Control Management System	1,804,974.86	-	-	11,449.99	-	-	-	-	1,816,424.85
Double Carbon Technology Application Project	1,573,584.86	-	-	13,325.14	-	-	-	-	1,586,910.00
Technology Development Project for Business Operating System	-	-	-	1,383,962.25	-	-	-	-	1,383,962.25
City Distribution Service Platform (Phase I) Project	1,273,584.90	-	-	-	-	-	-	-	1,273,584.90
Smart Warehouse Digital Twin Project (Phase I) of Beijing Sinotrans Transportation Co., Ltd.	1,256,603.77	-	-	-	-	-	-	-	1,256,603.77
Exhibition Logistics Management System	1,227,350.95	-	-	-	-	-	-	-	1,227,350.95
Others	6,626,217.48	-	6,448,218.94	2,694,745.37	1,928,082.73	-	-	-	13,841,099.06
Total	76,572,692.86	-	24,055,995.56	10,568,210.31	1,928,082.73	-	-	-	109,268,816.00

Note: The increase in development expenditure in others for the period is mainly the investment of external research and development entrusted by the Group.

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

20. DEVELOPMENT EXPENDITURE (CONTINUED)

On 30 June 2023, the Group was assessed and concluded that no impairment provision was necessary for the development expenditure.

Development expenditure for the period as a percentage of total expenditure on research and development projects was 57.23%.

21. GOODWILL

(1) Details of goodwill

Investee	Formation	Opening balance	Increase in current period		Decrease in current period		Effects from translation in foreign currency statements	Closing balance
			Business combination	Other increases	Derecognition of disposal of subsidiaries	Other decreases		
7 companies including KLG EUROPE EERSEL B.V. (Note)	Combination not under common control	1,997,697,463.81	-	-	-	-	122,290,981.63	2,119,988,445.44
China Merchants Logistics Group Nanjing Co., Ltd.	Combination not under common control	170,927,814.49	-	-	-	-	-	170,927,814.49
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	Combination not under common control	215,048,533.68	-	-	-	-	-	215,048,533.68
Shenzhen Henglu Logistics Limited Company	Combination not under common control	134,843,091.03	-	-	-	-	-	134,843,091.03
Sinotrans Cold Chain Logistics Harbin Co., Ltd.	Combination not under common control	29,621,440.67	-	-	-	-	-	29,621,440.67
Others	Combination not under common control	41,623,993.09	-	-	-	-	-	41,623,993.09
Total	—	2,589,762,336.77	—	—	—	—	122,290,981.63	2,712,053,318.40
Impairment provision for goodwill	—	381,749,813.53	—	—	—	—	—	381,749,813.53
Total net goodwill	—	2,208,012,523.24	—	—	—	—	—	2,330,303,504.87

Note: The effect of translation in foreign currency statements is due to the change in the exchange rate of the EUR to RMB at the end of the period compared to the beginning of the period.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

21. GOODWILL (CONTINUED)

(2) Details of goodwill impairment provision

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

Note: As of 30 June 2023, there was no significant adverse deviation in the operating environment, strategy and performance of the Group's asset group or portfolio of asset groups to which the Group has apportioned a significant amount of goodwill as compared with the judgements and expectations as of 31 December 2022. The Group has judged that there is no impairment or further indication of impairment for the aforesaid asset group or portfolio of asset groups to which the amount of goodwill has been apportioned to be significant.

22. LONG-TERM PREPAID EXPENSE

Item	Opening balance	Effects from changes in the scope of consolidation	Transfer from fixed assets	Increase in current period	Amortisation for the period	Effects from translation in foreign currency statements	Other decreases	Closing balance	Reasons for other decreases
Modification of assets	200,099,763.45	-	-	7,873,628.95	25,473,962.26	387,242.75	-	182,886,672.89	—
Software expenses	1,957,717.39	-	-	1,579.63	502,542.12	-	-	1,456,754.90	—
Others	52,837,641.99	-	-	12,474,770.80	10,253,628.94	236,425.14	-	55,295,208.99	—
Total	254,895,122.83	-	-	20,349,979.38	36,230,133.32	623,667.89	-	239,638,636.78	—

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

23. DEFERRED INCOME TAX

(1) Deferred tax assets not offset

Item	Closing balance		Opening balance	
	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses
Lease liabilities	675,459,050.30	2,806,334,513.32	715,865,083.41	2,995,708,611.81
Unpaid wages	99,382,731.05	397,539,313.39	98,690,831.61	394,763,326.46
Impairment provision unapproved by tax authorities	66,950,489.17	270,257,058.45	61,036,000.41	246,115,850.30
Changes in fair value of other non-current financial assets	11,031,079.68	66,855,028.39	6,691,634.96	40,555,363.39
Provision for one-time housing subsidy	5,570,751.63	22,283,006.52	5,570,751.63	22,283,006.52
Deductible losses	891,238.21	3,564,952.84	3,725,393.77	14,901,575.08
Depreciation of fixed assets	3,094,253.72	12,377,014.88	3,005,042.26	12,023,642.59
Provision for pending litigation	2,056,500.00	8,226,000.00	2,955,301.00	11,821,204.00
Other deductible temporary differences	60,935,775.50	257,831,256.26	58,978,944.03	250,854,070.00
Total	925,371,869.26	3,845,268,144.05	956,518,983.08	3,989,026,650.15

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

Item	Closing balance	Opening balance
Deductible temporary differences	1,337,471,968.62	1,388,109,476.29
Deductible losses	2,381,471,417.52	2,349,947,242.02
Total	3,718,943,386.14	3,738,056,718.31

Note: The Group recognises deferred tax assets to the extent of the taxable income used to deduct deductible temporary differences and deductible losses that is likely to be obtained in the future, and the excess of deductible temporary differences and deductible losses over the future taxable income is not recognised as deferred tax assets.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

23. DEFERRED INCOME TAX (CONTINUED)

(1) Deferred tax assets not offset (Continued)

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

Year	Closing balance	Opening balance	Remark
2023	—	343,267,607.39	—
2024	368,382,226.32	375,350,601.08	—
2025	419,316,546.95	420,543,748.26	—
2026	527,741,172.40	537,815,060.20	—
2027	632,004,038.29	672,970,225.09	—
2028	434,027,433.56	—	—
Deductible losses without maturity date	—	—	—
Total	2,381,471,417.52	2,349,947,242.02	—

(2) Deferred tax liabilities not offset

Item	Closing balance		Opening balance	
	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference
Right-of-use assets	647,743,933.97	2,718,985,960.80	693,302,706.27	2,915,505,989.99
Adjustment of the fair value of assets acquired by business combination	168,546,473.89	754,115,261.95	172,617,696.71	773,871,954.75
Depreciation and amortization	31,590,556.74	126,648,217.84	26,312,854.22	105,632,044.97
Changes in fair value of other equity instrument investments	3,923,051.92	15,692,207.68	5,624,964.15	22,499,856.60
Other taxable temporary differences	1,611,578.97	6,925,875.94	1,688,344.33	7,263,763.76
Total	853,415,595.49	3,622,367,524.21	899,546,565.68	3,824,773,610.07

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

23. DEFERRED INCOME TAX (CONTINUED)

(3) Deferred tax assets or liabilities shown in the net amount after offset

Item	Offset amount of deferred tax assets against deferred tax liabilities at the end of the period	Closing balance of deferred tax assets or deferred tax liabilities after offset	Offset amount of deferred come tax assets against deferred tax liabilities at the beginning of the period	Opening balance of deferred tax assets or deferred tax liabilities after offset
Deferred tax assets	-658,943,223.12	266,428,646.14	-704,791,420.60	251,727,562.48
Deferred tax liabilities	-658,943,223.12	194,472,372.37	-704,791,420.60	194,755,145.08

24. OTHER NON-CURRENT ASSETS

Item	Closing balance	Opening balance
Lanshi Port related assets (Note)	112,959,252.50	319,998,598.72
Prepayment for land use rights	108,434,081.46	56,013,050.27
Prepayment for engineering equipment	101,332,673.13	51,071,682.89
Subtotal	322,726,007.09	427,083,331.88
Less: Impairment provision	-	-
Total	322,726,007.09	427,083,331.88

Note: Sinotrans South China Co., Ltd. (hereinafter referred to as Sinotrans South China Company), a subsidiary of the Group, and its subsidiary, Sinoway Shipping Limited, 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 interests (including the right of gain and risk of loss) in the assets and assume the related liabilities of Langshi Port and related areas. Until the liquidation of Lanshi Port and related areas was completed, the assets equity and related liabilities shall be presented as other non-current assets and other non-current liabilities, respectively, with the net amount and changes therein presented in non-controlling interests.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

25. ASSETS UNDER RESTRICTED OWNERSHIP OR USE RIGHTS

ASSETS UNDER RESTRICTED OWNERSHIP OR USE RIGHTS	Closing balance	Opening balance	Reasons for restriction
I. Assets used for security	—	—	—
Including: Cash and bank balances	31,894,781.82	35,582,466.43	Note 1
Investment properties	1,942,704,700.01	1,920,717,203.64	Note 2
Fixed assets	173,396,425.34	214,871,954.71	Note 4
Intangible assets	1,269,129,519.71	1,236,055,066.09	Note 2, Note 3, Note 4
II. Other reasons	—	—	—
Including: Cash and bank balances	91,713,764.02	97,975,740.10	Note 1
Other non-current assets-Lanshi			
Port related assets	112,959,252.50	319,998,598.72	Note 5
Total	3,621,798,443.40	3,825,201,029.69	—

Note 1: For details of the cash and bank balances under restricted use right at the end of the period, see Note IX. 1.

Note 2: The Group's subsidiary, KONGWELL LOGISTICS LIMITED (hereinafter referred to as "KONGWELL LOGISTICS") signed an agreement with China Development Bank to obtain bank facility of HKD2.9 billion. CHINA MERCHANTS HOLDINGS (HONG KONG) COMPANY LIMITED (hereinafter referred to as CHINA MERCHANTS HONG KONG COMPANY), a related party of the Group, provided full guarantees. At the same time, KONGWELL LOGISTICS and China Development Bank signed a debenture on 26 June 2015, in which KONGWELL LOGISTICS was the charger, who (i) pledged the real estate rights and interests of 181 plots owned by KONGWELL LOGISTICS by the first charge; (ii) pledged the existing or future business, property, assets, goodwill, rights and income of Hong Kong KONGWELL LOGISTICS with floating charges, (iii) pledged of 181 land parcels by the form of construction mortgage; (iv) secured of the equipment of KONGWELL LOGISTICS with the first fixed charge and its rights, interests, ownership and rights and interests under the relevant contract as mortgages for long-term loans. As of 30 June 2023, the book value of the investment properties involved in the foregoing mortgages was RMB1,943 million, and the book value of the intangible assets involved was RMB1,025 million.

Note 3: Sinotrans Logistics, a subsidiary of the Group, used intangible assets with a book value of RMB33,405,419.06 as collateral for its long-term loans.

Note 4: JIANGMEN NEW PORT DEVELOPMENT CO., LTD, a subsidiary of the Group, used fixed assets with a book value of RMB173,396,425.34 and intangible assets with a book value of RMB210,300,941.83 as collateral for its long-term loans.

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

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

26. ASSET IMPAIRMENT PROVISION AND CREDIT LOSS PROVISION

Item	Opening balance	Effect of changes in the scope of consolidation	Accrual in current period	Reversal in current period	Write-off and carry-forward for the period	Transfer-out for the period due to sale	Other increases in the period	Other decreases in the period	Effects from translation in foreign currency statements or exchange rate changes	Closing balance
Credit loss provision for accounts receivable	539,531,235.12	-	55,260,698.27	11,997,131.63	-	-	272,518.28	-	2,614,459.73	585,681,779.77
Credit loss provision for other receivables	152,047,846.12	-	1,609,156.16	16,500.00	-	-	-	-	1,713,706.09	155,354,208.37
Provision for value reduction of inventories	5,041,394.11	-	515,864.48	-	-	-	-	-	79,367.33	5,636,625.92
Impairment provision for long-term receivables	63,487,419.48	-	-	-	63,487,419.48	-	-	-	-	-
Impairment provision for long-term equity investments	12,599,174.43	-	-	-	-	-	-	-	261,218.09	12,860,392.52
Impairment provision for investment properties	3,138,161.54	-	-	-	-	-	-	-	49,411.76	3,187,573.30
Provision for impairment of fixed assets	272,896,973.90	-	-	-	-	-	-	-	4,057,268.50	276,954,242.40
Impairment provision for construction in progress	100,000.00	-	-	-	-	-	-	-	-	100,000.00
Impairment provision for intangible assets	58,913,956.77	-	-	-	-	-	-	-	-	58,913,956.77
Impairment provision for goodwill	381,749,813.53	-	-	-	-	-	-	-	-	381,749,813.53
Total	1,489,505,975.00	-	57,385,718.91	12,013,631.63	63,487,419.48	-	272,518.28	-	8,775,431.50	1,480,438,592.58

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For the period ended 30 June 2023

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

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

27. SHORT-TERM BORROWINGS

(1) Classification of short-term borrowings

Category	Closing balance	Opening balance
Fiduciary loans	277,728,567.99	282,658,798.64
Guaranteed loans	300,095,833.33	300,105,416.67
Mortgage loans	-	-
Total	577,824,401.32	582,764,215.31

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

28. BILLS PAYABLE

Category	Closing balance	Opening balance
Bank acceptance bills	-	72,837,290.13
Total	-	72,837,290.13

29. ACCOUNTS PAYABLE

(1) Details of accounts payable

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	13,560,575,698.77	97.62	13,543,617,301.79	97.64
1 to 2 years (including 2 years)	187,591,491.37	1.35	170,898,177.76	1.23
2 to 3 years (including 3 years)	51,986,143.59	0.37	49,504,731.19	0.36
Over 3 years	91,119,864.34	0.66	107,321,068.58	0.77
Total	13,891,273,198.07	100.00	13,871,341,279.32	100.00

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

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For the period ended 30 June 2023
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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. ACCOUNTS PAYABLE (CONTINUED)

(2) Significant accounts payable aged over one year

Company name	Amount	Aging	Reasons for non-payment
Entity 1	28,472,660.23	1 to 2 years, 2 to 3 years	Unsettled
Entity 2	21,099,182.49	1 to 2 years, over 3 years	Unsettled
Entity 3	15,763,768.11	1 to 2 years	Unsettled
Entity 4	9,200,651.81	1 to 2 years, over 3 years	Counterparty business account are frozen
Entity 5	8,566,600.00	1 to 2 years	Unsettled
Hailong No. 15 (Tianjin) Leasing Co., Ltd.	6,500,000.00	1 to 2 years	Unsettled
Entity 6	6,384,140.15	1 to 2 years	Unsettled
Entity 7	5,245,249.61	1 to 2 years	Unsettled
Total	101,232,252.40	—	—

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

30. CONTRACT LIABILITIES

(1) Details of contract liabilities

Item	Closing balance	Opening balance
Forwarding and related business advanced receipt	3,201,974,142.83	3,532,704,310.43
Logistics business advanced receipt	539,799,092.81	499,916,791.79
E-commerce business advanced receipt	327,093,807.76	267,497,655.76
Subtotal	4,068,867,043.40	4,300,118,757.98
Less: Contract liabilities included in other non-current liabilities	—	—
Total	4,068,867,043.40	4,300,118,757.98

Note: The Group's payments received in advance for logistics services related to a large number of customers and logistics and transportation service contracts (agreements, orders, etc.) associated with those customers. Logistics and transportation service contracts of the same business type are similar in terms of service content, mode, performance cycle and payment arrangement. Therefore, the Group's obligation to transfer goods to customers based on the consideration received or receivable from customers under logistics and transportation service contracts is presented in summary by business type (the same as the classification of revenue).

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

30. CONTRACT LIABILITIES (CONTINUED)

(2) The revenue included the opening balance of contract liabilities recognised in the current year was RMB4,300,118,757.98 (ignoring the effect of translation of financial statements in foreign currencies), including contract liabilities arising from forwarding and related business advanced receipt of RMB3,532,704,310.43, contract liabilities arising from logistics business advanced receipt of RMB499,916,791.79, contract liabilities arising from e-commerce business advanced receipt of RMB267,497,655.76.

(3) Qualitative and quantitative analysis of contract liabilities

As of 30 June 2023, the transaction price, net of estimated output tax, apportioned by the Group to the outstanding logistics and transportation service contracts was RMB4,068,867,043.40 (1 January 2023: RMB4,300,118,757.98). 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 RMB4,068,867,043.40 (ignoring the effect of translation of financial statements in foreign currencies) will be recognized as revenue in one year from the current reporting period.

(4) The Group's contract liabilities, summarized by type of business, have not changed significantly during the period.

31. EMPLOYEE BENEFITS PAYABLE

(1) Classification of employee benefits payable

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Short-term benefits	2,113,095,447.37	3,231,271,515.88	3,668,166,242.82	1,676,200,720.43
II. Post-employment benefits defined contribution plans	110,313,167.39	401,553,065.39	419,329,247.72	92,536,985.06
III. Termination benefits	34,524,951.06	20,093,271.85	21,280,237.75	33,337,985.16
IV. Other benefits due within one year	-	-	-	-
V. Others	8,311,616.85	8,993,194.04	8,772,102.40	8,532,708.49
Total	2,266,245,182.67	3,661,911,047.16	4,117,547,830.69	1,810,608,399.14

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

31. EMPLOYEE BENEFITS PAYABLE (CONTINUED)

(2) Short-term benefits

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Wages, bonuses, allowances and subsidies	2,016,614,632.36	2,526,883,475.79	2,945,614,359.98	1,597,883,748.17
II. Employee welfare benefits	560,271.59	98,022,868.98	98,055,771.78	527,368.79
III. Social insurance premiums	10,997,644.11	170,462,628.89	173,395,231.14	8,065,041.86
Including: Medical insurance	9,936,388.70	147,159,050.40	149,931,433.72	7,164,005.38
Work-related injury insurance	443,145.58	11,373,936.98	11,434,530.57	382,551.99
Maternity insurance	618,109.83	9,512,696.83	9,695,884.92	434,921.74
Others	-	2,416,944.68	2,333,381.93	83,562.75
IV. Housing provident fund	5,738,638.50	197,448,446.13	197,722,071.13	5,465,013.50
V. Trade union funds and staff education funds	46,339,883.58	42,262,657.17	44,744,033.44	43,858,507.31
VI. Short-term paid absences	-	25,095.48	25,095.48	-
VII. Short-term profit-sharing scheme	-	659,734.64	659,734.64	-
VIII. Other short-term benefits	32,844,377.23	195,506,608.80	207,949,945.23	20,401,040.80
Total	2,113,095,447.37	3,231,271,515.88	3,668,166,242.82	1,676,200,720.43

(3) Defined contribution plan

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Basic pension insurance premiums	16,924,565.57	299,704,981.52	303,583,832.17	13,045,714.92
II. Unemployment insurance premiums	628,210.95	12,332,826.90	12,405,401.87	555,635.98
III. Enterprise annuity contributions	92,760,390.87	89,515,256.97	103,340,013.68	78,935,634.16
Total	110,313,167.39	401,553,065.39	419,329,247.72	92,536,985.06

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

31. EMPLOYEE BENEFITS PAYABLE (CONTINUED)

(3) Defined contribution plan

Note 1: According to the pension and unemployment insurance plan set up by the government institutions, the Group pays to such plans a contribution on the basis of 12% to 24% and 0.48% to 2% of the employees' basic wages on a monthly basis. Apart from the above monthly payment, the Group bears no longer further payment obligation. Corresponding expenses are recorded in the profit or loss of the current period or the cost of the related assets.

Note 2: The enterprise annuity contribution of the Group is jointly borne by the entity and its employees. The total annual contribution of the entity is 5% of the total wages of the prior period, 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 period (the maximum individual contribution base shall not exceed 5 times the average contribution base of the Group). The rest is included in the enterprise account. The individual contribution of employees accounts for 25% of the Group's contribution to them and is deducted by the Group from the wages of employees.

Note 3: The annuity fund of the Group adopts the mode of legal person entrustment management, and the enterprise annuity fund pooled is entrusted by SINOTRANS & CSC to the trustee for the entrusted management, and a contract for the trusted management of the enterprise annuity fund is signed.

Note 4: The Group should respectively contribute RMB389,220,238.49 and RMB12,332,826.90 (previous period: RMB354,128,316.04 and RMB11,134,919.88) to the pension insurance and unemployment insurance plan for the current period. As of 30 June 2023, the Group has RMB91,981,349.08 and RMB555,635.98 (1 January 2023: RMB109,684,956.44 and RMB628,210.95) of contributions payable to the pension and unemployment insurance plan which are due and unpaid during the reporting period. The contributions payable were paid after the reporting period.

32. TAXES AND DUES PAYABLE

Item	Closing balance	Opening balance
Enterprise income tax	306,418,077.47	292,199,523.37
Value-added tax	124,647,872.36	99,327,867.50
Individual income tax	32,485,584.61	49,804,196.87
Property tax	22,833,301.89	21,930,893.58
Land use tax	9,131,844.63	8,221,797.00
Stamp duty	3,442,804.43	4,791,209.78
Urban maintenance & construction tax	3,332,621.73	2,980,868.28
Education surcharge	2,455,815.18	2,151,118.53
Deed tax	343,920.66	343,920.66
Other taxes	4,111,502.67	5,395,418.07
Total	509,203,345.63	487,146,813.64

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

33. OTHER PAYABLES

Item	Closing balance	Opening balance
Interest payables	-	-
Dividend payables	68,065,253.60	94,429,787.93
Other payables	2,076,006,186.13	2,851,292,930.42
Total	2,144,071,439.73	2,945,722,718.35

(1) Dividend payables

Item	Company name	Closing balance	Opening balance
	SINOTRANS & CSC	36,125,719.92	36,125,719.92
	Guangdong Food Import and Export Group Co., Ltd.	9,222,220.11	7,074,615.56
	Guangdong Nanhai Food Import & Export Co., Ltd.	8,843,269.46	8,843,269.46
	Shanghai Chemical Industrial Park Fengxian Sub-zone Development Co., Ltd.	7,707,791.15	-
	GOLDEN FORTUNE ENTERPRISING (HK) COMPANY LIMITED	4,817,369.47	-
Ordinary share dividend	Nantong Economic and Technological Development Zone Holding Group Co., Ltd.	1,068,412.29	1,068,412.29
	LONG LINK LIMITED	208,211.34	64,510.84
	Sinotrans Jiangxi Company	72,259.86	72,259.86
	China Foreign Shipping Agency Co., Ltd.	-	8,824,500.00
	Shenzhen Yantian Port Group Company Limited	-	8,824,500.00
	China Merchants Port Group Co., Ltd.	-	8,824,500.00
	Shenzhen Nanyou (Holdings) Corp. Ltd.	-	8,824,500.00
	Shenzhen Navigation Group Co., Ltd.	-	5,883,000.00
Total	—	68,065,253.60	94,429,787.93

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

33. OTHER PAYABLES (CONTINUED)

(2) Other payables

1) Other payables by nature of payment

Item	Closing balance	Opening balance
Deposits and guarantees collected	684,074,438.07	831,263,351.00
Current payables to related parties	232,694,182.29	713,502,868.47
Financial transactions with non-related parties	562,555,639.15	628,780,375.65
Payment for project, equipment and land	175,371,185.75	323,449,031.00
Others	421,310,740.87	354,297,304.30
Total	2,076,006,186.13	2,851,292,930.42

2) Aging analysis of other payables

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	1,390,504,937.43	66.97	2,195,417,035.28	77.00
1 to 2 years (including 2 years)	171,793,105.62	8.28	326,223,044.05	11.44
2 to 3 years (including 3 years)	214,151,227.90	10.32	63,456,319.21	2.23
Over 3 years	299,556,915.18	14.43	266,196,531.88	9.33
Total	2,076,006,186.13	100.00	2,851,292,930.42	100.00

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

33. OTHER PAYABLES (CONTINUED)

(2) Other payables(Continued)

3) Significant other payables aged over one year

Company name	Amount owed	Aging	Reasons for non-repayment
RED BRAVES FINANCE LTD.	116,796,342.00	2 to 3 years	Not yet due for settlement
Sichuan Sinotrans Storage Service Co., Ltd.	29,467,007.96	1 to 2 years, 2 to 3 years	Not yet due for settlement
SINOTRANS & CSC	24,051,000.00	Over 3 years	No agreed term
Entity 1	20,554,402.92	Over 3 years	No agreed term
Entity 2	19,736,302.68	2 to 3 years, over 3 years	Not yet due for settlement
Entity 3	18,169,658.27	1 to 2 years	Not yet due for settlement
Shanghai Tongyun International Logistics Co., Ltd.	14,000,000.00	Over 3 years	Not yet due for settlement
Entity 4	9,352,060.50	2 to 3 years	Not yet due for settlement
China United Tally (Shenzhen) Co., Ltd.	7,000,000.00	Over 3 years	Not yet due for settlement
Entity 5	5,962,726.59	2 to 3 years, over 3 years	Not yet due for settlement
Entity 6	5,377,743.74	Over 3 years	Not yet due for settlement
Entity 7	3,200,000.00	2 to 3 years	Not yet due for settlement
Total	273,667,244.66	—	—

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

33. OTHER PAYABLES (CONTINUED)

(2) Other payables (Continued)

4) Significant other payables at the end of the period

Company name	Amount owed	Aging	Nature or content
Entity 1	130,184,873.48	Within 1 year	Current transactions with non-related parties
RED BRAVES FINANCE LTD.	116,796,342.00	2 to 3 years	Current payables to related parties
Entity 2	90,019,268.03	Within 1 year	Others
Entity 3	86,206,196.17	Within 1 year	Deposits and guarantees collected
Sichuan Sinotrans Storage Service Co., Ltd.	29,467,007.96	1 to 2 years, 2 to 3 years	Current payables to related parties
SINOTRANS & CSC	26,305,867.23	Within 1 year, over 3 years	Current payables to related parties
Entity 4	20,554,402.92	Over 3 years	Financial transactions with non-related parties
Entity 5	19,736,302.68	2 to 3 years, over 3 years	Payment for project, equipment and land
Entity 6	18,169,658.27	1 to 2 years	Payment for project, equipment and land
Entity 7	17,530,574.48	Within 1 year	Deposits and guarantees collected
Entity 8	17,232,994.21	Within 1 year	Deposits and guarantees collected
Shanghai Tongyun International Logistics Co., Ltd.	14,722,360.00	Within 1 year, over 3 years	Current payables to related parties
Entity 9	13,946,042.26	Within 1 year	Others
Entity 10	10,000,000.00	Within 1 year	Financial transactions with non-related parties
Entity 11	9,352,060.50	2 to 3 years	Financial transactions with non-related parties
China United Tally (Shenzhen) Co., Ltd.	9,000,000.00	Within 1 year, over 3 years	Current payables to related parties
Total	629,223,950.19	—	—

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

Company name	Closing balance	Opening balance
SINOTRANS & CSC	26,305,867.23	24,890,100.00
Total	26,305,867.23	24,890,100.00

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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	4,846,210,061.48	2,498,716,189.34
Including: Guaranteed loans	2,340,646,218.50	2,262,452,423.03
Mortgage loans	226,248,704.56	204,719,276.36
Fiduciary loans	2,279,315,138.42	31,544,489.95
Secured borrowings	—	—
Lease liabilities due within one year	634,659,017.49	655,772,820.93
Bonds payable due within one year	2,061,597,260.30	66,586,301.36
Long-term payables due within one year	51,926,277.94	5,263,747.52
Total	7,594,392,617.21	3,226,339,059.15

35. OTHER CURRENT LIABILITIES

Item	Closing balance	Opening balance
Pending output VAT	279,741,466.71	299,982,820.63
Total	279,741,466.71	299,982,820.63

36. LONG-TERM BORROWINGS

Type of loan	Closing balance	Opening balance	Interest rate range at the end of the period (%)
Guaranteed loans (Note 1)	4,197,932,544.55	4,061,946,974.37	1.50-4.565
Mortgage loans (Note 2)	1,420,090,154.34	1,412,131,030.88	3.20-5.92
Fiduciary loans	2,402,190,138.42	2,372,340,056.08	1.20-3.85
Secured borrowings	—	—	—
Total	8,020,212,837.31	7,846,418,061.33	—
Less: Long-term borrowings due within one year	4,846,210,061.48	2,498,716,189.34	—
Including: Guaranteed loans	2,340,646,218.50	2,262,452,423.03	—
Mortgage loans	226,248,704.56	204,719,276.36	—
Fiduciary loans	2,279,315,138.42	31,544,489.95	—
Secured borrowings	—	—	—
Long-term borrowings due after one year	3,174,002,775.83	5,347,701,871.99	—

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

36. LONG-TERM BORROWINGS (CONTINUED)

Note 1: Guaranteed loans at the end of the period represented loans in HKD, EUR and USD borrowed by certain subsidiaries of the Group from the DBS Bank, the Export-Import Bank of China and the China Development Bank. For details of joint liability guarantees provided by the Company or other subsidiaries, please refer to Note X. 4. (5).

Note 2: The mortgage loans at the end of the period were mainly HKD loans borrowed from the China Development Bank by the Group's subsidiary, KONGWELL LOGISTICS, and the collaterals included investment properties, intangible assets, etc., as set out in Note IX.25. The loan is fully guaranteed by CHINA MERCHANTS HONG KONG COMPANY, a related party of the Group, as detailed in Note X. 4. (5).

(1) Top five long-term borrowings in closing balance (including principal and interest due within one year)

Loan unit	Borrowing start date	Borrowing termination date	Currency	Interest rate (%)	Closing balance		Opening balance	
					Foreign currency	Domestic currency	Foreign currency	Domestic currency
DBS Bank	2021-06-25	2024-06-24	HKD	1.50	2,423,650,000.00	2,230,969,825.00	2,423,948,806.16	2,165,313,468.54
DBS Bank	2020-12-22	2023-12-21	HKD	1.55	1,427,940,000.00	1,314,418,770.00	1,428,485,746.94	1,276,066,317.74
China Development Bank	2015-06-30	2027-12-31	HKD	5.92	1,003,497,509.92	923,719,457.88	1,087,087,877.75	971,095,601.19
DBS Bank	2020-12-22	2023-12-21	HKD	1.55	951,960,000.00	876,279,180.00	952,323,831.29	850,710,878.49
Export-Import Bank	2020-12-16	2027-12-16	EUR	4.565	107,000,000.00	842,871,100.00	108,500,000.00	805,384,650.00

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

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

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	211,266,221.06	2,574,201,203.65
2 to 5 years (including 5 years)	2,731,127,380.38	2,585,063,231.94
Over 5 years	231,609,174.39	188,437,436.40
Total	3,174,002,775.83	5,347,701,871.99

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

37. BONDS PAYABLE

(1) Bonds payable

Item	Closing balance	Opening balance
2021 corporate bonds (phase I)	1,999,262,904.11	1,999,143,890.41
2021 medium term notes (phase I)	-	1,998,561,643.87
Total	1,999,262,904.11	3,997,705,534.28

Note: The Group's bonds payable include:

On 26 July 2021, approved by CSRC, the Company was permitted to issue unsecured corporate bonds with a nominal value of RMB100 and a total amount of RMB2,000 million (2021 corporate bonds (phase I)). The bonds were issued with a term of 5 years, with a fixed coupon and effective interest rates of 3.15% and 3.16% per annum, respectively, and the principal and interest repayment was made in one instalment.

On 7 June 2021, by registration approved by the National Association of Financial Market Institutional Investors (ZSZ [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 coupons and effective interest rates of 3.50% and 3.55%, respectively. The principal and interest repayment was made in one instalment.

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

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	-	1,998,561,643.87
2 to 5 years (including 5 years)	1,999,262,904.11	1,999,143,890.41
Total	1,999,262,904.11	3,997,705,534.28

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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	Issue in the current period	Interest accrued at face value	Amortisation of premium and discount	Current repayments and interest payments	Effects from translation in foreign currency statements	Closing balance
2021 corporate bonds (phase I)	2,000,000,000.00	2021-07-26	5 years	2,000,000,000.00	2,026,415,123.26	-	-	31,241,095.88	119,013.70	-	-	2,057,775,232.84
2021 medium term notes (phase I)	2,000,000,000.00	2021-06-07	3 years	2,000,000,000.00	2,037,876,712.38	-	-	34,712,328.77	495,890.42	70,000,000.00	-	2,003,084,931.57
Total	4,000,000,000.00	—	—	4,000,000,000.00	4,064,291,835.64	-	-	65,953,424.65	614,904.12	70,000,000.00	-	4,060,860,164.41
Less: Bonds payable due within one year	—	—	—	—	66,586,301.36	—	—	—	—	—	—	2,061,597,260.30
Bonds payable due after one year	—	—	—	—	3,997,705,534.28	—	—	—	—	—	—	1,999,262,904.11

The Group's bonds payable have a coupon rate that approximates the effective interest rate, and the amount of premium and discount is small. The Group uses the simplified method to amortise the premium and discount amounts evenly over the term of the bonds.

38. LEASE LIABILITIES

(1) Lease liabilities

Item	Closing balance	Opening balance
Lease payments	3,790,649,867.07	4,028,714,228.38
Less: Unrecognised finance charges expenses	918,488,920.25	971,047,612.62
Total	2,872,160,946.82	3,057,666,615.76
Less: Lease liabilities due within one year	634,659,017.49	655,772,820.93
Lease liabilities due after one year	2,237,501,929.33	2,401,893,794.83

The discount rates for the above lease liabilities range from 3.04%-4.90%.

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

38. LEASE LIABILITIES(CONTINUED)

(2) Maturity of lease payments

Item	Closing balance
Year 1 after balance sheet date	767,009,226.19
Year 2 after balance sheet date	431,650,805.96
Year 3 after balance sheet date	361,081,613.69
Future years	2,230,908,221.23
Total	3,790,649,867.07

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

39. LONG-TERM PAYABLES

Item	Closing balance	Opening balance
Related party loans	201,316,541.44	119,675,225.45
Others	66,316,016.20	49,606,038.96
Total	267,632,557.64	169,281,264.41
Less: Long-term payables due within one year	51,926,277.94	5,263,747.52
Long-term payables due after one year	215,706,279.70	164,017,516.89

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

39. LONG-TERM PAYABLES (CONTINUED)

(1) Top five long-term payables in the closing balance (including long-term payables due within one year)

Item	Closing balance	Opening balance
Guangdong Sinotrans Co., Ltd. (Note 1)	91,938,455.02	91,938,455.02
CHINA MERCHANTS INVESTMENTS LIMITED (Note 2)	83,633,680.00	–
Shen International Holdings (Shenzhen) Co., Ltd. (Note 3)	46,106,920.00	46,119,776.67
SINOTRANS & CSC (Note 4)	20,000,000.00	20,000,000.00
OCEAN LIFTER I LIMITED (Note 5)	5,744,406.42	7,736,770.43
Total	247,423,461.44	165,795,002.12

Note 1: Sinotrans Guangxi Wuzhou Warehouse & Terminal Company Limited, a subsidiary of the Group, borrowed RMB91.94 million from Guangdong Sinotrans in 2012 with no fixed maturity period, and the interest rate of the loan was executed with reference to the bank's lending rate for the same period. The total principal and interest at the end of the period was RMB91.94 million.

Note 2: China Merchants Great Stone Trade Logistics Co., Ltd., a subsidiary of the Group, entered into a loan contract on 15 June 2022 with CHINA MERCHANTS INVESTMENTS LIMITED. The total amount of the loan is not more than USD17.4 million, which is to be withdrawn in three installments. Each loan has a term of 3 years with an interest rate of 1%. The total principal and interest at the end of the period was USD11.6 million.

Note 3: Sinotrans Shenzhen International Logistics Co., Ltd., a subsidiary of the Group, entered into a loan contract with Shen International Holdings (Shenzhen) Co., Ltd. on 30 March 2021 with the approval of the Group. The loan amount is RMB45.6 million, and the loan term is 3 years from the first actual withdrawal date. The loan interest rate is executed at 4.35% APR. Interest will be paid quarterly, and the principal will be fully repaid at maturity. The first withdrawal of RMB27.2 million was made on 8 April 2021, and the second withdrawal of RMB18.4 million was made on 10 October 2022, resulting in a total principal and interest of RMB46,106,920 at the end of the period, which is presented in non-current liabilities due within one year.

Note 4: Sinotrans Logistics Investment Holding Co, Ltd. (hereinafter referred to as Logistics Investment Company), 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 5: 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 of 30 June 2023, the balance of the long-term payables mentioned above was USD796,700 and was presented as non-current liabilities due within one year.

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

39. LONG-TERM PAYABLES (CONTINUED)

(2) The maturity date of long-term payables is analyzed as follows

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	3,321,938.76	32,740,517.54
2 to 5 years (including 5 years)	100,445,885.92	19,338,544.33
Over 5 years	111,938,455.02	111,938,455.02
Total	215,706,279.70	164,017,516.89

40. LONG-TERM EMPLOYEE BENEFITS PAYABLE

Item	Opening balance	Effects from changes in the scope of consolidation	Accrual in current period	Payments during the period	Actuarial adjustments	Interest adjustments	Foreign currency translation differences	Closing balance
I. Net liability for post-employment benefits - defined benefit plans	978,929.10	-	-	120,050.08	-	886.43	-	859,765.45
II. Termination benefits	226,132.00	-	-	26,702.40	-	-	-	199,429.60
III. Other long-term benefits	1,314,905.76	-	-	-	-	-	-	1,314,905.76
Total	2,519,966.86	-	-	146,752.48	-	886.43	-	2,374,100.81
Less: Long-term employee benefits payable due within one year	-	-	-	-	-	-	-	-
Long-term employee benefits payable due after one year	2,519,966.86	-	-	-	-	-	-	2,374,100.81

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

41. ESTIMATED LIABILITIES

Item	Closing balance	Opening balance	Reasons
Pending litigation	27,962,888.00	28,520,672.00	Note 1
One-time housing subsidy	22,283,006.50	22,283,006.50	Note 2
Disposal costs	9,274,657.09	9,274,657.09	Note 3
Others	74,384,778.04	78,944,778.04	Note 4
Total	133,905,329.63	139,023,113.63	—

Note 1: For litigation arising in the ordinary course of the Group's business, the Group's Management estimated the risks in accordance with relevant laws and regulations and sought advice from the Group's legal advisers or professional lawyers. As of 30 June 2023, the estimated liability provision for pending litigations that are likely to result in losses is RMB27,962,888 (1 January 2023: RMB28,520,672). The details of the cases of significant pending litigation at the end of the period are set out in note XII.

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

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

Note 4: Others are mainly a provision for the Group's estimated compensation for cargo damage disputes incurred in the ordinary business, of which the significant cargo damage disputes at the end of the period are disclosed in Note XII.

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For the period ended 30 June 2023
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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. DEFERRED INCOME

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current period	Decrease in current period	Closing balance
Government grants (Note)	403,500,097.28	-	20,862,801.41	17,855,936.05	406,506,962.64
Total	403,500,097.28	-	20,862,801.41	17,855,936.05	406,506,962.64

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

(1) Government grants included in deferred income

Item	Opening balance	New grants increase in current period	Amount included in non-operating income for the period	Amount included in other income for the period	Other changes	Closing balance	Related to assets/revenue
Financial subsidy for logistics industry	252,764,652.01	1,456,397.33	133,666.66	6,454,134.60	-	247,633,248.08	Asset-related
Land restitution	60,864,867.32	-	24,226.20	950,262.30	-	59,890,378.82	Asset-related
Relocation compensation	58,301,427.97	16,593,704.08	1,569,016.92	4,313,493.99	-	69,012,621.14	Asset-related
Others	31,569,149.98	2,812,700.00	-	4,411,135.38	-	29,970,714.60	Revenue-related
Total	403,500,097.28	20,862,801.41	1,726,909.78	16,129,026.27	-	406,506,962.64	—

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

43. OTHER NON-CURRENT LIABILITIES

Item	Opening balance	Increase due to changes in the scope of consolidation	Increase in current period	Decrease in current period	Effects from translation in foreign currency statements	Closing balance
Liabilities associated with Lanshi Port (Note)	265,180,547.74	-	-	211,901,323.09	-	53,279,224.65
Total	265,180,547.74	-	-	211,901,323.09	-	53,279,224.65
Less: Other non-current liabilities due within one year	-	-	-	-	-	-
Other non-current liabilities due after one year	265,180,547.74	-	-	211,901,323.09	-	53,279,224.65

Note: The details of liabilities associated with Lanshi Port are described in Note IX.24.

44. SHARE CAPITAL

Item	Opening balance		Increase in current period	Decrease in current period (Note 2)	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Domestic listing (A shares)	5,255,916,875.00	71.46	-	-	5,255,916,875.00	72.06
Listing (H shares) in Hong Kong, China	2,099,188,000.00	28.54	-	60,888,000.00	2,038,300,000.00	27.94
Total	7,355,104,875.00	100.00	-	60,888,000.00	7,294,216,875.00	100.00

Note 1: All A shares and H shares issued by the Company are ordinary shares with a par value of RMB1 per share and are entitled to the same equity.

Note 2: The Company cancelled 60,888,000 H shares on 10 February 2023, resulting in a decrease in share capital by RMB60,888,000 and a decrease in capital reserves by RMB72,687,887.83, as described in Note IX. 46.

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Notes to the Financial Statements

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

45. CAPITAL RESERVES

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Share capital premium	6,036,719,334.56	55,325,612.19	110,492,328.77	5,981,552,617.98
1. Capital invested by investors (Note 1)	3,059,876,058.40	-	72,687,887.83	2,987,188,170.57
2. Differences arising from the acquisition (disposal) of non-controlling interests (Note 2)	1,945,510,847.79	55,325,612.19	36,868,440.94	1,963,968,019.04
3. Others (Note 3)	1,031,332,428.37		936,000.00	1,030,396,428.37
II. Other capital reserves	51,567,816.36	15,820,974.78	1,182,124.01	66,206,667.13
1. Other changes in equity of investees other than net gains and losses, other comprehensive income and profit distributions	21,451,738.63	-	1,182,124.01	20,269,614.62
2. Share-based payment for unexercised rights (Note 4)	30,116,077.73	15,820,974.78	-	45,937,052.51
3. Others	-	-	-	-
Total	6,088,287,150.92	71,146,586.97	111,674,452.78	6,047,759,285.11
Including: Exclusively state-owned capital reserves	-	-	-	-

Note 1: The cancellation of H shares by the Company during the period resulted in a decrease in capital reserves by RMB72,687,887.83, as detailed in Note IX. 46.

Note 2: Heng Lu Logistics, a subsidiary of the Group, repurchased minority shareholders' equity during the period, resulting in a decrease in capital reserves by RMB36,868,440.94. Y2T, a subsidiary of the Group, was granted a capital increase by strategic investors during the period resulting in a decrease in the Group's shareholding ratio and an increase in capital reserves by RMB55,325,612.19. For details, see note VIII.5.

Note 3: The Group adjusted the opening capital reserve in the current period by RMB23,995,381.16 due to the occurrence of the business combination under common control of Beijing Automobile Transportation; the Group decreased the capital reserve by RMB936,000 due to the consideration paid for the consolidation.

Note 4: For details of the increase in the current period, please refer to Note IX. 72.

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

46. TREASURY SHARES

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Domestic listed (A-share) treasury shares	193,951,597.00	-	-	193,951,597.00
(H-share) treasury shares listed in Hong Kong, China	106,800,604.55	26,775,283.28	133,575,887.83	-
Total	300,752,201.55	26,775,283.28	133,575,887.83	193,951,597.00

Note: On 31 May 2022, holding the 2021 Annual General Meeting of Shareholders, the 2022 First Class Meeting of H Share and the 2022 First Class Meeting of A Share, the Company examined and approved the Proposal on Application for General Authorization to Repurchase H Shares, and agreed to grant the Board of Directors a general authorization. The Board of Directors, based on demand and market conditions, and in compliance with the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, timely decides to repurchase no more than 10% of the total number of issued H shares of the Company on the date of approval of the authorization by the General Meeting of Shareholders. The term of a general authorization is from the date of resolution authorized at the General Meeting of Shareholders to the earliest of the following three dates: (1) at the end of the next Annual General Meeting of the Company; or (2) 12 months expired after the approval of the repurchase authorization resolution; or (3) the revocation or amendment of the resolution by a special resolution passed by the General Meeting of Shareholders, of the Company. During the period from 7 June to 20 January 2023, the Board of Directors decided to repurchase a total of 106,587,000 H shares of the Company, accounting for 4.97% of the total issued H shares, pursuant to the general mandate mentioned above, and the total amount paid was HKD251,077,210 (excluding transaction costs). Of the aforementioned repurchased H shares, 45,699,000 shares were cancelled on 29 September 2022 and the rest were cancelled on 10 February 2023.

As authorized by the First Extraordinary General Meeting of Shareholders of the Company in 2022 and approved at the Eleventh Meeting of the Third Session of the Board of Directors on 27 April 2022, it is agreed that the Company will repurchase 24.64 million to 49.28 million A shares of the Company through the SSE trading system in the period from 28 April 2022 to 27 January 2023 by way of centralized competitive bidding for the implementation of the Share Incentive Scheme. In accordance with the mandate mentioned above, the Company has decided to repurchase a total of 49,280,000 A shares, and the total amount paid was RMB193,951,597 (excluding transaction fees).

47. SPECIAL RESERVES

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Production safety costs	103,881,480.69	51,144,504.00	34,134,041.94	120,891,942.75
Total	103,881,480.69	51,144,504.00	34,134,041.94	120,891,942.75

Note: For the subsidiaries of the Group engaged in general freight transportation or special freight transportation, such as dangerous goods, safety production fees were withdrawn on the basis of operating income in accordance with the relevant national regulations, and were included in the cost of the relevant products or in the current period profit or loss, and were also transferred to special reserves.

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

48. SURPLUS RESERVES

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserves	1,704,231,858.65	-	-	1,704,231,858.65
Total	1,704,231,858.65	-	-	1,704,231,858.65

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.

49. RETAINED EARNINGS

Item	Current period	Prior period
Closing balance of the prior period	20,139,567,944.29	18,448,178,520.91
Add: Adjustments to opening retained earnings	-2,836,732.39	-4,072,077.59
Including: Changes in accounting policies (Note 1)	22,053,933.05	20,093,919.78
Change in scope of consolidation under common control (Note 2)	-24,890,665.44	-24,165,997.37
Opening balance	20,136,731,211.90	18,444,106,443.32
Increase in current period	2,171,671,155.29	2,328,258,949.22
Including: Net profit attributable to shareholders of the Company for the period	2,171,671,155.29	2,328,258,949.22
Others	-	-
Decrease in current period	726,740,846.01	1,340,688,706.92
Including: Appropriation to statutory surplus reserves for the period	-	-
Dividends distribution (Note 3)	726,735,817.50	1,340,688,706.92
Others	5,028.51	-
Closing balance of the current period	21,581,661,521.18	19,431,676,685.62

Note 1: For details of the effect of the amount of the change in accounting policy, please refer to Note VI. 1.

Note 2: Beijing Automobile Transportation, a business combination under common control during the current period, adjusted the retained earnings at the beginning of the previous period by RMB -24,403,211.45, and continued to adjust the retained earnings at the beginning of the current period by RMB -24,890,665.44. Sinotrans Inner Mongolia Bonded Logistics Co., Ltd., a business combination under common control in the previous period, adjusted the retained earnings at the beginning of the previous period by RMB237,214.08.

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

49. RETAINED EARNINGS (CONTINUED)

Note 3: The Proposal on Profit Distribution Plan for the Year 2022 was considered and approved at the 2022 annual general meeting, held on 12 May 2023 by the Company, which approved the Company to distribute dividends for 2022 based on the total share capital registered on the date of record of equity distribution, with a cash dividend of RMB0.10 (including tax) for per share. The proportion of distribution shall remain unchanged, with a corresponding adjustment to the total amount of distribution, if there is a change in the number of shares actually entitled to participate in equity distribution before the date of record. The ex-dividend date of H Shares for the equity distribution was determined as 17 May 2023 and the distribution amount was recognized as HKD232,468,115, based on the capital of issued 2,038,300,000 H shares and the average benchmark exchange rate of RMB to HKD (i.e. RMB1 to HKD1.1405) as announced by the People's Bank of China for the week before the Board of Directors recommends the payment of the annual dividend (from 21 March 2022 to 27 March 2022). The ex-dividend date for A shares was determined as 28 June 2023. The Company recognized the proposed distribution amount of RMB520,663,687.50, provisionally based on the shares of 5,206,636,875 after deducting repurchased A shares of 49,280,000 from the capital of issued 5,255,916,875 A shares.

50. OPERATING INCOME, COSTS

Item	Current period		Prior period	
	Income	Costs	Income	Costs
Forwarding and related business	28,346,859,220.88	26,593,027,520.63	33,248,381,600.32	31,161,550,604.90
Logistics	14,767,847,190.50	13,488,388,225.98	14,909,639,601.54	13,740,588,320.10
E-commerce	4,722,047,410.32	4,774,991,591.43	7,033,689,410.39	6,888,549,792.80
Total	47,836,753,821.70	44,856,407,338.04	55,191,710,612.25	51,790,688,717.80

(1) Statement of apportionment to remaining performance obligations

The above contracts of the Group do not have variable consideration clauses. Details of the timing of recognition as revenue of the portion of the transaction price that has been received or receivable from the customer for which the Group has entered into contracts (agreements, orders, etc.) with the customer at the end of the period but has not yet performed, or has not yet fully performed, its performance obligations are set out in Note IX. 30. The remaining transaction prices are not presented due to the expected term of these contracts being less than one year and the dispersed nature of the customers involved and a large number of contracts, which simplifies the treatment.

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

50. OPERATING INCOME, COSTS (CONTINUED)

(2) Operating income classified by point of recognition

January-June 2023

Item	Forwarding and related business	Logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point	28,346,859,220.88	14,767,847,190.50	4,568,928,602.95
Recognition within a certain period	-	-	-
Lease income	-	-	153,118,807.37
Total	28,346,859,220.88	14,767,847,190.50	4,722,047,410.32

January-June 2022

Item	Forwarding and related business	Logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point	33,248,381,600.32	14,909,639,601.54	6,849,646,527.22
Recognition within a certain period	-	-	-
Lease income	-	-	184,042,883.17
Total	33,248,381,600.32	14,909,639,601.54	7,033,689,410.39

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

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

51. TAXES AND SURCHARGES

Item	Current period	Prior period
Property tax	54,768,286.77	56,454,342.94
Land use tax	21,020,528.93	20,331,645.18
Urban maintenance & construction tax	16,517,816.92	17,589,817.31
Stamp duty	15,235,852.09	21,475,877.55
Education surcharge and local education surcharge	11,040,083.05	11,375,550.61
Others	3,324,078.19	4,652,987.23
Total	121,906,645.95	131,880,220.82

52. SELLING EXPENSES

Item	Current period	Prior period
Employee benefits	408,008,611.54	455,354,455.65
Business entertainment expenses	19,874,160.50	15,224,944.86
Depreciation and amortisation expenses	18,275,516.69	16,623,841.37
Travel expenses	15,617,808.94	5,254,561.96
Short-term, low-value lease expenses	7,765,172.33	7,393,661.34
Office expenses	7,511,705.07	7,054,960.47
Vehicle expenses	5,878,690.84	5,073,496.72
Technical service fee for communication network	4,602,010.88	4,099,796.00
Others	15,493,439.49	16,789,377.25
Total	503,027,116.28	532,869,095.62

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

53. ADMINISTRATION EXPENSES

Item	Current period	Prior period
Employee benefits	1,132,442,659.13	1,182,709,542.52
Depreciation and amortisation expenses	162,865,943.91	158,449,751.42
Technical service fee for communication network	48,138,255.12	44,387,517.16
Property and utilities and gas fees	41,739,728.91	37,091,938.20
Intermediary service fee	28,787,679.94	24,416,614.00
Business entertainment expenses	22,192,189.57	15,037,086.33
Short-term, low-value lease expenses	19,651,185.60	20,711,647.36
Travel expenses	19,417,887.05	5,915,113.04
Equity incentive (Note)	15,820,974.78	14,093,181.82
Vehicle expenses	15,785,896.51	13,981,638.40
Office expenses	15,540,591.34	14,649,362.40
Others	57,215,576.89	56,446,111.56
Total	1,579,598,568.75	1,587,889,504.21

Notes: The amount of equity incentive item in administrative expenses is detailed in Note IX. 72.

54. RESEARCH AND DEVELOPMENT EXPENSES

Item	Current period	Prior period
Information system development	25,876,391.87	48,918,182.36
Total	25,876,391.87	48,918,182.36

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For the period ended 30 June 2023

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

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

55. FINANCE COSTS

Item	Current period	Prior period
Interest expenses	253,157,232.93	221,100,379.36
Including: Bank and other borrowings	125,189,941.57	100,943,279.20
Bond interest	66,568,328.77	66,568,328.77
Interest expenses on lease liabilities	61,398,962.59	53,588,771.39
Less: Capitalized interest expense	611,491.20	3,124,803.27
Less: Interest income	138,443,036.31	78,097,199.35
Net exchange losses (net gains denoted by "-")	-80,040,924.76	-201,286,318.95
Others	8,267,092.32	13,836,138.62
Total	42,328,872.98	-47,571,803.59

56. OTHER INCOME

Item	Current period	Prior period
Financial subsidy for logistics industry	870,738,049.69	542,577,152.24
Additional deduction for value-added tax	41,700,328.53	46,200,035.95
Tax subsidy for Shanxi Transformation and Comprehensive Reform Demonstration Zone	82,755,515.95	43,960,656.09
Others	30,256,992.33	36,506,518.35
Total	1,025,450,886.50	669,244,362.63

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

57. INVESTMENT INCOME

Item	Current period	Prior period
Income from long-term equity investments under the equity method	1,033,724,979.62	1,180,283,531.21
Investment income from holding other non-current financial assets	60,000,000.00	65,712.50
Investment income from the disposal of long-term equity investments	-	134,069,066.97
Gain on remeasurement of equity at fair value upon acquisition of control	-	17,668,769.65
Investment income from debt restructuring	-	-62,592.89
Investment income from the disposal of receivables financing	-5,858,071.60	-3,689,024.06
Total	1,087,866,908.02	1,328,335,463.38

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

58. GAIN FROM CHANGES IN FAIR VALUE

Item	Current period	Prior period
Held-for-trading financial assets	-93,664.82	-3,432.23
Other non-current financial assets	-27,196,056.16	-77,814,598.63
Total	-27,289,720.98	-77,818,030.86

Note: The change in fair value of financial assets at fair value through profit or loss held by the Group during the current period was mainly due to the decrease in fair value of Jingdong Logistics (02618) shares held by the Group of HKD29 million.

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

59. CREDIT IMPAIRMENT LOSS

Item	Current period	Prior period
Credit impairment losses on accounts receivable	-43,263,566.64	-53,830,315.90
Credit impairment losses on other receivables	-1,592,656.16	-2,985,244.93
Total	-44,856,222.80	-56,815,560.83

60. IMPAIRMENT OF ASSETS

Item	Current period	Prior period
Loss on decline in value of Inventories	-515,864.48	-
Total	-515,864.48	-

61. INCOME FROM DISPOSAL OF ASSETS

Item	Current period	Prior period	Amount included in non-recurring profit or loss for the period
Gain on disposal of non-current assets (Note)	61,986,480.15	6,543,026.37	61,986,480.15
Including: Gain on disposal of intangible assets	52,997,471.26	2,652,011.22	52,997,471.26
Gain on disposal of fixed assets	7,827,409.06	2,717,325.16	7,827,409.06
Others	1,161,599.83	1,173,689.99	1,161,599.83
Total	61,986,480.15	6,543,026.37	61,986,480.15

Note: Gain on disposal of assets was mainly due to the recognition of gain on disposal of assets of RMB61.05 million from land acquisition and storage, and disposal of above-ground buildings of Sinotrans Central China, a subsidiary of the Group.

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

62. NON-OPERATING INCOME

Item	Current period	Prior period	Amount included in non-recurring profit or loss for the period
Unpayable accounts payable	8,602,960.34	4,449,935.58	8,602,960.34
Liquidated damages, compensation	8,270,729.09	6,165,849.67	8,270,729.09
Government grants	7,204,285.94	6,595,626.53	7,204,285.94
Income from scrapping of non-current assets	6,504,850.15	1,924,639.52	6,504,850.15
Others	5,956,962.33	5,899,602.87	5,956,962.33
Total	36,539,787.85	25,035,654.17	36,539,787.85

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

Item	Current period	Prior period	Related to assets/revenue
Relocation compensation	1,569,016.92	867,432.06	Asset-related
Financial subsidy for logistics industry	1,133,666.66	3,308,855.70	Related to assets/revenue
Other government grants	4,501,602.36	2,419,338.77	Related to assets/revenue
Total	7,204,285.94	6,595,626.53	—

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For the period ended 30 June 2023

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

63. GOVERNMENT GRANTS

Details of government grants

Item	Current period	Prior period
Government grants obtained related to assets:	—	—
Fixed assets investment subsidy	1,456,397.33	3,300,400.00
Relocation compensation	16,593,704.08	—
Municipal engineering construction award	—	4,000,000.00
Special subsidy for service industry development	—	1,003,027.31
Subtotal	18,050,101.41	8,303,427.31
Government grants obtained related to revenue:	—	—
Financial subsidy for logistics industry	865,283,915.09	530,691,637.02
Tax subsidy for Shanxi Transformation and Comprehensive Reform Demonstration Zone	82,755,515.95	43,960,656.09
Other government grants (Note)	27,872,176.82	34,390,650.87
Subtotal	975,911,607.86	609,042,943.98
Total	993,961,709.27	617,346,371.29
Less: Government grants included in deferred income	20,862,801.41	9,843,155.28
Add: Government grants transferred from deferred income to current profit or loss	17,855,936.05	22,136,737.20
Less: Government grants to offset related costs	—	—
Government grants included in current profit and loss	990,954,843.91	629,639,953.21
Including: Government grants included in other income	983,750,557.97	623,044,326.68
Government grants included in non-operating income	7,204,285.94	6,595,626.53

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

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For the period ended 30 June 2023
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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. NON-OPERATING EXPENSES

Item	Current period	Prior period	Amount included in non-recurring profit or loss for the period
Compensation, liquidated damages and penalty expenses (Note)	26,613,012.53	13,576,178.57	26,613,012.53
Loss on destruction and retirement of non-current assets	1,219,348.85	1,527,666.57	1,219,348.85
Pending litigation losses (Note)	-668,136.13	22,968,240.38	-668,136.13
Others	1,950,062.26	1,585,954.22	1,950,062.26
Total	29,114,287.51	39,658,039.74	29,114,287.51

Note: The compensation, liquidated damages, penalty expenses, and pending litigation losses mainly consist of provisions, payments, or reimbursements made by the Group in relation to litigation disputes and cargo damage disputes arising from logistics transportation service contracts in its daily operations.

65. INCOME TAX EXPENSES

(1) Income tax expenses table

Item	Current period	Prior period
Current income tax	549,643,814.20	556,076,122.33
Deferred income tax adjustment	-16,475,727.70	-2,823,603.76
Total	533,168,086.50	553,252,518.57

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Notes to the Financial Statements

For the period ended 30 June 2023

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

65. INCOME TAX EXPENSES (CONTINUED)

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

Item	Current period
Accounting profit	2,817,676,854.58
Income tax expense at the rate of 25% (prior period: 25%)	704,419,213.65
Tax implications of non-deductible expenses	20,428,492.08
Income not subject to tax	-271,966,727.01
Tax effect of unrecognised deductible losses and deductible temporary differences for the period	108,506,858.39
Utilization of deductible temporary differences and deductible losses in prior years	-29,793,400.82
Effect of different tax rates applicable to subsidiaries in other regions	-8,742,448.88
Withholding tax based on the expected current earnings of subsidiaries, joint ventures and associates established outside the parent company's domicile	-
Impact of the subsidiary tax credit	-5,251,926.87
Change in deferred income tax asset/liability balance at the beginning of the period due to tax rate adjustments	-
Unrecognised taxable temporary differences	-
Retroactive payment (refund) of prior year' taxes	15,568,025.96
Others	-
Income tax expenses	533,168,086.50

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

66. EARNINGS PER SHARE

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

Item	Current period	Prior period
Revenue	—	—
Net profit attributable to shareholders of the Company for the period	2,171,671,155.29	2,328,258,949.22
Including: Net profit from continuing operations	2,171,671,155.29	2,328,258,949.22
Shares	—	—
Weighted average of the Company's outstanding ordinary shares (Note 1)	7,245,902,375.00	7,395,107,558.33
Basic earnings per share (RMB/share)	0.30	0.31
Diluted earnings per share (RMB/share) (Note 2)	0.30	0.31

Note 1: The repurchase of the Company's H shares in the current period has occurred on an ongoing basis since January 2023. In calculating the weighted average number of common shares outstanding, the Company used the simplified method of treating all repurchased shares as if the repurchases were completed mid-month.

Note 2: On 30 June 2023, the exercise price of the Company's stock options granted to the incentive recipients was RMB3.91 per share (see Note IX.72), and the adjusted exercise price after considering the fair value of employee services not yet acquired was RMB4.52 per share, which was higher than the average market price of the Company's A shares for the period of RMB4.18 (weighted monthly). Such stock options had no dilutive effect.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

67. LEASES

(1) The Group as lessor

Item	Amount
I. Income status	—
Lease income	153,118,807.37
Including: Income related to variable lease payments not included in lease receipts	—
II. Undiscounted lease payments to be received after the balance sheet date	554,150,998.31
Year 1	183,411,753.50
Year 2	120,297,435.43
Year 3	71,266,488.50
Year 4	56,478,505.60
Year 5	44,458,187.58
Over 5 years	78,238,627.70

- The Group's operating leases as lessor relates to buildings, vehicles and equipment for a term of 1–8 years, with a partial renewal option.
- The Group does not consider the unguaranteed residual value of these assets to be a material risk to the Group due to the lease subject with high versatility and short leasing periods.
- Revenue relating to operating leases for the current period amounted to RMB153,118,807.37 (prior period: RMB184,042,883.17).

(2) The Group as lessee

Item	Amount
Interest expenses on lease liabilities	61,398,962.59
Short-term lease payments with simplified treatment included in the cost of the related assets or in current profit or loss	337,317,955.47
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	7,870,829.45
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	959,300.13
Total cash outflows related to leases	738,922,381.79

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For the period ended 30 June 2023
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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

Item	Current period			Prior period		
	Amount before taxes	Income taxes	Net amount after taxes	Amount before taxes	Income taxes	Net amount after taxes
I. Other comprehensive income not to be subsequently reclassified to profit or loss	-6,807,648.92	-1,701,912.23	-5,105,736.69	7,153,800.56	-	7,153,800.56
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	-6,807,648.92	-1,701,912.23	-5,105,736.69	7,153,800.56	-	7,153,800.56
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	176,997,764.89	-	176,997,764.89	-8,989,959.56	-	-8,989,959.56
1. Other comprehensive income to be reclassified to profit or loss under the equity method	156,546,398.24	-	156,546,398.24	36,971,187.14	-	36,971,187.14
Less: Transfer to profit or loss in the current period that charged to the other comprehensive income in the prior period	-	-	-	-	-	-
Subtotal	156,546,398.24	-	156,546,398.24	36,971,187.14	-	36,971,187.14
2. Translation difference of the financial statements in foreign currency	20,451,366.65	-	20,451,366.65	-45,961,146.70	-	-45,961,146.70
Less: Transfer to profit or loss in the current period that charged to the other comprehensive income in the prior period	-	-	-	-	-	-
Subtotal	20,451,366.65	-	20,451,366.65	-45,961,146.70	-	-45,961,146.70
3. Other comprehensive income to be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income	170,190,115.97	-1,701,912.23	171,892,028.20	-1,836,159.00	-	-1,836,159.00

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Notes to the Financial Statements

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

68. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (CONTINUED)

(2) Reconciliation of items of other comprehensive income

30 June 2023

Item	Opening balance	Add changes in current period (Decrease denoted by “-”)	Closing balance
Change in amount 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 instrument investments	22,965,895.19	-5,105,736.69	17,860,158.50
Changes in fair value attributable to changes in credit risk	-	-	-
Other comprehensive income not to be subsequently reclassified to profit or loss	-	-	-
Other comprehensive income to be reclassified to profit or loss under the equity method	52,673,974.26	156,546,398.24	209,220,372.50
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	-277,030,189.22	20,451,366.65	-256,578,822.57
Other comprehensive income to be reclassified to profit or loss	-	-	-
Subtotal	-199,683,187.02	171,892,028.20	-27,791,158.82

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

68. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (CONTINUED)

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

30 June 2022

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

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

69. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

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

1) Cash received from other operating activities

Item	Amount in current period
Government grants	982,246,772.67
Interest income	213,718,267.45
Income from leasing assets	153,118,807.37
Deposits, guarantees and advance payment, etc.	108,858,473.45
Others	16,648,490.07
Total	1,474,590,811.01

2) Cash paid for other operating activities

Item	Amount in current period
Collection of deposits, guarantees and advance payment, etc.	665,963,740.65
Information technology costs	97,486,749.86
Business entertainment expenses	42,066,350.07
Property and utilities and gas fees	41,739,728.91
Travel expenses	35,035,695.99
Intermediary service fee	28,787,679.94
Short-term low-value lease costs	27,416,357.93
Compensation and liquidated damages	25,944,876.40
Office expenses	23,052,296.41
Vehicle expenses	21,664,587.35
Decoration and repair costs	17,566,860.70
Communication expenses	10,492,036.35
Insurance premium	10,375,728.24
Others	108,497,053.12
Total	1,156,089,741.92

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

69. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

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

3) Cash received from other investing activities

Item	Amount in current period
Repayment from Shanghai Pu'an Storage Co., Ltd.	2,600,000.00
Repayment from Sichuan Weibo New Material Group Co., Ltd.	1,632,417.55
Total	4,232,417.55

4) Cash paid for other financing activities

Item	Amount in current period
Principal and interest on lease liabilities	393,733,596.87
Repurchased of shares	26,775,283.28
Equal proportion of capital reduction by minority shareholders	16,500,000.00
Purchase of non-controlling interests	11,080,000.00
Payments of the consideration for a business combination under common control	936,000.00
Total	449,024,880.15

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

69. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(2) Supplementary information of the cash flow statement

Item	Current period	Prior period
1. Reconciliation of net profit to cash flows from operating activities:	—	—
Net profit	2,284,508,768.08	2,448,651,051.58
Add: Impairment of assets	515,864.48	—
Credit loss impairment	44,856,222.80	56,815,560.83
Depreciation of fixed assets and investment properties	610,793,414.13	568,920,452.61
Depreciation of right-of-use assets	380,675,762.21	366,788,364.40
Amortisation of intangible assets	149,186,523.99	145,206,159.52
Amortisation of long-term prepaid expenses	36,230,133.32	44,227,781.62
Losses from disposal of assets (gains denoted by “-”)	-61,986,480.15	-6,543,026.37
Losses from damage and scrapping of non-current assets (gains denoted by “-”)	-5,285,501.30	-396,972.95
Losses from changes in fair value (gains denoted by “-”)	27,289,720.98	77,818,030.86
Finance costs (income denoted by “-”)	58,640,355.95	-22,165,943.75
Investment loss (income denoted by “-”)	-1,087,866,908.02	-1,328,335,463.38
Decrease in deferred tax assets (increase denoted by “-”)	-14,701,083.66	8,557,306.80
Increase in deferred tax liabilities (decrease denoted by “-”)	-1,774,644.04	-11,380,910.56
Decrease in inventories (increase denoted by “-”)	4,122,240.06	9,701,525.30
Decrease in operating receivables (increase denoted by “-”)	-286,553,936.90	-4,687,743,393.94
Increase in operating payables (decrease denoted by “-”)	-1,413,037,419.50	3,003,690,098.14
Net cash flows from operating activities	725,613,032.43	673,810,620.71
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	14,839,098,898.51	13,626,116,849.00
Less: Opening cash balance	16,179,534,628.51	14,214,876,382.00
Add: Adjustments of the classification of account settlement reserves at the beginning of the period	—	—
Net increase in cash and cash equivalents	-1,340,435,730.00	-588,759,533.00

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

69. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(3) Cash paid for distribution of dividends, profits or settlement of interest

Item	Current period	Prior period
Ordinary share dividend paid	737,183,769.45	–
Cash paid for interest repayment	202,376,346.16	163,948,276.90
Dividends and profits paid by non-controlling interests	128,684,253.76	64,351,165.34
Total	1,068,244,369.37	228,299,442.24

70. CASH AND CASH EQUIVALENTS

Item	Closing balance	Opening balance
I. Cash	14,839,098,898.51	16,179,534,628.51
Including: Cash on hand	9,257,241.26	5,034,544.53
Cash at bank readily available for payment	14,829,841,657.25	16,174,500,083.98
Other cash and bank balances readily available for payment	–	–
II. Cash equivalents	–	–
III. Balance of cash and cash equivalents at the end of the period	14,839,098,898.51	16,179,534,628.51
Including: Restricted used in cash and cash equivalents by the Company or subsidiaries of the Group	—	—

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

71. FOREIGN CURRENCY MONETARY ITEMS

Item	Foreign currency balance at the end of the period	Exchange rate of translation	Closing balance in RMB
Cash and bank balances	—	—	3,870,639,622.83
Including: USD	372,760,586.62	7.2098	2,687,529,277.41
HKD	468,650,503.23	0.9205	431,392,788.22
JPY	2,607,355,925.99	0.0504	131,410,738.67
EUR	43,671,752.97	7.8773	344,015,499.67
Others	—	—	276,291,318.86
Accounts receivable	—	—	4,930,321,889.43
Including: USD	543,030,401.46	7.2098	3,915,140,588.45
HKD	482,785,053.91	0.9205	444,403,642.12
JPY	515,666,239.00	0.0504	25,989,578.45
EUR	13,331,032.86	7.8773	105,012,545.15
Others	—	—	439,775,535.26
Accounts payable	—	—	3,714,303,962.20
Including: USD	401,499,138.34	7.2098	2,894,728,487.60
HKD	387,289,831.57	0.9205	356,500,289.96
JPY	423,582,499.87	0.0504	21,348,557.99
EUR	10,959,286.12	7.8773	86,329,584.55
Others	—	—	355,397,042.10
Non-current liabilities due within one year	—	—	4,896,841,567.10
Including: USD	13,000,361.51	7.2098	93,730,006.42
HKD	5,069,929,958.91	0.9205	4,666,870,527.18
JPY	25,868,505.95	0.0504	1,303,772.70
EUR	12,867,448.72	7.8773	101,360,753.84
Others	—	—	33,576,506.96
Long-term borrowings	—	—	2,602,826,457.95
Including: USD	35,518,733.26	7.2098	256,082,963.05
HKD	809,929,529.49	0.9205	745,540,131.90
EUR	203,268,044.00	7.8773	1,601,203,363.00
Long-term payables	—	—	83,633,680.00
Including: USD	11,600,000.00	7.2098	83,633,680.00
Lease liabilities	—	—	265,753,544.69
Including: HKD	9,609,820.04	0.9205	8,845,839.35
JPY	20,334,110.12	0.0504	1,024,839.15
EUR	29,484,253.93	7.8773	232,256,313.45
Others	—	—	23,626,552.74

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

72. SHARE-BASED PAYMENTS

(1) Share-based payments in general

Item	Each director of the issuer		Non-directors among the five highest paid individuals	Other managers and technical backbones	Total
	Rong Song	Jian Jiang			
Total amount of each equity instrument granted and not exercised at the beginning of the period	1,286,800.00	643,400.00	3,533,200.00	66,343,600.00	71,807,000.00
Total amount of each equity instrument granted by the Company during the period	-	-	-	-	-
Total amount of each equity instrument exercised during the period	-	-	-	-	-
Total amount of each equity instrument written off by the Company during the period	-	-	-	-	-
Total amount of each equity instrument lapsed during the period	-	-	-	745,600.00	745,600.00
Total amount of each equity instrument granted and not exercised at the end of the period	1,286,800.00	643,400.00	3,533,200.00	65,598,000.00	71,061,400.00
Including: Total amount of each equity instrument exercisable at the end of the period	-	-	-	-	-
Total amount of each equity instrument granted and not exercised at the end of the period as a percentage of the total issued share capital at the end of the period	0.02%	0.01%	0.05%	0.90%	0.98%
Range of exercise prices of stock options issued and outstanding at the end of the period and the remaining term of the contract	See notes for details	See notes for details	See notes for details	See notes for details	See notes for details
Range of exercise prices of other equity instruments at the end of the period and the remaining term of the contract	—	—	—	—	—

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

72. SHARE-BASED PAYMENTS (CONTINUED)

(1) Share-based payments in general (Continued)

Details of equity instruments granted in the prior period:

In order to further enhance shareholder value, support the realization of the Company's strategy and long-term sustainable development, closely connect the interests of core employees with those of shareholders and the Company, further attract, motivate and retain core talents, and optimize corporate governance, the Company has formulated the Sinotrans Limited Stock Option Incentive Plan (Phase I) (Draft). The First Extraordinary General Meeting of the Company in 2022 considered and approved the Proposal on the Company's Stock Option Incentive Plan (Draft) and its Summary, the Proposal on the Implementation and Assessment Measures of the Company's Stock Option Incentive Plan and the Proposal on the Authorization of the Board of Directors to Handle Matters Relating to the Company's Stock Option Incentive Plan.

According to the authorization of the shareholders' meeting, the eighth meeting of the third session of the Board of Directors of the Company held on 25 January 2022 considered and approved the Proposal on the Granting of Stock Options to the Incentive Targets of the Company's Stock Option Incentive Plan (Phase I). The Company granted 73,925,800 A-share stock options to 186 incentive recipients with 25 January 2022 as the grant date, and the source of shares for exercise is the A-share stock repurchased by the Company. The incentive targets are the senior management and directors of the Company and its subsidiaries, as well as the management and technical backbone who have direct influence on the operating performance and sustainable development of the Company and its subsidiaries.

As at 30 June 2023, the number of unexercised shares granted under this stock option plan was 71,061,400 shares, representing 0.98% of the total issued share capital of the Company as at that date (including the shares repurchased and not cancelled). Unless approved by a special resolution at a general meeting, the aggregate number of A shares of the Company granted to any one incentive recipient through all the share incentive schemes in force (including those exercised and unexercised) shall not exceed 1% of the total issued A shares of the Company; the aggregate number of underlying shares under all the share incentive schemes of the Company in force shall not exceed 10% of the total issued A shares of the Company. The number of stock options and the number of underlying shares involved will be adjusted in the event of capital transferring from capital reserve, distribution of stock dividends, share split or share reduction, or rights issue before the exercise of stock options.

The vesting conditions of the stock option plan include service term conditions and certain company and individual performance conditions, etc. The stock option plan is exercised in three equal installments, with each installment vesting independently, and the exercise periods are from the first trading day 24 months after the grant date to the last trading day within 36 months after the grant date, from the first trading day 36 months after the grant date to the last trading day within 48 months after the grant date, and the first trading day 48 months after the grant date to the last trading day within 60 months after the grant date, respectively.

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For the period ended 30 June 2023
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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

72. SHARE-BASED PAYMENTS (CONTINUED)

(1) Share-based payments in general (Continued)

The company performance conditions are as follows:

Performance indicators	First installment effective	Second installment effective	Third installment effective
Return on equity attributable to the parent company	The Company's return on equity attributable to the parent company for the financial year prior to the effective point is not less than 10.25% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)	The Company's return on equity attributable to the parent company for the financial year prior to the effective point is not less than 10.5% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)	The Company's return on equity attributable to the parent company for the financial year prior to the effective point is not less than 10.75% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)
CAGR of net profit attributable to owners of the parent company (based on 2020)	In the financial year prior to the effective point, the CAGR of net profit attributable to owners of the parent company is not less than 11% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)	In the financial year prior to the effective point, the CAGR of net profit attributable to owners of the parent company is not less than 11.25% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)	In the financial year prior to the effective point, the CAGR of net profit attributable to owners of the parent company is not less than 11.5% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)
Economic Value Added (EVA)	The EVA value of the Company in the financial year before the effective point is not less than RMB1.50 billion.	The EVA value of the Company in the financial year before the effective point is not less than RMB1.60 billion.	The EVA value of the Company in the financial year before the effective point is not less than RMB1.70 billion.

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

72. SHARE-BASED PAYMENTS (CONTINUED)

(1) Share-based payments in general (Continued)

The individual performance conditions are as follows:

Individual annual performance achievement/appraisal	Percentage of stock options actually available to individuals
Good and above	100%
Qualified	80%
Unqualified	0

The exercise price is determined based on the higher of the average trading price of the Company's A shares (RMB4.18 per share) one trading day prior to the announcement of the draft stock option plan and the summary, the average trading price of the Company's A shares (RMB4.29 per share) 20 trading days prior to the announcement, and the par value of the Company's A shares (RMB1 per share), which is RMB4.29 per share (subject to adjustment by the authorized Board of Directors based on dividend payments, increase by transferring, share reductions, rights issue, etc.). The closing price of the Company's A shares on the trading day prior to the grant date of this stock option plan was RMB4.03 per share.

As approved by the fifteenth meeting of the third session of the Board of Directors and the third meeting of the Supervisory Committee of the Company for the year 2022, the exercise price of the aforesaid stock option plan was adjusted to RMB4.11 per share (the exercise price before adjustment of RMB4.29 less the dividend payout of RMB0.18 per share) in accordance with the exercise price adjustment method and the profit distribution plan for the year 2021. As approved by the nineteenth meeting of the third session of the Board of Directors and the first meeting of the Supervisory Committee of the Company for the year 2023, the exercise price of the aforesaid stock option plan was adjusted to RMB4.01 per share (the exercise price before adjustment of RMB4.11 less the dividend payout of RMB0.1 per share) in accordance with the exercise price adjustment method and the profit distribution plan for the half year of 2022. The 2022 Annual General Meeting of Shareholders considered and approved the "Proposal on the Profit Distribution Plan for the Year 2022", and the exercise price of the aforementioned stock option plan is expected to be adjusted to RMB3.91 per share (the exercise price before adjustment of RMB4.01 less the dividend payout of RMB0.1 per share for the year 2022) according to the exercise price adjustment method.

As at 30 June 2023, the average remaining waiting period for the stock option plan was 1.58 years.

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

72. SHARE-BASED PAYMENTS (CONTINUED)

(2) Equity-settled share-based payments

Item	Payments	
Method of determining the fair value of equity instruments at the date of grant (Note 1)	The fair value of each stock option granted was calculated at the date of grant using the Black-Scholes option pricing model in accordance with ASBE No. 11 – Share-based Payment and ASBE No. 22 – Recognition and Measurement of Financial Instruments, and in accordance with the requirements of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) Guidelines on the Implementation of Equity Incentives in Listed Companies Controlled by Central Enterprises.	
Method for determining the best estimate of the number of exercisable equity instruments (Note 2)	The number of exercisable equity instruments was estimated based on the incumbency of incentive recipients, the expected turnover rate and the expected satisfaction of certain company and individual performance and other vesting conditions of stock options.	
Reasons for significant differences between current period estimates and prior period estimates		Not applicable
Accumulated amount of equity-settled share-based payments in capital reserves		45,937,052.51
Total expense recognized for equity-settled share-based payments (Note 3)		15,820,974.78

Note 1: The fair value of each stock option under the aforesaid Company's stock option plan granted was calculated in accordance with the Black-Scholes option pricing model on the date of grant as RMB1.2451, and the risk-free interest rate used was the annualized interest rate of 2.3% for 3.5-year treasury bonds (same as expected maturity), the value of stock price volatility used was the historical volatility of 38.97% of the Company since its A-share listing, the expected maturity used was 3.5 years (weighted), the expected dividend rate used was 0% (according to the valuation principle and the regulatory requirements of SASAC, if the stock incentive plan stipulates the principle of adjusting the exercise price of the Company after dividends payment, the expected dividend rate will no longer be considered in the fair value assessment, and 0% will be used as input).

Note 2: As at June 30, 2023, six of the incentive recipients under the aforementioned stock option plan left or transferred out of the Group (of which two left or transferred out of the Group during the current period). The Group has deducted 2,864,400 shares of stock options granted to these six individuals (of which 745,600 shares correspond to two individuals who left or transferred out of the Group during the current period) when estimating the number of shares exercisable under the stock option plan and expects that the number of new departures in the future will be zero, and that company and individual performance conditions will be met.

Note 3: The incentive targets of the aforesaid stock option plan granted by the Company included employees of certain subsidiaries, and the service costs of such employees were recognized in the statements of the subsidiaries and aggregated to the Group. The total amount of employee services exchanged by the Group for share-based payments during the period was RMB15,820,974.78.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

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

72. SHARE-BASED PAYMENTS (CONTINUED)

- (3) The Group had no cash-settled share-based payments during the period.
- (4) The Group had no modification or termination of share-based payment during the period.

73. SEGMENT REPORTING

In accordance with the Group's internal organisational structure, management requirements and internal reporting system, the Group's operations are divided into three operating segments whose operating results are regularly evaluated by the Group's management to determine the allocation of resources to them and evaluate their performance. On the basis of operating segments, the Group determined three reporting segments, which are Forwarding and related business, logistics and E-commerce respectively. These reporting segments are based on the revenue type of the Group.

The operating segments and reporting segments of the Group are analysed as follows:

Forwarding and related business: mainly includes arranging the delivery of goods to designated consignees in other locations within a specified time frame in accordance with customer instructions; including shipping agency services related to freight forwarding to shipping companies, providing storage, storage yards, container loading and unloading stations and terminal services.

Logistics: mainly includes any provision of customised and specialised entire logistics services to customers.

E-commerce: mainly includes providing logistics solutions for import and export e-commerce customers, providing customers with various public services through a unified online logistics e-commerce platform and providing customers with tracking and monitoring services for logistics equipment through a logistics equipment sharing platform.

Any information on segment reporting is disclosed in accordance with the accounting policies and measurement standards used by the segments when reporting to the management, and these measurement bases are consistent with the accounting and measurement basis at the time of the preparation of the financial statements.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

73. SEGMENT REPORTING (CONTINUED)

January-June 2023

Item	Forwarding and related business	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income:	—	—	—	—	—	—
Income from external transaction	28,346,859,220.88	14,767,847,190.50	4,722,047,410.32	-	-	47,836,753,821.70
Income from inter-segment transaction	2,289,307,677.67	389,479,912.93	857,524,695.09	-	-3,536,312,285.69	-
Total operating income from segments	30,636,166,898.55	15,157,327,103.43	5,579,572,105.41	-	-3,536,312,285.69	47,836,753,821.70
Total operating costs	27,817,619,366.73	14,225,048,127.39	4,907,507,993.80	178,969,445.95	-	47,129,144,933.87
Impairment of assets (loss denoted by "-")	-	-	-	-515,864.48	-	-515,864.48
Credit impairment loss (loss denoted by "-")	-15,308,174.78	-16,902,712.59	-12,645,335.43	-	-	-44,856,222.80
Gain from changes in fair value (loss denoted by "-")	-	-	-	-27,289,720.98	-	-27,289,720.98
Investment income (loss denoted by "-")	30,429,378.53	-4,230,001.87	790,153,910.42	271,513,820.94	-	1,087,866,908.02
Including: Income from investments in associates and joint ventures	30,429,378.53	6,378,301.44	790,153,910.42	206,763,389.23	-	1,033,724,979.62
Income from disposal of assets (loss denoted by "-")	-	-	-	61,986,480.15	-	61,986,480.15
Other income	695,643,416.87	43,178,761.21	286,628,670.19	38.23	-	1,025,450,886.50
Operating profit	1,240,004,474.77	564,845,109.86	878,676,661.70	126,725,107.91	-	2,810,251,354.24
Non-operating income	15,671,872.57	9,145,988.43	1,978,069.08	9,743,857.77	-	36,539,787.85
Non-operating expenses	1,814,022.52	25,465,331.79	7,982.31	1,826,950.89	-	29,114,287.51
Total profit	1,253,862,324.82	548,525,766.50	880,646,748.47	134,642,014.79	-	2,817,676,854.58
Income taxes	323,767,010.52	149,819,356.48	58,916,501.71	665,217.79	-	533,168,086.50
Net profit	930,095,314.30	398,706,410.02	821,730,246.76	133,976,797.00	-	2,284,508,768.08
Total assets	40,542,778,395.33	20,980,238,503.69	7,768,609,961.30	8,631,798,034.81	-	77,923,424,895.13
Total liabilities	15,466,490,852.07	5,693,395,965.23	1,882,319,784.42	16,250,787,188.56	-	39,292,993,790.28
Supplementary information:	—	—	—	—	—	—
Depreciation and amortisation expenses	469,935,863.94	590,864,933.29	77,140,640.06	38,944,396.36	-	1,176,885,833.65
Capital expenditures	920,508,731.99	338,982,341.25	48,725,657.05	35,951,031.45	-	1,344,167,761.74
Non-cash expenses other than depreciation and amortisation	15,308,174.78	16,902,712.59	12,645,335.43	-	-	44,856,222.80
Increase in long-term equity investments in associates and joint ventures arising from the accounting	67,824,679.75	-4,026,320.76	789,805,369.97	324,631,463.74	-	1,178,235,192.70

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Notes to the Financial Statements

For the period ended 30 June 2023

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

73. SEGMENT REPORTING (CONTINUED)

January-June 2022

Item	Forwarding and related business	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income:	—	—	—	—	—	—
Income from external transaction	33,248,381,600.32	14,909,639,601.54	7,033,689,410.39	-	-	55,191,710,612.25
Income from inter-segment transaction	2,132,848,770.82	292,327,432.76	618,514,602.43	-	-3,043,690,806.01	-
Total operating income from segments	35,381,230,371.14	15,201,967,034.30	7,652,204,012.82	-	-3,043,690,806.01	55,191,710,612.25
Total operating costs	32,465,076,969.75	14,468,772,574.35	6,994,289,750.45	116,534,622.67	-	54,044,673,917.22
Impairment of assets (loss denoted by "-")	-	-	-	-	-	-
Credit impairment loss (loss denoted by "-")	-22,864,776.32	-18,980,791.03	-14,970,012.86	19.38	-	-56,815,560.83
Gain from changes in fair value (loss denoted by "-")	-	-	-	-77,818,030.86	-	-77,818,030.86
Investment income (loss denoted by "-")	37,719,554.44	5,229,030.36	943,673,942.75	341,712,935.83	-	1,328,335,463.38
Including: Income from investments in associates and joint ventures	37,719,554.44	5,229,030.36	943,673,942.75	193,661,003.66	-	1,180,283,531.21
Income from disposal of assets (loss denoted by "-")	-	-	-	6,543,026.37	-	6,543,026.37
Other income	507,065,576.09	32,497,838.97	129,680,935.93	11.64	-	669,244,362.63
Operating profit	1,305,224,984.78	459,613,105.49	1,097,784,525.76	153,903,339.69	-	3,016,525,955.72
Non-operating income	9,847,951.40	6,361,704.49	117,294.15	8,708,704.13	-	25,035,654.17
Non-operating expenses	37,559,625.46	6,717,523.22	95,661.24	-4,714,770.18	-	39,658,039.74
Total profit	1,277,513,310.72	459,257,286.76	1,097,806,158.67	167,326,814.00	-	3,001,903,570.15
Income tax expenses	340,533,568.29	139,239,813.49	69,541,589.28	3,937,547.51	-	553,252,518.57
Net profit	936,979,742.43	320,017,473.27	1,028,264,569.39	163,389,266.49	-	2,448,651,051.58
Total assets	39,522,015,587.10	22,445,339,661.08	9,601,035,663.42	7,989,656,615.35	-	79,558,047,526.95
Total liabilities	17,607,397,645.31	5,990,153,409.16	2,390,400,083.88	17,609,495,758.52	-	43,597,446,896.87
Supplementary information:	—	—	—	—	—	—
Depreciation and amortisation expenses	489,096,608.89	540,129,366.09	54,145,760.17	41,771,023.00	-	1,125,142,758.15
Capital expenditures	520,350,774.52	260,227,014.67	99,975,236.38	209,489,328.66	-	1,090,042,354.23
Non-cash expenses other than depreciation and amortisation	22,864,776.32	18,980,791.03	14,970,012.86	-19.38	-	56,815,560.83
Increase in long-term equity investments in associates and joint ventures arising from the accounting	85,665,598.95	1,540,859.06	936,479,530.54	35,103,803.99	-	1,058,789,792.54

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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	Proportion of shareholding (%)	Voting proportion (%)
China Merchants Group Co., Ltd.	Beijing	Conducting transportation undertaking and etc.	RMB16,900 million	—	—

2. RELATED INFORMATIONS ON SUBSIDIARIES IS PROVIDED IN NOTE VIII.

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS:

Name of related party	Nature
OCEAN LIFTER I LIMITED	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
RED BRAVES FINANCE LTD.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Anhui Sinotrans Wuhu Zhujiqiao Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Sinotrans Land Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Sinotrans Logistics Center Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Port Container Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Port & Barge Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Port Groceries Wharf Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dandong Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
China Freight Forwarding Fujian Hexi Storage & Transportation Company	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
Sinotrans Guangdong Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Yide Port Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Guangxi Guigang Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Nanning Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Automobile Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Associated Maritime Company (Hong Kong) Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hailong No. 12 (Tianjin) Leasing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hailong No. 15 (Tianjin) Leasing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Hebei Company Yuanshi Warehouse	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS Henan, Jiuling Transport & Storage Co.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Jiangsu Foreign Transportation Container Station Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jiangsu Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Liaoning Port Holding (Yingkou) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Liaoning Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Inner Mongolia Inland Bonded Logistics Park 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

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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
Panjin Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Xiamen Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shandong Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Warehouse Pudong Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Yangxing Storage & Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SCSC International Merchant & Shipping (Hong Kong) Company Limited	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
Shanghai China Merchants Ming Wah Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sinotrans Anda Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sinotrans Qiantang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS Shanghai Zhang HUA BANG Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shekou Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan Tug Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Lianda Tug Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Magang Cangma Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans International Trading Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Merchants Home Technology Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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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
Sichuan Sinotrans Storage Service Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Tianjin Sinotrans Binhai Logistics Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wenzhou Sinotrans Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Changjiang Shipping Planning Design Institute	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wuhan Changwei International Shipping Industry Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wuhan Merchants Roll-on-roll Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hong Kong Ming Wah Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Xinjiang Sinotrans Regional Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Gangtong e-commerce Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Xingang Ore Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
LONG LINK LIMITED	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port (Group) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port International Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhangzhou China Merchants Port Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhangzhou China Merchants Tugboat Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Cargo Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Wuhan Qingshan Shipyard Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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For the period ended 30 June 2023
(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
Long Distance Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Gangrong Big Data Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Bonded Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants International Technology Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants International Terminal (Qingdao) Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Container Service Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Group Finance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Jinling Shipyard Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Jinling SHIPYARD (Weihai) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Tanker Corporation	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Automobile Trading Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Investment Development Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CHINA MERCHANTS INVESTMENTS LIMITED	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Viking Cruise Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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For the period ended 30 June 2023

(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
Zhengzhou Merchants Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Alashankou Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Beijing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Gansu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Hebei Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jiangsu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jiangxi Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Lianyungang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Nantong Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Inner Mongolia Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shaanxi Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Sunny Express Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS & CSC	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Yangtze River Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Container Lines (Hainan) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Sinotrans Container Lines Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shanghai (Group) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shanghai (Group) Property Development Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing CSC Tianyi Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	Joint ventures of the Group
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Joint ventures of the Group
Jiangsu Sinotrans Lvsi Port Heavy Logistics Development Co., Ltd.	Joint ventures of the Group
Yantai Comprehensive Bonded Zone Baoyuntong Supply Chain Management Co., Ltd.	Joint ventures of the Group
MAXX LOGISTICS FZCO.	Joint ventures of the Group
Beijing Medlink Supply Chain Management Co., Ltd.	Joint ventures of the Group
Beijing Sinotrans Huali Logistics Co., Ltd.	Joint ventures of the Group
Dongguan Port Container Terminals Co., Ltd.	Joint ventures of the Group
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Joint ventures of the Group
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Joint ventures of the Group
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Joint ventures of the Group
Ningbo Dagang New Century Container Co., Ltd.	Joint ventures of the Group
Ningbo Taiping Int'L Trade Transportation	Joint ventures of the Group
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	Joint ventures of the Group
Rongyun (Xiamen) Supply Chain Co., Ltd.	Joint ventures of the Group
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Joint ventures of the Group
SIPG Sinotrans Container Depot Co., Ltd.	Joint ventures of the Group
Shanghai Tongyun International Logistics Co., Ltd.	Joint ventures of the Group
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	Joint ventures of the Group

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Notes to the Financial Statements

For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
China United Tally (Shenzhen) Co., Ltd.	Joint ventures of the Group
Shenyang Jinyun Automobile Logistics Co., Ltd.	Joint ventures of the Group
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	Joint ventures of the Group
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	Joint ventures of the Group
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	Joint ventures of the Group
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Joint ventures of the Group
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Joint ventures of the Group
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Joint ventures of the Group
Sinotrans Logistics (Pakistan) Limited	Joint ventures of the Group
Sinotrans Philippines Inc.	Joint ventures of the Group
Sinotrans Suzhou Logistics Center Co., Ltd.	Joint ventures of the Group
Sinotrans Turkey Limited	Joint ventures of the Group
Sinotrans India Limited	Joint ventures of the Group
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Joint ventures of the Group
DHL-Sinotrans International Air Courier Ltd.	Joint ventures of the Group
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	Joint ventures of the Group
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Joint ventures of the Group
Sinotrans PFIs Cold Chain Logistics Co., Ltd.	Joint ventures of the Group
Nissin-Sinotrans International Logistics Co., Ltd.	Joint ventures of the Group
Sinotrans Sarens Logistics Co., Ltd.	Joint ventures of the Group
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Joint ventures of the Group
China-Vietnam Sinotrans Logistics Co., Ltd.	Joint ventures of the Group
Sinotrans PFS Yida (Shanghai) Logistics Co., Ltd.	A subsidiary of a joint venture of the Group
China Changjiang Bunker (Sinopec) Co., Ltd.	A joint venture of the ultimate controlling party
Shenzhen China Changjiang Bunker (sinopec) Co., Ltd.	A subsidiary of a joint venture of the ultimate controlling party
Jiangsu China Changjiang Bunker (Sinopec) Co., Ltd.	A subsidiary of a joint venture of the ultimate controlling party
Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	An associate 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
Loscam International Holdings Co., Ltd.	An associate of the Group
NEW SILKWAY LOGISTICS B.V.	An associate of the Group
Guangxi Yunyu Port Co., Ltd.	An associate of the Group
Jiangsu Jiangyin Port Group Co., Ltd.	An associate of the Group
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	An associate of the Group
Land and Sea New Channel Operation Co. Ltd.	An associate of the Group
Ma'anshan Tianshun Port Co., Ltd.	An associate of the Group
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	An associate of the Group
Nanjing Zhiyun Supply Chain Management Co., Ltd.	An associate of the Group
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	An associate of the Group
Shanghai Pu'an Storage Co., Ltd.	An associate of the Group
Shenzhen Haiyitong Technology Co., Ltd.	An associate of the Group
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	An associate of the Group
Shenyang Henglu Logistics Co., Ltd.	An associate of the Group
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	An associate of the Group
Tianjin Runfeng Logistics Co., Ltd.	An associate of the Group
Weihai Weidong Shipping Co., Ltd.	An associate of the Group
Wuhan Port Container Co., Ltd.	An associate of the Group
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	An associate of the Group
China International Exhibition Transportation Co., Ltd.	An associate of the Group
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	An associate of the Group
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	A subsidiary of an associate of the Group
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	A subsidiary of an associate of the Group
China Merchants Bank Co., Ltd.	An associate of the ultimate controlling party
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	An associate of the ultimate controlling party
China Merchants Wealth Asset Management Co., Ltd.	A subsidiary of an associate of the ultimate controlling party

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Notes to the Financial Statements

For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD

(1) Pricing policy and basis

- 1) In the process of providing freight forwarding and professional logistics services to customers, the Group has more demand for procurement of various transportation services and terminal services, etc., and the related parties are large domestic shipping and port operators, so there is a demand for the Group to procure shipping, container transportation and special equipment transportation and other related transportation services and terminal services from the related parties in its daily operations. At the same time, due to the different geographical distribution of business between the Group and Sinotrans Group's enterprises and some joint ventures and associates, there is also a demand for the Group to procure logistics services such as freight forwarding from the related parties. As the Group is a leading integrated logistics service provider in China, there is a demand for the Group to procure ship agency services, freight forwarding services, warehousing services and leasing logistics equipment from the related parties.

- 2) On 28 October 2020, the Company renewed the Integrated Service Agreement with China Merchants, which is effective from 1 January 2021 to 31 December 2023. Pursuant to the agreement, the pricing of the Group's connected transactions with China Merchants and its subsidiaries will be priced with reference to the market prices charged by independent third parties for the provision of equivalent or similar services in the same region in the ordinary course of business and on normal commercial terms. The agreement stipulates that the Group shall provide transportation and logistics services to China Merchants Group up to a limit of RMB2.5 billion in 2021, RMB3.250 billion in 2022 and RMB4.225 billion in 2023; the Group shall accept transportation and logistics services from China Merchants Group up to a limit of RMB3.5 billion in 2021, RMB4.550 billion in 2022 and RMB5.915 billion in 2023. On 22 December 2020, the Integrated Service Agreement was approved by the Shareholders' meeting of the Company.

The Group's daily business operations require the continuous and stable use of office properties, warehouses, yards, container handling stations and real estate operated by related parties for production offices, as well as the leasing of land, buildings and logistics and transportation equipment from related parties. On 28 October 2020, the Company signed the Property Lease Agreement with China Merchants, which is effective from 1 January 2021 to 31 December 2023. According to the agreement, the pricing of the Group's connected transactions with China Merchants and its affiliates will refer to the market price of similar properties or warehouses for the same period, which may be adjusted by both parties annually. The limit for the Group to lease properties from related parties is not more than RMB825 million in 2021, RMB920 million in 2022 and RMB1,026 million in 2023.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(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 Bank), 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.

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Notes to the Financial Statements

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(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 period	Prior period
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	428,815,450.45	381,131,373.39
Sinotrans Container Lines Co., Ltd.	Transportation and related services	243,700,085.91	217,913,481.10
China Merchants Group Finance Co., Ltd.	Interest income	38,563,845.62	36,864,115.26
Associated Maritime Company (Hong Kong) Limited	Transportation and related services	42,849,219.14	28,383,752.13
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation and related services	32,844,876.61	19,116,747.20
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Transportation and related services	12,366,284.23	7,566,037.73
Sinotrans Container Lines (Hainan) Co., Ltd.	Transportation and related services	9,011,166.28	—
Hong Kong Ming Wah Shipping Company Limited	Transportation and related services	6,149,405.29	14,824,268.22
Shekou Container Terminal Co., Ltd.	Transportation and related services	4,320,500.20	711,361.25
Sinotrans Inner Mongolia Co., Ltd.	Transportation and related services	4,093,741.00	3,452,873.72
CSC Cargo Co., Ltd.	Transportation and related services	3,911,654.95	3,813,557.22
China Merchants Viking Cruise Co., Ltd.	Transportation and related services	3,704,854.73	980,862.94
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Transportation and related services	3,356,045.45	6,586,193.83
China Merchants Jinling SHIPYARD (Weihai) Co., Ltd.	Transportation and related services	3,203,694.93	1,285,161.23
Dalian Port Container Logistics Co., Ltd.	Transportation and related services	2,638,069.20	2,291,477.42
China Merchants Automobile Trading Co., Ltd.	Transportation and related services	2,223,777.40	—
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related services	1,871,144.88	2,431,737.22
Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	Transportation and related services	1,739,300.16	2,284,458.40
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related services	1,601,908.32	1,379,595.15
China Yangtze River Shipping Co., Ltd.	Transportation and related services	1,518,190.75	1,154,107.25
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	Fund advisory services	1,486,167.11	1,488,167.11
Nanjing Tanker Corporation	Transportation and related services	1,077,340.90	1,354,788.40
Long Distance Transportation Co., Ltd.	Transportation and related services	1,031,815.76	—
Sinotrans Gansu Co., Ltd.	Transportation and related services	—	9,597,745.17
Yingkou Gangtong e-commerce Co., Ltd.	Transportation and related services	—	2,166,120.80
CSC Wuhan Qingshan Shipyard Co., Ltd.	Transportation and related services	—	1,632,016.90
Sinotrans Shaanxi Co., Ltd.	Transportation and related services	—	1,282,821.98
Others	Transportation and related services etc.	5,552,361.63	12,569,925.76

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

1) Sales of goods and provision of services (Continued)

Name of related party	Content of connected transactions	Current period	Prior period
Joint ventures and their subsidiaries	—	312,372,732.73	467,242,454.11
Ningbo Taiping Int'L Trade Transportation	Transportation and related services	69,276,011.59	247,038,996.41
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Transportation and related services	63,031,854.77	-
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Transportation and related services	49,620,891.93	-
DHL-Sinotrans International Air Courier Ltd.	Transportation and related services	29,616,379.71	38,555,804.43
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related services	20,465,183.79	51,410,767.01
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related services	13,252,427.96	16,753,624.08
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	13,190,303.95	3,127,412.16
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related services	11,641,798.70	6,326,416.35
Beijing Medlink Supply Chain Management Co., Ltd.	Transportation and related services	11,574,249.94	16,448,176.61
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related services	6,874,113.13	3,224,535.80
Sinotrans PFIs Cold Chain Logistics Co., Ltd.	Transportation and related services	6,105,863.91	1,939,126.01
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	Transportation and related services	4,376,647.78	3,714,409.32
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related services	2,382,775.91	4,591,002.21
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related services	2,290,743.79	2,290,526.49
Nissan-Sinotrans International Logistics Co., Ltd.	Transportation and related services	2,225,740.03	38,628,575.03
MAXX LOGISTICS FZCO.	Transportation and related services	1,589,921.76	2,380,398.56
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation and related services	1,042,191.92	1,019,069.09
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	Transportation and related services	948,509.19	1,131,330.61
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related services	77,706.88	11,902,689.15
Jiangsu Nissan Sinotrans International Transportation Co., Ltd.	Transportation and related services	5,699.85	3,261,729.08
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	Transportation and related services	-	8,830,761.73
Others	Transportation and related services etc.	2,783,716.24	4,667,103.98

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For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

1) Sales of goods and provision of services (Continued)

Name of related party	Content of connected transactions	Current period	Prior period
Associates and their subsidiaries	—	60,193,181.11	45,539,861.39
Weihai Weidong Shipping Co., Ltd.	Transportation and related services	14,599,970.00	11,092,147.38
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related services	10,261,916.74	7,486,086.54
Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	Transportation and related services	8,166,032.69	—
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	Transportation and related services	7,021,895.79	5,675,634.91
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	Transportation and related services	4,126,718.64	3,896,165.19
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Transportation and related services	4,047,619.06	4,047,619.06
Tianjin Runfeng Logistics Co., Ltd.	Transportation and related services	3,249,630.06	1,665,544.78
Land and Sea New Channel Operation Co. Ltd.	Transportation and related services	2,444,839.11	1,153,599.29
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related services	1,978,928.32	3,629,935.88
Sinotrans PFS Yida (Shanghai) Logistics Co., Ltd.	Transportation and related services	1,769,422.53	—
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	Transportation and related services	1,006,290.00	—
NEW SILKWAY LOGISTICS B.V.	Transportation and related services	102,909.59	3,571,066.72
Shanghai Pu'an Storage Co., Ltd.	Transportation and related services	—	1,440,592.24
Others	Transportation and related services etc.	1,417,008.58	1,881,469.40
Joint ventures and subsidiaries of the ultimate controlling party	—	273,852.66	—
Jiangsu China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	193,683.35	—
China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	55,406.61	—
Shenzhen China Changjiang Bunker (sinopec) Co., Ltd.	Transportation and related services	24,762.70	—
An associate of the ultimate controlling party	—	3,499,486.89	3,754,391.20
China Merchants Bank Co., Ltd.	Interest income	3,442,883.12	3,754,391.20
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Transportation and related services	56,603.77	—
Total sales of goods and services	—	805,154,703.84	897,668,080.09

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services

Name of related party	Content of connected transactions	Current period	Prior period
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	1,167,209,873.20	896,277,447.60
Sinotrans Container Lines Co., Ltd.	Transportation and related services	666,313,518.37	465,924,959.11
Sinotrans Container Lines (Hainan) Co., Ltd.	Transportation and related services	98,699,501.98	—
Nanjing Tanker Corporation	Transportation and related services	98,431,242.31	108,614,395.98
Shenzhen Merchants Home Technology Co., Ltd.	Purchase of goods	31,557,542.22	18,197,570.27
Shanghai Foreign Trade Warehouse Pudong Company	Transportation and related services	21,579,463.01	—
Dalian Port & Barge Company	Transportation and related services	18,400,199.58	14,900,245.34
SCSC International Merchant & Shipping (Hong Kong) Company Limited	Transportation and related services	14,902,456.57	19,950,000.00
Zhanjiang Port (Group) Co., Ltd.	Transportation and related services	14,839,814.80	21,551,429.12
Sinotrans Alashankou Company	Transportation and related services	14,552,897.84	8,851,845.36
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related services	13,826,938.43	—
China Merchants Property Management Co., Ltd.	Property management fee	10,272,337.22	4,574,748.78
Dandong Port Group Co., Ltd.	Transportation and related services	9,848,217.86	6,176,081.89
Dalian Container Terminal Co., Ltd.	Transportation and related services	9,144,044.12	6,279,351.00
China Merchants Bonded Logistics Co., Ltd.	Transportation and related services	8,796,041.49	3,244,700.09
China Merchants International Terminal (Qingdao) Limited	Transportation and related services	8,436,646.46	9,343,997.73
Liaoning Port Holding (Yingkou) Co., Ltd.	Transportation and related services	8,271,423.55	1,694,853.42
Inner Mongolia Inland Bonded Logistics Park Co., Ltd.	Transportation and related services	6,995,252.27	—
China Merchants Group Finance Co., Ltd.	Interest expense, fees	5,290,441.77	7,820,506.14
Xinjiang Sinotrans Regional Storage and Transportation Co., Ltd.	Transportation and related services	5,152,200.00	—
Shenzhen Lianda Tug Co., Ltd.	Transportation and related services	5,101,252.83	3,344,881.61
Zhanjiang Port International Container Terminal Co., Ltd.	Transportation and related services	4,726,929.16	1,280,882.06
Dalian Port Groceries Wharf Co., Ltd.	Transportation and related services	4,598,464.23	2,325,771.70
Yingkou Xingang Ore Terminal Co., Ltd.	Transportation and related services	4,441,180.95	12,673,710.68
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Transportation and related services	4,261,134.78	—
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Property management fee	3,730,555.73	3,675,601.78
CSC Cargo Co., Ltd.	Transportation and related services	3,699,507.89	1,927,150.46
Shenzhen Chiwan Tug Co., Ltd.	Transportation and related services	3,608,001.22	3,735,908.23
SINOTRANS Shanghai Zhang HUA BANG Storage and Transportation Co., Ltd.	Transportation and related services	3,373,092.45	—
Panjin Port Group Co., Ltd.	Transportation and related services	2,636,627.37	2,851,016.98
Wuhan Changwei International Shipping Industry Co., Ltd.	Transportation and related services	2,480,332.43	3,567,218.50
SINOTRANS & CSC	Technical service fee	2,254,867.23	2,924,913.29
Wuhan Merchants Roll-on-roll Transportation Co., Ltd.	Transportation and related services	2,091,669.72	2,064,060.26
Sinotrans Shanghai (Group) Co., Ltd.	Transportation and related services	2,006,368.27	2,944,268.80
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Transportation and related services	1,952,195.43	13,316,934.89

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For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current period	Prior period
Wenzhou Sinotrans Logistics Co., Ltd.	Transportation and related services	1,820,734.24	79,975.80
Changjiang Shipping Planning Design Institute	Expenditures on construction in progress	1,695,509.88	486,320.75
Zhangzhou China Merchants Port Co., Ltd.	Transportation and related services	1,674,587.02	3,659,806.35
Sinotrans Jiangsu Logistics Co., Ltd.	Transportation and related services	1,582,490.02	924,507.58
Guangdong Yide Port Co., Ltd.	Transportation and related services	1,549,623.49	1,613,594.62
Guangxi Sinotrans Nanning Storage and Transportation Co., Ltd.	Transportation and related services	1,492,800.06	1,492,800.06
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Transportation and related services	1,428,571.43	1,257,142.86
Zhangzhou China Merchants Tugboat Company Limited	Transportation and related services	1,388,867.81	1,241,698.00
Liaoning Sinotrans Co., Ltd.	Transportation and related services	1,328,598.12	-
Shanghai Investment Promotion Bureau Property Management Co., Ltd.	Property management fee	1,319,188.46	-
Guangxi Sinotrans Automobile Transportation Co., Ltd.	Transportation and related services	1,310,400.06	1,310,400.06
Sinotrans Hebei Company Yuanshi Warehouse	Transportation and related services	1,190,886.00	1,502,852.02
Shekou Container Terminal Co., Ltd.	Transportation and related services	1,186,281.57	5,346,174.05
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Transportation and related services	1,108,069.71	-
Tianjin Sinotrans Binhai Logistics Management Co., Ltd.	Transportation and related services	1,101,861.97	789,326.21
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related services	1,085,542.02	1,006,998.22
Sinotrans Shanghai (Group) Property Development Co., Ltd.	Transportation and related services	844,180.82	1,317,409.97
China Merchants International Technology Co., Ltd.	Transportation and related services	792,244.09	1,082,808.25
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation and related services	755,627.59	8,716,372.10
Jiangsu Foreign Transportation Container Station Co., Ltd.	Transportation and related services	651,774.29	1,026,665.29
Anhui Sinotrans Wuhu Zhujiqiao Storage and Transportation Co., Ltd.	Transportation and related services	381,389.80	1,216,123.08
Sinotrans Lianyungang Co., Ltd.	Transportation and related services	322,101.64	1,082,876.73
Sinotrans Hebei Co., Ltd.	Transportation and related services	275,187.24	3,210,790.75
Sinotrans Jiangsu Co., Ltd.	Transportation and related services	273,356.27	1,374,507.36
Shenzhen Magang Cangma Co., Ltd.	Transportation and related services	196,411.93	1,269,446.98
Sinotrans Guangdong Co., Ltd.	Transportation and related services	19,926.15	1,431,314.89
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Transportation and related services	-	28,847,888.67
Sinotrans Sunny Express Co., Ltd.	Transportation and related services	-	28,833,522.62
Hailong No. 12 (Tianjin) Leasing Co., Ltd.	Transportation and related services	-	8,628,318.57
Zhengzhou Merchants Logistics Co., Ltd.	Transportation and related services	-	6,862,318.69
Sinotrans Gansu Co., Ltd.	Transportation and related services	-	3,116,706.55
China Yangtze River Shipping Co., Ltd.	Transportation and related services	-	1,829,162.09
China Merchants Property Management Co., Ltd.	Transportation and related services	-	1,382,363.83
SINOTRANS Henan, Jiuling Transport & Storage Co.	Transportation and related services	-	1,206,000.00
Others	Transportation and related services etc.	24,161,301.98	19,374,251.13

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current period	Prior period
Joint ventures and their subsidiaries	—	478,596,918.36	493,683,383.59
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Transportation and related services	184,583,690.24	203,942,492.17
Sinotrans Turkey Limited	Transportation and related services	82,180,678.55	35,421,469.90
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Transportation and related services	45,704,623.46	24,787,175.45
DHL-Sinotrans International Air Courier Ltd.	Transportation and related services	29,774,151.91	37,725,339.44
Beijing Sinotrans Huaili Logistics Co., Ltd.	Transportation and related services	25,787,256.75	16,530,983.04
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	21,412,409.79	17,729,574.30
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related services	15,994,390.35	53,112,582.97
Sinotrans Suzhou Logistics Center Co., Ltd.	Transportation and related services	14,687,952.18	8,637,161.92
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Transportation and related services	12,073,407.76	20,795,602.67
Dongguan Port Container Terminals Co., Ltd.	Transportation and related services	11,146,410.51	3,393,075.46
Sinotrans Logistics (Pakistan) Limited	Transportation and related services	4,357,809.15	13,575,153.09
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related services	3,825,157.28	4,440,038.93
Jiangsu Sinotrans Lvsj Port Heavy Logistics Development Co., Ltd.	Transportation and related services	3,064,156.22	-
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	Transportation and related services	3,045,881.60	639,406.25
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	Transportation and related services	2,722,917.53	-
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related services	2,336,404.80	771,042.30
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	Transportation and related services	2,021,556.23	1,904,975.26
Ningbo Dagang New Century Container Co., Ltd.	Transportation and related services	1,973,583.34	10,259.50
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	Transportation and related services	1,938,910.22	1,337,339.42
Shenyang Jinyun Automobile Logistics Co., Ltd.	Transportation and related services	1,840,125.46	2,647,658.24
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related services	1,374,440.69	9,743,810.97
Yantai Comprehensive Bonded Zone Baoyuntong Supply Chain Management Co., Ltd.	Transportation and related services	1,163,100.00	203,000.00
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related services	1,078,162.43	2,848,053.70
Ningbo Taiping Int'L Trade Transportation	Transportation and related services	745,995.36	1,456,497.65
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Transportation and related services	544,608.36	2,877,352.29
MAXX LOGISTICS FZCO.	Transportation and related services	95,755.88	1,625,638.16
Rongyun (Xiamen) Supply Chain Co., Ltd.	Transportation and related services	-	1,334,538.14
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation and related services	-	5,933,682.82
Sinotrans India Limited	Transportation and related services	-	2,774,237.57
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	Transportation and related services	-	14,512,008.36
Others	Transportation and related services etc.	3,123,382.31	2,973,233.62

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For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current period	Prior period
Associates and their subsidiaries	—	254,152,122.39	258,588,051.92
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	Transportation and related services	74,662,018.99	42,897,914.48
Weihai Weidong Shipping Co., Ltd.	Transportation and related services	56,938,489.63	79,708,160.96
Jiangsu Jiangyin Port Group Co., Ltd.	Transportation and related services	33,878,703.13	12,631,580.34
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related services	17,602,780.42	19,758,591.89
Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	Transportation and related services	14,112,334.73	—
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related services	8,850,952.12	27,384,772.09
China International Exhibition Transportation Co., Ltd.	Transportation and related services	8,825,957.75	—
Ma'anshan Tianshun Port Co., Ltd.	Transportation and related services	7,861,817.94	3,739,631.99
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	Transportation and related services	7,147,016.40	6,588,349.86
Wuhan Port Container Co., Ltd.	Transportation and related services	6,974,066.98	4,206,759.93
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	Transportation and related services	4,980,797.34	3,392,186.11
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	Transportation and related services	4,757,160.59	3,877,970.09
Shenyang Henglu Logistics Co., Ltd.	Transportation and related services	2,811,291.56	4,229,964.53
Land and Sea New Channel Operation Co. Ltd.	Transportation and related services	1,351,973.33	35,542,981.34
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	Transportation and related services	—	13,190,515.14
Others	Transportation and related services etc.	3,396,761.48	1,438,673.17
An associate of the ultimate controlling party	—	3,928,191.40	7,114,662.72
China Merchants Bank Co., Ltd.	Interest expense, fees	3,928,191.40	7,114,662.72
Total purchases of goods and services	—	1,903,887,105.35	1,655,663,545.83

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(3) Balance of major creditor's rights and debts

Item	Name of related party	Closing balance	Opening balance
Cash and bank balances	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	3,387,430,905.02	4,568,784,303.97
	China Merchants Group Finance Co., Ltd.	3,387,430,905.02	4,568,784,303.97
	Associates of the ultimate controlling party	1,261,428,102.05	187,078,255.14
	China Merchants Bank Co., Ltd.	1,261,428,102.05	187,078,255.14
	Total cash and bank balances	4,648,859,007.07	4,755,862,559.11
Accounts receivable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	50,762,974.87	67,524,036.57
	Sinotrans Container Lines Co., Ltd.	11,801,105.33	9,577,530.53
	Sinotrans Container Lines (Hong Kong) Co., Ltd.	9,783,549.07	3,836,506.41
	China Merchants Heavy Industry (Jiangsu) Co., Ltd.	4,034,692.51	2,594,862.22
	Nanjing Tanker Corporation	3,799,562.47	4,011,810.07
	Beijing Sinotrans Land Transportation Co., Ltd.	3,700,000.00	3,700,000.00
	Sinotrans Container Lines (Hainan) Co., Ltd.	3,184,582.97	-
	Beijing Sinotrans Logistics Center Co., Ltd.	3,000,000.00	3,000,000.00
	CSC Cargo Co., Ltd.	1,756,976.10	2,407,671.04
	CSC Wuhan Qingshan Shipyard Co., Ltd.	1,353,834.61	1,853,834.61
	LONG LINK LIMITED	1,281,505.03	1,281,505.03
	Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	881,466.50	1,004,803.07
	YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	733,625.77	4,026,509.59
	Shanghai China Merchants Ming Wah Shipping Company Limited	487,630.16	10,944,288.46
	Associated Maritime Company (Hong Kong) Limited	421,055.80	4,172,300.14
	Shekou Container Terminal Co., Ltd.	151,400.00	4,690,180.00
	Nanjing Jinling Shipyard Co., Ltd.	7,145.00	2,060,670.13
	China Merchants Investment Development Company Limited	-	2,230,817.44
	Others	4,384,843.55	6,130,747.83
	Joint ventures and associates and their subsidiaries	141,177,374.80	159,452,264.98
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	37,512,676.53	67,437,048.16
	SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	14,582,681.78	15,649,128.59
	China-Vietnam Sinotrans Logistics Co., Ltd.	12,919,790.43	5,065,038.36
	Nissin-Sinotrans International Logistics Co., Ltd.	12,802,649.51	13,212,725.91
	DHL-Sinotrans International Air Courier Ltd.	7,666,539.67	7,978,476.12
	Sinotrans Sarens Logistics Co., Ltd.	6,667,461.98	1,619,468.08
	Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	6,001,953.46	12,488,653.55
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	5,777,791.17	3,871,831.07	
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	5,513,725.45	2,684,700.60	
Land and Sea New Channel Operation Co. Ltd.	4,083,361.68	-	
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	3,916,391.78	1,626,814.03	
Sinotrans Logistics (Pakistan) Limited	3,602,000.00	3,602,000.00	
Beijing Medlink Supply Chain Management Co., Ltd.	2,920,186.15	5,334,806.06	

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Notes to the Financial Statements

For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Weihai Weidong Shipping Co., Ltd.	2,358,389.05	2,754,758.84
	Loscam Supply Chain Management (Jiaxing) Co., Ltd.	2,181,621.07	1,255,891.87
	Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	1,799,058.23	612,786.74
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	1,296,078.84	-
	Shanghai Tongyun International Logistics Co., Ltd.	1,253,225.97	3,957,306.09
	Beijing Sinotrans Huali Logistics Co., Ltd.	1,129,313.73	1,180,540.29
	Dongguan Port Container Terminals Co., Ltd.	1,116,746.13	989,214.33
	MAXX LOGISTICS FZCO.	-	2,441,599.93
	Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	-	1,110,036.75
	Others	6,075,732.19	4,579,439.61
	Total accounts receivable	191,940,349.67	226,976,301.55
Other receivables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	34,967,968.17	27,355,038.55
	Sinotrans Beijing Co., Ltd.	5,474,301.47	5,474,301.47
	China Merchants Investment Development Company Limited	4,573,481.57	4,573,481.57
	Zhengzhou Merchants Logistics Co., Ltd.	3,875,317.48	3,628,239.48
	SINOTRANS & CSC	2,543,575.23	288,708.00
	China Merchants Bonded Logistics Co., Ltd.	2,476,686.30	2,363,994.52
	China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	2,055,479.44	3,001,000.00
	Sinotrans Nantong Co., Ltd.	1,647,030.00	-
	Beijing Aocheng Wuhe Real Estate Co., Ltd.	1,513,659.12	1,513,659.12
	Sinotrans Jiangsu Co., Ltd.	1,504,084.17	391,617.97
	Beijing Sinotrans Land Transportation Co., Ltd.	1,377,542.03	1,377,542.03
	China Merchants International Terminal (Qingdao) Limited	1,340,000.00	1,320,000.00
	Others	6,586,811.36	3,422,494.39
	Joint ventures and associates and their subsidiaries	79,933,977.09	73,734,541.38
	Shenyang Jinyun Automobile Logistics Co., Ltd.	20,209,247.88	23,228,254.61
	MAXX LOGISTICS FZCO.	17,037,674.28	16,449,074.18
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	11,326,019.15	5,935,000.00
	Sinotrans Logistics (Pakistan) Limited	6,726,778.42	5,686,300.79
	DHL-Sinotrans International Air Courier Ltd.	4,430,766.92	7,168,000.00
	Sinotrans Turkey Limited	3,352,997.30	1,602,628.42
	Sinotrans Philippines Inc.	2,866,660.60	2,485,043.39
	Guangxi Yunyu Port Co., Ltd.	2,680,000.00	2,680,000.00
	Sinotrans India Limited	2,672,776.66	905,024.42
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	1,147,190.85	1,050,875.16
	Beijing Sinotrans Huali Logistics Co., Ltd.	-	1,000,000.00
	Others	7,483,865.03	5,544,340.41
	Total other receivables	114,901,945.26	101,089,579.93

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Dividend receivables	Joint ventures and associates	78,706,522.60	38,223,072.98
	Loscam International Holdings Co., Ltd.	48,666,150.00	-
	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	24,000,000.00	24,000,000.00
	China International Exhibition Transportation Co., Ltd.	2,797,362.80	2,797,362.80
	SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	1,860,983.72	1,860,983.72
	Shenyang Henglu Logistics Co., Ltd.	1,382,026.08	-
	Xinjiang New Railway Sinotrans Logistics Co., Ltd.	-	5,168,041.35
	SIPG Sinotrans Container Depot Co., Ltd.	-	4,396,685.11
Interest receivables	Joint ventures and associates	1,084,922.77	1,736,849.64
	MAXX LOGISTICS FZCO.	1,084,922.77	1,736,849.64
Prepayments	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	8,143,669.67	10,428,819.01
	China Freight Forwarding Fujian Hexi Storage & Transportation Company	2,288,862.92	10,000.00
	Zhanjiang Port (Group) Co., Ltd.	1,398,056.04	465,854.92
	China Merchants International Terminal (Qingdao) Limited	1,103,598.73	541,700.00
	Liaoning Port Holding (Yingkou) Co., Ltd.	600,868.00	1,070,190.71
	China Merchants Gangrong Big Data Co., Ltd.	591,930.81	1,991,827.08
	Dandong Port Group Co., Ltd.	163,050.89	1,057,703.41
	Ningbo Daxie Merchants International Terminal Co., Ltd.	-	4,595,117.74
	Others	1,997,302.28	696,425.15
	Joint ventures and associates	194,933,766.76	239,698,112.11
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	178,699,689.85	184,386,376.85
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	6,095,000.52	13,580,718.05
	Sinotrans Logistics (Pakistan) Limited	3,191,844.20	3,830,707.73
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	1,150,839.80	7,500,000.00
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	1,005,451.60	-
	Beijing Sinotrans Huali Logistics Co., Ltd.	1,000,000.00	-
	Jiangsu Jiangyin Port Group Co., Ltd.	600,000.00	9,157,746.08
	Weihai Weidong Shipping Co., Ltd.	88,570.00	3,871,203.63
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	10,614,940.35
	Tangshan Port Sinotrans Shipping Agency Co., Ltd.	-	1,437,766.65
Shenyang Jinyun Automobile Logistics Co., Ltd.	-	1,401,111.39	
DHL-Sinotrans International Air Courier Ltd.	-	1,312,335.35	
Others	3,102,370.79	2,605,206.03	
Total prepayments		203,077,436.43	250,126,931.12

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Notes to the Financial Statements

For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Non-current assets due within one year	Joint ventures and associates	12,325,000.00	12,325,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	7,125,000.00	7,125,000.00
	Shanghai Pu'an Storage Co., Ltd.	5,200,000.00	5,200,000.00
Long-term receivables	Joint ventures and associates	33,895,000.00	36,495,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	21,375,000.00	21,375,000.00
	Shanghai Pu'an Storage Co., Ltd.	12,520,000.00	15,120,000.00
Accounts payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	184,272,197.07	241,069,911.67
	Zhengzhou Merchants Logistics Co., Ltd.	34,454,997.70	27,397,397.39
	Nanjing Tanker Corporation	24,986,950.68	9,672,150.11
	Sinotrans Container Lines (Hainan) Co., Ltd.	24,410,619.80	19,542,790.02
	SCSC International Merchant & Shipping (Hong Kong) Company Limited	22,221,773.51	12,750,000.00
	Sinotrans Container Lines Co., Ltd.	17,071,416.56	86,842,678.59
	Hailong No. 15 (Tianjin) Leasing Co., Ltd.	6,500,000.00	6,500,000.00
	Sinotrans Alashankou Company	4,955,182.58	1,563,637.63
	China Freight Forwarding Fujian Hexi Storage & Transportation Company	4,120,517.00	-
	Inner Mongolia Inland Bonded Logistics Park Co., Ltd.	3,554,523.66	-
	Dalian Container Terminal Co., Ltd.	3,312,682.00	6,410,039.10
	Shekou Container Terminal Co., Ltd.	3,094,985.00	3,087,955.00
	Shenzhen Lianda Tug Co., Ltd.	2,807,664.50	1,362,907.00
	Zhanjiang Port (Group) Co., Ltd.	2,579,237.48	2,402,624.63
	Chongqing CSC Tianyi Logistics Co., Ltd.	2,292,666.58	288,568.32
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	2,049,771.37	2,049,771.37
	Shenzhen Chiwan Tug Co., Ltd.	1,711,585.00	569,531.00
	China Merchants International Terminal (Qingdao) Limited	1,696,204.52	36,365.95
	Ningbo Daxie Merchants International Terminal Co., Ltd.	1,582,388.76	-
	CSC Cargo Co., Ltd.	1,534,533.24	4,969,479.00
	Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	1,500,000.00	-
	SINOTRANS Henan, Jiuling Transport & Storage Co.	1,301,926.48	9,307,105.38
	Zhanjiang Port International Container Terminal Co., Ltd.	1,228,319.60	3,108,772.10
	Sinotrans Hebei Company Yuanshi Warehouse	1,186,000.00	-
	Wuhan Changwei International Shipping Industry Co., Ltd.	1,078,063.33	1,363,674.65
	China Merchants Container Service Co., Ltd.	875,621.22	1,895,112.56
	Zhanjiang Port Petrochemical Terminal Co., Ltd.	3,185.91	12,615,448.68
	Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	1,800.00	1,025,065.86
	Yingkou Xingang Ore Terminal Co., Ltd.	-	9,208,829.16
	Hailong No. 12 (Tianjin) Leasing Co., Ltd.	-	7,150,000.00
	Shanghai Sinotrans Qiantang Co., Ltd.	-	2,153,894.31
	Sinotrans Guangxi Guigang Company	-	1,234,083.33
	Others	12,159,580.59	6,562,030.53

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Joint ventures and associates and their subsidiaries	201,790,900.44	355,651,776.72
	Xinjiang New Railway Sinotrans Logistics Co., Ltd.	62,996,007.62	-
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	19,490,927.85	17,087,125.13
	Beijing Sinotrans Huali Logistics Co., Ltd.	11,849,959.06	12,132,843.80
	Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	10,263,898.03	8,254,201.13
	Jiangsu Jiangyin Port Group Co., Ltd.	10,141,222.24	5,308,441.91
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	9,722,863.20	4,151,365.83
	Weihai Weidong Shipping Co., Ltd.	8,856,482.95	17,976,548.07
	Sinotrans Logistics (Pakistan) Limited	7,906,368.15	16,467,250.70
	China-Vietnam Sinotrans Logistics Co., Ltd.	7,369,061.93	6,093,256.76
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	6,857,613.21	7,157,695.21
	China International Exhibition Transportation Co., Ltd.	4,857,515.35	-
	Nanjing Huaxing Loading and Unloading Service Co., Ltd.	4,215,242.22	2,800,492.11
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	4,071,799.62	4,186,612.66
	Tangshan Port Sinotrans Shipping Agency Co., Ltd.	3,994,030.93	3,997,804.51
	Wuhan Port Container Co., Ltd.	2,812,679.64	3,470,818.82
	Shenzhen Haiyitong Technology Co., Ltd.	2,729,942.91	3,193,892.91
	SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	2,683,883.56	1,615,864.56
	Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	2,082,586.10	1,780,289.01
	Ma'anshan Tianshun Port Co., Ltd.	1,476,540.53	3,407,973.91
	Sinotrans Turkey Limited	1,435,900.51	1,309,181.30
	Sinotrans Sarens Logistics Co., Ltd.	1,173,705.79	-
	Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	1,014,134.70	393,927.17
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	989,917.92	193,581,610.26
	Shenyang Henglu Logistics Co., Ltd.	947,339.88	1,196,003.27
	Ningbo Dagang New Century Container Co., Ltd.	812,256.00	1,904,604.53
	DHL-Sinotrans International Air Courier Ltd.	392,143.80	1,657,371.93
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	174,358.00	3,297,476.65
	Sinotrans Suzhou Logistics Center Co., Ltd.	143,283.60	3,816,226.39
	Jiangsu Sinotrans Lvsj Port Heavy Logistics Development Co., Ltd.	-	9,155,091.95
	Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	-	8,321,423.51
	Nissin-Sinotrans International Logistics Co., Ltd.	-	1,232,422.70
	Nanjing Zhiyun Supply Chain Management Co., Ltd.	-	1,060,000.00
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	-	1,012,990.52
	Others	10,329,235.14	8,630,969.51
	Total accounts payable	386,063,097.51	596,721,688.39

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Notes to the Financial Statements

For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Other payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	193,471,400.83	209,176,356.03
	RED BRAVES FINANCE LTD.	116,796,342.00	116,796,342.00
	Sichuan Sinotrans Storage Service Co., Ltd.	29,467,007.96	29,467,007.96
	SINOTRANS & CSC	26,305,867.23	24,890,100.00
	Shanghai Sinotrans Qiantang Co., Ltd.	4,443,516.45	5,170,833.75
	Sinotrans Container Lines Co., Ltd.	4,127,958.71	1,041,611.44
	Shandong Sinotrans Co., Ltd.	2,659,076.08	109,076.10
	China Merchants International Terminal (Qingdao) Limited	2,494,042.50	-
	Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	1,846,000.00	1,846,000.00
	Sinotrans Jiangsu Co., Ltd.	1,534,477.91	2,650,000.00
	Shanghai Foreign Trade Warehouse Pudong Company	-	12,589,119.00
	SINOTRANS Henan, Jiuling Transport & Storage Co.	-	4,145,459.14
	Sinotrans Beijing Co., Ltd.	195,413.03	6,668,000.00
	Others	3,601,698.96	3,802,806.64
	Joint ventures and associates and their subsidiaries	39,222,781.46	35,311,748.30
	Shanghai Tongyun International Logistics Co., Ltd.	14,722,360.00	14,696,360.00
	China United Tally (Shenzhen) Co., Ltd.	9,000,000.00	9,000,000.00
	Sinotrans Turkey Limited	3,474,992.10	3,356,810.16
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	3,426,416.22	-
	Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	2,296,200.00	2,296,200.00
	Shenyang Fuyun Cold Chain Logistics Co., Ltd.	2,079,460.21	2,079,460.21
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	1,076,761.80	1,076,761.80
	Rongyun (Xiamen) Supply Chain Co., Ltd.	1,000,000.00	1,000,000.00
	Others	2,146,591.13	1,806,156.13
	Associates and subsidiaries of the ultimate controlling party	-	469,014,764.14
	China Merchants Wealth Asset Management Co., Ltd.	-	469,014,764.14
	Total other payables	232,694,182.29	713,502,868.47

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Dividend payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	36,406,191.12	53,911,490.62
	SINOTRANS & CSC	36,125,719.92	36,125,719.92
	LONG LINK LIMITED	208,211.34	64,510.84
	Sinotrans Jiangxi Company	72,259.86	72,259.86
	Sinotrans International Trading Company	-	8,824,500.00
	China Merchants Port Group Co., Ltd.	-	8,824,500.00
Contract liabilities	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	47,150,197.14	14,343,020.54
	China Merchants Investment Development Company Limited	27,715,892.77	3,900,943.39
	Associated Maritime Company (Hong Kong) Limited	10,391,786.44	7,059,418.88
	Yingkou Xingang Ore Terminal Co., Ltd.	5,483,058.00	-
	Hong Kong Ming Wah Shipping Company Limited	2,703,141.47	2,337,646.71
	Others	856,318.46	1,045,011.56
	Joint ventures and associates	16,727,050.57	14,195,703.80
	Shanghai Tongyun International Logistics Co., Ltd.	6,021,115.65	5,421,179.39
	Xinjiang New Railway Sinotrans Logistics Co., Ltd.	3,726,773.38	-
	Nissin-Sinotrans International Logistics Co., Ltd.	2,258,358.03	4,420,697.95
	DHL-Sinotrans International Air Courier Ltd.	2,232,747.97	2,817,330.69
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	2,087,413.83	418,851.52
	Others	400,641.71	1,117,644.25
	Total contract liabilities	63,877,247.71	28,538,724.34
	Long-term payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	195,572,135.02
Sinotrans Guangdong Co., Ltd.		91,938,455.02	91,938,455.02
CHINA MERCHANTS INVESTMENTS LIMITED		83,633,680.00	-
SINOTRANS & CSC		20,000,000.00	20,000,000.00
OCEAN LIFTER I LIMITED		-	3,232,074.11
Short-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	117,728,567.99	282,658,798.64
	China Merchants Group Finance Co., Ltd.	117,728,567.99	282,658,798.64
	Associates of the ultimate controlling party	200,000,000.00	200,000,000.00
	China Merchants Bank Co., Ltd.	200,000,000.00	200,000,000.00
	Total short-term borrowings	317,728,567.99	482,658,798.64

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Notes to the Financial Statements

For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Long-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	34,500,000.00	80,249,021.13
	China Merchants Group Finance Co., Ltd.	34,500,000.00	36,500,000.00
	CHINA MERCHANTS INVESTMENTS LIMITED	-	43,749,021.13
	Associates of the ultimate controlling party	67,429,932.18	-
	China Merchants Bank Co., Ltd.	67,429,932.18	-
	Total long-term borrowings	101,929,932.18	80,249,021.13
Non-current liabilities due within one year	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	46,964,719.84	35,782,262.73
	China Merchants Group Finance Co., Ltd.	41,220,313.42	31,277,566.41
	OCEAN LIFTER I LIMITED	5,744,406.42	4,504,696.32

(4) Related leases

1) The Group as the lessor

Name of lessee	Type of leased assets	Rental income recognised for the current period	Rental income recognised for the prior period
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation equipment	30,067,902.60	29,838,098.54
Sinotrans Container Lines Co., Ltd.	Transportation equipment	5,835,913.56	8,431,265.94
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Buildings	4,047,619.06	4,047,619.06
Chongqing CSC Tianyi Logistics Co., Ltd.	Buildings, transportation	1,709,682.41	1,671,996.30
China Yangtze River Shipping Co., Ltd.	Buildings	1,518,190.75	1,068,768.75
Others	Buildings, transportation and others	443,550.72	656,229.08
Total	—	43,622,859.10	45,713,977.67

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(4) Related leases (Continued)

2) The Group as the lessee

Name of lessee	Type of leased assets	Rental expenditure for current period	Rental expenditure for the prior period
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Lands and buildings	26,679,710.22	24,732,698.42
Beijing Sinotrans Land Transportation Co., Ltd.	Lands and buildings	25,002,943.15	14,012,092.27
Beijing Sinotrans Logistics Center Co., Ltd.	Lands and buildings	21,860,396.78	11,671,764.72
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Lands and buildings	10,541,854.59	3,970,719.98
Shanghai Foreign Trade Warehouse Pudong Company	Lands and buildings	9,686,720.00	7,181,206.80
Zhengzhou Merchants Logistics Co., Ltd.	Lands and buildings	6,805,982.04	-
Sinotrans Nantong Co., Ltd.	Lands and buildings	5,323,438.04	5,166,285.46
Shanghai Sinotrans Qiantang Co., Ltd.	Lands and buildings	3,026,450.00	-
Shandong Sinotrans Co., Ltd.	Lands and buildings	2,363,166.74	-
China Merchants Bonded Logistics Co., Ltd.	Lands and buildings	1,756,944.00	-
Liaoning Sinotrans Co., Ltd.	Lands and buildings	1,393,415.84	1,345,262.16
SINOTRANS Henan, Jiuling Transport & Storage Co.	Lands and buildings	1,279,531.81	-
Sinotrans Shanghai (Group) Co., Ltd.	Lands and buildings	1,225,673.60	1,576,035.72
Sinotrans Guangdong Co., Ltd.	Lands and buildings	1,166,235.30	1,757,366.91
Xiamen Sinotrans Co., Ltd.	Lands and buildings	1,115,819.92	839,393.88
Sinotrans Suzhou Storage Co., Ltd.	Lands and buildings	538,242.69	1,184,837.10
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Lands and buildings	-	5,911,671.72
Shenzhen Qianhai Shekou Enlightenment Industrial Co., Ltd.	Lands and buildings	-	3,474,417.00
SINOTRANS Shanghai Zhang HUA BANG Storage and Transportation Co., Ltd.	Lands and buildings	-	1,965,498.73
Wenzhou Sinotrans Logistics Co., Ltd.	Lands and buildings	-	1,609,531.80
Others	Buildings, other assets, etc.	6,643,527.06	8,721,160.35
Total	—	126,410,051.78	95,119,943.02

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Notes to the Financial Statements

For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(5) Related guarantees

1) The Group as the guarantor

Financing guarantees

Guaranteed parties	Guaranteed balance at the end of the period	Guaranteed balance at the beginning of the period	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
SE LOGISTICS HOLDING B.V.	1,663,166,031.50	1,596,420,915.95	2020-12-04	2027-12-08	No
CHINA ASSESS INVESTMENT LIMITED	1,314,418,770.00	1,275,578,802.00	2020-12-22	2023-12-21	No
China Merchants Shipping Enterprise Co., Ltd.	876,279,180.00	850,385,868.00	2020-12-22	2023-12-21	No
China Merchants Great Stone Trade Logistics Co., Ltd.	286,479,827.80	334,395,003.49	2016-05-11	2031-05-10	No
Sinotrans Logistics Co., Ltd.	200,000,000.00	200,000,000.00	2022-08-29	2023-08-28	No
Shenzhen Haixing Harbor Development Co., Ltd.	478,621,253.14	106,835,461.82	2019-07-01	2037-07-01	No
China Merchants Logistics Shenzhen Co., Ltd	100,000,000.00	100,000,000.00	2022-08-25	2023-08-24	No

Credit guarantees:

The Group provides a guarantee for its subsidiaries to apply for credit lines from finance companies and China Merchants Bank. The credit lines are generally valid for one year and the credit lines can be used in a rolling cycle during the validity period. As of 30 June 2023, the Group provided a guarantee for credit lines to its subsidiaries amounting to RMB2,602,700,000 (1 January 2023: RMB2,802,700,000).

In order to meet the daily operation and business development needs of the Group's subsidiaries, on 14 June 2023, the Company issued a Confirmation Letter to Bank of China Limited (hereinafter referred to as Bank of China). Pursuant to the Credit Limit Agreement signed between the Company and Bank of China, it was confirmed to split the credit limit to 80 subsidiaries of the Group with an aggregate amount of RMB3,383,394,000, and it was confirmed that the debts incurred by the subsidiaries as a result of the use of the aforesaid credit limit were all included in the Maximum Amount Guarantee Contract, Application for Arrangement and Split of Credit Limit, or other guarantee contracts/clauses signed or to be signed between the Company and the Bank of China, which are guaranteed by the Company. Among them, the above guarantees provided by the Company to its non-wholly-owned subsidiaries, China Marine Shipping Agency Ningbo Co., Ltd., Ningbo Transocean International Forwarding Agency Co., Ltd., Sinotrans Ningbo International Forwarding Agency Co., Ltd. and Sinotrans Ningbo International Container Transportation Co., Ltd., were counter-guaranteed by the minority shareholders of the aforesaid non-wholly-owned subsidiaries respectively. The term of use of the credit limit (i.e. the guarantee term) is one year from the effective date of the new annual credit limit provided by the Bank of China to its subsidiaries.

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(5) Related guarantees (Continued)

1) *The Group as the guarantor (Continued)*

In order to meet the daily operation and business development needs of Sinotrans Logistics Co., Ltd. and its subsidiaries, in December 2022, Sinotrans Logistics renewed the Amendment Agreement to the Accounts Payable Service Agreement with JPMorgan Chase Bank, N.A., for a period of one year (hereinafter referred to as the Service Agreement), which is used to carry out factoring of accounts payable for certain of its suppliers. On January 11, 2023, the Company entered into the Guarantee Contract with JPMorgan Chase Bank, N.A., pursuant to which the Company guaranteed to JPMorgan Chase Bank, N.A., on a joint and several basis, the proper and timely performance by Sinotrans Logistics Co., Ltd. and its subsidiaries of all of their obligations and liabilities for accounts payable recognized by JPMorgan Chase Bank, N.A. under the Service Agreement, including providing guarantees with respect to the amount of the invoices payable (not to exceed 270 million) by Sinotrans Logistics and its subsidiaries under the Service Agreement and the share of fees, late fees, indemnification obligations and other liabilities related to accounts payable services. There is no counter-guarantee for this guarantee.

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 30 June 2023, the balance of operating guarantees provided to subsidiaries and joint ventures and associates was RMB23,261,893 (1 January 2023: RMB30,861,893).

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Notes to the Financial Statements

For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(5) Related guarantees (Continued)

1) The Group as the guarantor (Continued)

Qualification guarantees:

The Group guarantees the futures delivery warehouse business of Sinotrans Central China, Sinotrans Eastern, Sinotrans South China, Sinotrans North China, Sinotrans Northeast Co. Ltd., Qingdao Sinotrans Supply Chain Management Co., Ltd., Qingdao Sinotrans Smart Logistics Co., Ltd., subsidiaries of the Group, on the Shanghai Futures Exchange and its subsidiaries (including but not limited to Shanghai International Energy Exchange Co., Ltd.), Zhengzhou Commodity Exchange, Dalian Commodity Exchange, Guangzhou Futures Exchange and other futures exchanges, including the irrevocable joint and several guarantees for the full amount of all liabilities for all the operations of the guaranteed party in respect of the warehousing, storage, discharging and delivery of futures commodities. The guarantee period shall be for the duration of the corresponding futures delivery warehouse business agreement between the guaranteed party and the above-mentioned futures exchange (including the period of automatic renewal without objection by both parties) and for a period of two or three years from the expiry of the duration (to be determined according to the requirements of the futures exchange).

2) The Group as the guaranteed party

Guarantor	Guaranteed balance at the end of the period	Guaranteed balance at the beginning of the period	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
CHINA MERCHANTS GROUP (HONG KONG) CO., LTD	911,884,895.30	1,071,960,933.00	2015-06-25	2030-06-30	No

Note: The Group's subsidiary, KONGWELL LOGISTICS LIMITED signed an agreement with the China Development Bank to obtain a bank facility of HKD2.9 billion. China Merchants Group (Hong Kong) Limited, a related party of the Company, provided a full guarantee.

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(6) Related party fund lending

Related party	Loan amount	Starting date	Maturity date	Description
Borrowed				
China Merchants Bank Co., Ltd.	200,000,000.00	2022-08-29	2023-08-28	Short-term borrowings
China Merchants Group Finance Co., Ltd.	50,043,937.50	2022-08-29	2023-08-28	Short-term borrowings
China Merchants Group Finance Co., Ltd.	25,021,968.75	2022-09-27	2023-09-26	Short-term borrowings
China Merchants Group Finance Co., Ltd.	25,024,409.73	2023-05-29	2024-05-28	Short-term borrowings
China Merchants Group Finance Co., Ltd.	17,638,252.01	2023-01-17	2024-01-16	Short-term borrowings
China Merchants Bank Co., Ltd.	67,429,932.18	2023-01-16	2033-01-15	Long-term borrowings
CHINA MERCHANTS INVESTMENTS LIMITED	83,633,680.00	2022-09-21	2025-09-21	Long-term payables
China Merchants Group Finance Co., Ltd.	34,535,458.33	2022-07-12	2028-05-10	Long-term borrowings, non-current liabilities due within one year
China Merchants Group Finance Co., Ltd.	41,184,855.09	2020-12-04	2023-12-03	Non-current liabilities due within one year
Guangdong Sinotrans Co., Ltd.	91,938,455.02	2012-12-31	No specific maturity date	Long-term payables
SINOTRANS & CSC	20,000,000.00	2016-03-07	2034-03-06	Long-term payables
OCEAN LIFTER I LIMITED	5,744,406.42	2020-06-15	2024-06-15	Non-current liabilities due within one year
Lent				
Sinotrans Suzhou Logistics Center Co., Ltd.	28,500,000.00	2016-08-17	2026-08-17	Long-term receivables, non-current assets due within one year
Shanghai Pu'an Storage Co., Ltd.	17,720,000.00	2017-04-18	2024-12-30	Long-term receivables, non-current assets due within one year
MAXX LOGISTICS FZCO.	17,037,674.28	2017-12-20	No specific maturity date	Other receivables

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Notes to the Financial Statements

For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(7) Remuneration of directors, supervisors, general managers, and senior managers

1) Remuneration of directors, supervisors, and general managers

Item	Amount in current period	Amount in current period
Directors:	—	—
Fee (Note)	332,400.00	332,400.00
Other remuneration	—	—
– Wages and allowances	387,600.00	523,070.58
– Discretionary bonuses	—	—
– Contributions under the pension plan	114,608.64	106,892.16
– Share-based payments	433,794.21	539,939.60
Supervisors:	—	—
Fee	107,400.00	107,400.00
Other remuneration	—	—
– Wages and allowances	457,410.00	592,151.16
– Discretionary bonuses	37,434.00	37,434.00
– Contributions to the pension plan	145,392.48	132,895.68
– Share-based payments	—	—

Note: The directors' fees disclosed above represent the payment of RMB332,400.00 (previous period: RMB332,400.00) to independent non-executive directors.

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(7) 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 and allowances	Discretionary bonuses	Contributions	Share-based payments	Total
				to the pension plan		
				Sub-total		
Current period						
Directors:	—	—	—	—	—	—
- Boming Feng	-	-	-	-	-	-
- Dexing Song	-	-	-	-	-	-
- Rong Song	-	387,600.00	-	114,608.64	502,208.64	289,196.14
- Weidong Deng	-	-	-	-	-	-
- Jian Jiang	-	-	-	-	-	144,598.07
- Li Luo	-	-	-	-	-	-
- Kewei Xu	-	-	-	-	-	-
- Taiwen Wang	83,100.00	-	-	-	83,100.00	-
- Yan Meng	83,100.00	-	-	-	83,100.00	-
- Haiqing Song	83,100.00	-	-	-	83,100.00	-
- Qian Li	83,100.00	-	-	-	83,100.00	-
Supervisors:	—	—	—	—	—	—
- Bilie Huang	-	232,800.00	-	81,008.64	313,808.64	-
- Suiqi Kou	-	-	-	-	-	-
- Fangsheng Zhou	53,700.00	-	-	-	53,700.00	-
- Zhaoping Fan	53,700.00	-	-	-	53,700.00	-
- Shengyun Wang	-	224,610.00	37,434.00	64,383.84	326,427.84	-
Prior period						
Directors:	—	—	—	—	—	—
- Hong Wang	-	-	-	-	-	-
- Dexing Song	-	-	-	-	-	-
- Rong Song	-	523,070.58	-	106,892.16	629,962.74	269,969.80
- Weiwu Liu	-	-	-	-	-	134,984.90
- Weidong Deng	-	-	-	-	-	-
- Jian Jiang	-	-	-	-	-	134,984.90
- Kewei Xu	-	-	-	-	-	-
- Taiwen Wang	83,100.00	-	-	-	83,100.00	-
- Yan Meng	83,100.00	-	-	-	83,100.00	-
- Haiqing Song	83,100.00	-	-	-	83,100.00	-
- Qian Li	83,100.00	-	-	-	83,100.00	-
Supervisors:	—	—	—	—	—	—
- Bilie Huang	-	329,270.58	-	72,028.32	401,298.90	-
- Suiqi Kou	-	-	-	-	-	-
- Fangsheng Zhou	53,700.00	-	-	-	53,700.00	-
- Zhaoping Fan	53,700.00	-	-	-	53,700.00	-
- Shengyun Wang	-	262,880.58	37,434.00	60,867.36	361,181.94	-

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Notes to the Financial Statements

For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(7) Remuneration of directors, supervisors, general managers, and senior managers (Continued)

3) Five highest-paid individuals

Of the five highest-paid individuals for the current period, 1 of them is a director (prior period: 1), and details of their remuneration are set out above. The details of the remuneration of the remaining 4 (prior period: 4) highest-paid individuals who are not directors or supervisors for the current period are as follows:

Item	Amount in current period	Amount in current period
Wages and allowances	1,085,400.00	1,543,324.18
Discretionary bonuses	–	–
Contributions to the pension plan	334,042.92	334,011.84
Share-based payments	735,396.02	551,856.21

The number of the highest-paid individuals with remuneration within the following bands who are not directors or supervisors are as follows:

Item	The number of individuals in current period	The number of individuals in prior period
Less than HKD1,000,000	4	4
HKD1,000,001 to HKD1,500,00	0	0
HKD1,500,001 to HKD2,000,000	0	0
HKD2,000,001 to HKD2,500,000	0	0

- 4) None of the directors of the Company has waived or agreed to waive any remuneration during the period, except for the directors of Boming Feng, Dexing Song, Weidong Deng, Li Luo, and Kewei Xu, who did not receive any remuneration from the Company during the period. During the previous record periods, the Company did not pay any remuneration to any of the directors, supervisors, or the five highest-paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office.

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(7) Remuneration of directors, supervisors, general managers, and senior managers (Continued)

5) *The remuneration of the major management*

The remuneration of the major management (including the amounts paid and payable to the directors, supervisors, and senior management) is as follows:

Item	Amount in current period	Amount in current period
Wages and allowances	2,182,410.00	3,771,319.81
Discretionary bonuses	37,434.00	37,434.00
Contributions to the pension plan	633,752.68	825,977.92
Share-based payments	1,024,592.16	1,158,470.05
Total	3,878,188.84	5,793,201.78

(8) Related party deposits

The difference between deposits placed and withdrawals by the Group with China Merchants Bank in January-June 2023 was net deposits of RMB1,074,349,846.91 (net withdrawals of RMB76,815,941.97 in January-June 2022) and interest income from deposits of RMB3,442,883.12 in January-June 2023 (RMB3,754,391.20 in January-June 2022). The difference between deposits and withdrawals with the Finance Company in January-June 2023 was net withdrawals of RMB1,181,353,398.95 (net withdrawals of RMB1,155,452,730.02 in January-June 2022). Interest income from deposits of RMB38,563,845.62.05 in January-June 2023 (RMB36,864,115.26 in January-June 2022).

(9) Trademark licensing

The Group signed a Trademark License Agreement with SINOTRANS & CSC in March 2015, authorizing the Group to use ten trademarks, such as "SINOTRANS" of SINOTRANS & CSC with registration number 779072 from 1 March 2015 to 28 February 2025 without compensation.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE-RELATED PARTIES DURING THE PERIOD (CONTINUED)

(10) Others

At the Twelfth Meeting of the Third Session of the Board of Directors of the Company held on 15 June 2022, the Proposal on the Provision of Loans to a Holding Subsidiary was considered and passed, agreeing that the Company, through Sinotrans (Hong Kong) Logistics Limited, a subsidiary, should provide loans to Great Stone Trade Logistics, a subsidiary of the Group, with its funds and CHINA MERCHANTS INVESTMENT LIMITED in proportion to its shareholding in the Company, for the purpose of relieving the operational and financial pressure of Great Stone Trade Logistics and supporting its business development. The total amount of the loan is USD12.6 million, to be borrowed in three tranches (with annual downs from 2022 to 2024), each with a term not exceeding three years, at an interest rate of 1.0% per annum. As of 30 June 2023, Sinotrans (Hong Kong) Logistics Limited and China Merchants Investment Company Limited have provided loans of USD8.4 million and USD11.6 million, respectively, to Great Stone Trade Logistics.

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's main financial instruments include cash and bank balances, 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.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk

1) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange risk relates primarily to USD, HKD, and EUR. The Group's other major business activities are denominated and settled in RMB, except for the Group's companies established in the Hong Kong Special Administrative Region and outside Hong Kong, which make purchases and sales in the registered local currency. As at 30 June 2023, changes in the fair value or future cash flows arising from changes in exchange rates of assets and liabilities in respect of the USD, HKD, and EUR balances as described in the table below may have an impact on the Group's results of operations.

Item	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
USD	6,602,669,865.86	8,767,226,917.07	3,328,175,137.07	3,503,669,654.88
HKD	875,796,430.34	892,856,251.73	5,777,756,788.39	5,730,174,737.77
EUR	449,028,044.82	423,953,760.19	2,021,150,014.84	1,951,695,682.56
Total	7,927,494,341.02	10,084,036,928.99	11,127,081,940.30	11,185,540,075.21

Note: The Closing balance of foreign currency assets and liabilities are presented in RMB at the period-end exchange rate.

The Group pays close attention to the impact of exchange rate changes on the Group's foreign exchange risk. The management has made a policy requiring the Group to manage foreign exchange risk related to its functional currency to mitigate the impact of exchange rate fluctuations and to control foreign exchange risk by optimizing the structure of net foreign currency assets.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (Continued)

1) Foreign exchange risk (Continued)

Sensitivity analysis of foreign exchange risk

With other variables remaining unchanged, the pre-tax effects of reasonable changes in the exchange rate on current total comprehensive income and shareholders' equity are as follows:

Exchange rate changes	Current period		Prior period	
	Effect on total comprehensive income	Pre-tax effects on shareholders' equity	Effect on total comprehensive income	Pre-tax effects on shareholders' equity
USD appreciation by 5% against RMB	163,724,736.44	163,724,736.44	247,891,263.83	247,891,263.83
USD devaluation by 5% against RMB	-163,724,736.44	-163,724,736.44	-247,891,263.83	-247,891,263.83
HKD appreciation by 5% against RMB	-245,098,017.90	-245,098,017.90	-270,929,830.28	-270,929,830.28
HKD devaluation by 5% against RMB	245,098,017.90	245,098,017.90	270,929,830.28	270,929,830.28
EUR appreciation by 5% against RMB	-78,606,098.50	-78,606,098.50	-85,487,456.27	-85,487,456.27
EUR devaluation by 5% against RMB	78,606,098.50	78,606,098.50	85,487,456.27	85,487,456.27

2) Interest rate change risk

The Group's foreign currency borrowings were mainly floating rate borrowings in USD, HKD, and EUR, the interest rates of which were not affected by the adjustment of the benchmark lending rate by the People's Bank of China.

The Group's major liabilities exposed to interest rate risk are short-term borrowings, long-term payables, and long-term borrowings.

Sensitivity analysis of interest rate risk

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 the fair value of other financial assets and liabilities that are calculated using the discounted cash flow method at the prevailing market interest rate at the date of the statement of financial position.

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For the period ended 30 June 2023
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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)

On the basis of the above assumptions, and with other variables remaining unchanged, the pre-tax effects of the possible reasonable changes in interest rates on current profit or loss and shareholders' equity are as follows:

	Current period		Prior period	
	Effects on total profit	Pre-tax effects on shareholders' equity	Effects on total profit	Pre-tax effects on shareholders' equity
Interest rate changes				
Interest rate rises by 0.5%	-37,206,165.75	-37,206,165.75	-37,929,651.62	-37,929,651.62
Interest rate is lowered by 0.5%	37,206,165.75	37,206,165.75	37,929,651.62	37,929,651.62

3) Other price risks

Held-for-trading financial assets, other equity instrument investments and other non-current financial assets held by the Group are measured at fair value at the date of the statement of financial position. As a result, the Group bears the risk of price changes in the securities market. The Group adopts the method of holding multiple equity securities portfolios to reduce the price risk of equity securities investments. With other variables remaining unchanged, the pre-tax effects of the possible reasonable changes in stock prices on shareholders' equity are as follows:

Item	Stock price changes	Current period		Prior period			
		Effects on total profit	Effect on other comprehensive income	Pre-tax effects on shareholders' equity	Effects on total profit	Effect on other comprehensive income	Pre-tax effects on shareholders' equity
Held-for-trading financial assets	Stock price rises by 10%	57,178.06	-	57,178.06	75,168.54	-	75,168.54
Other non-current financial assets		11,248,510.00	-	11,248,510.00	14,641,024.00	-	14,641,024.00
Other equity instrument investments		-	2,376,907.93	2,376,907.93	-	3,349,017.12	3,349,017.12
Held-for-trading financial assets	Stock price falls by 10%	-57,178.06	-	-57,178.06	-75,168.54	-	-75,168.54
Other non-current financial assets		-11,248,510.00	-	-11,248,510.00	-14,641,024.00	-	-14,641,024.00
Other equity instrument investments		-	-2,376,907.93	-2,376,907.93	-	-3,349,017.12	-3,349,017.12

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(2) Credit risk

As at 30 June 2023, 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 Book balance of the recognised financial assets in the consolidated statement of financial position; for financial instruments measured at fair value, the Book balance reflects its risk exposure that is not the maximum, and its maximum risk exposure will change with future changes in fair value. In addition, it also includes losses to be paid for the performance of contingent obligations and financial guarantees, see the amount of financial guarantee contracts disclosed in Note IX. 41 and the Note X. 4. (5).

In order to reduce the credit risk, the Group has set up a group to determine credit lines, conduct credit approvals and implement other monitoring procedures to ensure that any necessary measures are taken to recover overdue claims. In addition, the Group reviews the recovery of each individual receivable at the end of the reporting period to ensure that sufficient credit loss provision is made for amounts that are irrecoverable. As a result, the Group's management considers that the Group's credit risk has been reduced significantly.

See Note IV. 9.2 for the Group's specific method for assessing whether credit risk has increased significantly since initial recognition, the basis for determining that credit impairment has occurred for financial assets, the portfolio method for assessing expected credit risk by dividing the portfolio into groups, and the policy for direct write-downs of financial instruments.

Except for the top five closing balances of accounts receivable and other receivables disclosed in Note IX. 4 and Note IX. 7, the Group has no other significant credit concentration risks.

The Group's cash and cash equivalents are mainly bank deposits with related party non-bank financial institutions and reputable state-owned banks with high credit ratings and other large and medium-sized listed banks, and the Group does not consider the significant credit risk and losses incurred due to default.

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(2) Credit risk (Continued)

As part of the Group's credit risk management, the Group uses the aging of accounts receivable to assess the expected credit losses on receivables arising from operations. This type of business involves a large number of small customers which have similar risk characteristics. The aging information can reflect the solvency of these customers when the receivables are due. As at 30 June 2023, the credit risk and expected credit losses for the accounts receivable and contract assets of this type of business are as follows:

Item	Expected credit loss rate over the entire life (%)	Book balance	Credit loss provision
Within 1 year (including 1 year)	1.45	13,955,012,764.84	202,347,685.09
1 to 2 years (including 2 years)	41.68	174,070,342.47	72,552,518.74
2 to 3 years (including 3 years)	88.26	28,590,363.43	25,233,854.76
Over 3 years	100.00	87,818,089.82	87,818,089.82
Total	—	14,245,491,560.56	387,952,148.41

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 2023 to 30 June 2023, there have been no significant changes to the Group's valuation approach and material assumptions.

As at 30 June 2023, the maximum amount of financial guarantees provided by the Group for joint ventures and associates was RMB478,621,253.14. Details of the financial guarantee contracts are set out in Note X. 4. (5). As at 30 June 2023, the management of the Group assessed the overdue status of the relevant borrowings under the guarantees, the financial position of the relevant borrowers and the economic situation of the industry in which the debtors operate, and concluded that there was no significant increase in the relevant credit risk since the initial recognition of this part of the financial guarantee contract. Accordingly, the Group has no financial guarantee contracts classified as requiring a loss allowance to be measured at the expected credit losses over the entire life of the contract, and the above financial guarantee contracts are measured at the amount of their loss allowance for expected credit losses over the next 12 months. During the period from 1 January 2023 to 30 June 2023, there have been no significant changes to the Group's valuation approach and material assumptions.

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For the period ended 30 June 2023

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

XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(3) Liquidity risk

In managing the liquidity risk, the Group's management believes that sufficient cash and cash equivalents should be maintained and monitored to meet the Group's business needs and to reduce the impact of cash flow fluctuations. The Group's management monitors the use of bank loans and ensures compliance with loan agreements.

The Group's unused bank borrowings at the end of the period amounted to RMB19,616 million (January 1, 2023: RMB21,222 million).

According to the maturity date of undiscounted contract cash flows, the financial assets and liabilities held by the Group are analysed as follows:

Item	Book value	Within 1 year	1-5 years	Over 5 years	Total
1. Non-derivative financial assets and liabilities					
Cash and bank balances	14,962,707,444.35	14,962,707,444.35	-	-	14,962,707,444.35
Held-for-trading financial assets	571,780.60	571,780.60	-	-	571,780.60
Bills receivable	27,762,213.64	27,762,213.64	-	-	27,762,213.64
Accounts receivable	14,054,397,983.96	14,640,079,763.73	-	-	14,640,079,763.73
Receivables financing	541,312,730.75	541,312,730.75	-	-	541,312,730.75
Other receivables	1,991,895,913.18	2,147,250,121.55	-	-	2,147,250,121.55
Non-current assets due within one year	12,325,000.00	14,671,104.17	-	-	14,671,104.17
Other equity instrument investments	23,769,079.28	-	-	23,769,079.28	23,769,079.28
Other non-current financial assets	684,928,055.38	-	-	684,928,055.38	684,928,055.38
Long-term receivables	33,895,000.00	-	35,048,333.33	-	35,048,333.33
Short-term borrowings	577,824,401.32	583,391,143.98	-	-	583,391,143.98
Long-term borrowings	3,174,002,775.83	92,769,884.85	3,194,992,144.10	242,088,351.39	3,529,850,380.34
Accounts payable	13,891,273,198.07	13,891,273,198.07	-	-	13,891,273,198.07
Other payables	2,144,071,439.73	2,144,071,439.73	-	-	2,144,071,439.73
Non-current liabilities due within one year	7,594,392,617.21	7,860,000,840.55	-	-	7,860,000,840.55
Bonds payable	1,999,262,904.11	-	2,188,999,999.96	-	2,188,999,999.96
Lease liabilities	2,237,501,929.33	-	1,585,464,839.30	1,438,175,801.58	3,023,640,640.88
Long-term payables	215,706,279.70	5,270,894.49	108,351,982.73	112,102,181.05	225,725,058.27

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE

The fair value of financial assets and financial liabilities is determined in accordance with the following methods:

The fair value of financial assets and financial liabilities with standard terms and conditions and for which there is an active market is determined by reference to the corresponding active market prevailing bid price and prevailing asking price, respectively.

The fair value of other financial assets and financial liabilities (excluding derivatives) is determined in accordance with the common pricing model based on the discounted future cash flow method or recognized using observable current market prices.

The fair value of derivative instruments is determined using publicly quoted prices in active markets.

The Group's Management believes that the Book balances 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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For the period ended 30 June 2023

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

XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (CONTINUED)

(1) Assets measured at fair value on a continuous basis

Item	Fair value at the end of the period			Total
	Level I measurement at fair value	Level II measurement at fair value	Level III measurement at fair value	
I. Continuous measurement at fair value	—	—	—	—
(I) Held-for-trading financial assets	571,780.60	-	-	571,780.60
1. Financial assets at fair value through profit or loss	571,780.60	-	-	571,780.60
(II) Receivables financing	-	541,312,730.75	-	541,312,730.75
(III) Other equity instrument investments	23,769,079.28	-	-	23,769,079.28
(IV) Other non-current financial assets	112,485,100.00	-	572,442,955.38	684,928,055.38
Total assets measured at fair value on a continuous basis	136,825,959.88	541,312,730.75	572,442,955.38	1,250,581,646.01

(2) Determination of market price of the continuous and non-continuous basis of level I measurement at fair value

The Group's financial instruments included in Level I measurement at fair value are shares held in listed companies, both domestic and foreign, and the fair value is determined using the closing price of the open market on the last trading day of the balance sheet date.

(3) Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous items of level II measurement at fair value

The Group's financial instruments included in Level II measurement at fair value are bank acceptance bills held at fair value through other comprehensive income (receivables financing). The accepting banks for the bank acceptance bills held by the Group are mainly large commercial banks with high credit ratings, maturities of less than 6 months, and minimal credit risk. At the balance sheet date, the Book balance of the bank acceptance bills receivable approximates its fair value.

(4) Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous items of level III measurement at fair value

The Group's financial instruments included in Level III measurement at fair value are primarily unlisted equity investments. The Group applies valuation techniques to determine the fair value of significant unlisted equity investments. The valuation model used is a market multiplier approach, and the input values to the valuation technique consist primarily of PE multiples of comparable listed companies, PB multiples, and the lack of market liquidity discount parameters. The primary unobservable input value used is the lack of market liquidity discount. The higher the lack of a market liquidity discount, the lower the fair value.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (CONTINUED)

(5) Reconciliation information between the beginning of the period and the end of the period Book balances and sensitivity analysis of unobservable parameters for continuous items of level III measurement at fair value

Reconciliation information between the beginning of the period and the end of the period Book balances:

Item	Opening balance	Transfer to Level III	Transfer from Level III	Included in profit or loss	Total current period gains or losses		Purchase, issuance, sale, and settlement				Effects from translation in foreign currency statements	Closing balance	Unrealized gains or losses for the period through profit or loss on assets held at the end of the reporting period
					Charge to other comprehensive income	Income	Purchase	Issuance	Sale	Settlement			
Held-for-trading financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-
- Investment in debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Investments in equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current financial assets	573,350,846.54	-	-	-896,391.16	-	-	-	-	-	-	-11,500.00	572,442,955.38	-896,391.16
Financial assets at fair value through profit or loss	573,350,846.54	-	-	-896,391.16	-	-	-	-	-	-	-11,500.00	572,442,955.38	-896,391.16
- Investments in equity instruments	573,350,846.54	-	-	-896,391.16	-	-	-	-	-	-	-11,500.00	572,442,955.38	-896,391.16
Total	573,350,846.54	-	-	-896,391.16	-	-	-	-	-	-	-11,500.00	572,442,955.38	-896,391.16

Note: Dividend gains and disposal gains totaling RMB60,000,000.00 (gains and losses not in the current period) were obtained from the continuous items of Level III measurement at fair value during the period.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (CONTINUED)

(5) Reconciliation information between the beginning of the period and the end of the period Book balances and sensitivity analysis of unobservable parameters for continuous items of level III measurement at fair value (CONTINUED)

Sensitivity analysis of unobservable inputs:

Indicator changes	Current period	
	Effects on total profit	Pre-tax effects on shareholders' equity
Lack of market liquidity discount increased by 5%	-28,622,147.77	-28,622,147.77
Lack of market liquidity discount decreased by 5%	28,622,147.77	28,622,147.77

(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 current period

The Group's continuous fair value items measured at fair value have not been converted between levels during the current period.

(7) Changes in valuation techniques occurred during the current period and the reasons for the changes

There were no changes in the valuation techniques of the Group during the current period.

(8) The fair value of financial assets and financial liabilities not measured at fair value

According to the Group's Management, the Book balance of financial assets and financial liabilities measured at amortised cost in the financial statements approximates their fair value as at 30 June 2023.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
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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 January-June 2023 and 2022. The Group's leverage ratio at the date of the statement of financial position is as follows:

Item	30 June 2023	31 December 2022
Short-term borrowings	577,824,401.32	582,764,215.31
Non-current liabilities due within one year	7,594,392,617.21	3,226,339,059.15
Long-term borrowings	3,174,002,775.83	5,347,701,871.99
Bonds payable	1,999,262,904.11	3,997,705,534.28
Long-term payables	215,706,279.70	164,017,516.89
Lease liabilities	2,237,501,929.33	2,401,893,794.83
Less: cash and cash equivalents	14,839,098,898.51	16,179,534,628.51
Net liability	959,592,008.99	-459,112,636.06
Shareholders' equity	38,630,431,104.85	36,890,727,192.65
Shareholders' equity and net liabilities	39,590,023,113.84	36,431,614,556.59
Leverage ratio	2%	-1%

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Notes to the Financial Statements

For the period ended 30 June 2023

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

XII. CONTINGENCIES

Item	Closing balance	Opening balance
Contingent liabilities arising from external guarantees:	—	—
– Loan guarantee for fellow subsidiaries	4,471,325,143.55	4,356,780,589.44
– Loan guarantee for associates	478,621,253.14	106,835,461.82
Total	4,949,946,396.69	4,463,616,051.26

(1) AS AT 30 JUNE 2023, 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, and arbitration:	—	17,514.53	1,696.60	—
China RAILWAY Construction BRIDGE Engineering BUREAU Group Co., Ltd.	The Group was engaged in the EPC services from China RAILWAY Construction BRIDGE Engineering BUREAU Group Co., Ltd. and a dispute arose because the settlement amount could not be agreed.	3,734.00	—	Arbitration in progress
Yuen Foong Yu Paper Mfg.(Yangzhou) Co., Ltd.	The Group provided in-plant logistics services to Yuen Foong Yu Paper Mfg. (Yangzhou) Co., Ltd. and was suspected to have suffered losses due to a fire caused by a fault in the internal electrical wiring of our forklift trucks. After China Life Property and Casualty Insurance Company Limited, Ningbo Branch, paid compensation to Yuen Foong Yu Paper Mfg. (Yangzhou) Co., Ltd. considered that part of the losses still existed, and demanded that YangZhou Sinotrans Logistics. Co., Ltd. and SINOTRANS Changjiang Company LIMITED should bear joint and several liabilities.	2,510.33	—	First trial to be held
Yixin Ye	A dispute arose when the Group was demanded by the lessor to pay possession and use fees, liquidated damages, etc. and refused to return the deposit because the Group failed to vacate the surrendered property at the agreed time.	2,127.07	—	First trial to be held
Jiangsu Sailboat Petrochemical Co., Ltd.	In the course of the Group's provision of transportation services for large equipment, the vehicles and equipment were in danger due to ground subsidence and Jiangsu Sailboat Petrochemical Co., Ltd. was required to bear the rescue and relief expenses.	2,131.68	—	First trial in progress
Guangzhou Salvage Bureau of the Ministry of Transport	In the course of providing transportation services, the Group was rescued by the Guangzhou Salvage Bureau of the Ministry of Transport because the ship chartered by us in SINO Silkroad Heavytrans SHIPPING Co., Ltd. ran aground, and was subsequently required to bear the relevant rescue costs, resulting in litigation.	1,700.00	—	First trial in progress
China Life Property and Casualty Insurance Company Limited Ningbo Branch	The Group provided in-plant logistics services to Yuen Foong Yu Paper Mfg. (Yangzhou) Co., Ltd. and was suspected to have suffered losses due to a fire caused by a fault in the internal electrical wiring of our forklift trucks, and China Life Property and Casualty Insurance Company Limited Ningbo Branch claimed damages from us after paying compensation to Yuen Foong Yu Paper Mfg. (Yangzhou) Co., Ltd. This case is related to the case of Yuen Foong Yu Paper Mfg. (Yangzhou) Co., Ltd. versus our Group.	1,371.00	822.60	Second trial in progress

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Notes to the Financial Statements

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XII. CONTINGENCIES (CONTINUED)

(1) AS AT 30 JUNE 2023, THE GROUP'S SIGNIFICANT PENDING LITIGATION AND ARBITRATION WERE AS FOLLOWS (CONTINUED)

Concerned Parties	Litigation/deputy content	Amounts involved (RMB10,000)	Recognised expected liabilities (RMB10,000)	Litigation/ deputy status
Dongguan Desheng Building Materials Co., Ltd.	The Group subleased a wharf operation site from Dongguan Desheng Building Materials Co., Ltd. as the berth in question failed to apply for berthing operation-related documents promptly, resulting in the suspension of rectification and demand for payment of related losses and expenses.	1,294.50	-	First trial in progress
Horgos Sunshine Jietong Digital Trading Co., Ltd.	The Group procured road transportation and customs declaration and forwarding services from Horgos Sunshine Jietong Digital Trading Co., Ltd. The goods were returned at Horgos port and disputes arose between the two parties over the settlement of freight charges.	971.95	-	Arbitration in progress
China Guangfa Bank Co., Ltd. Anyang Branch	The Group was involved in a pledge supervision contract dispute with the other party in the course of providing pledge supervision services to China Guangfa Bank Co., Ltd., Anyang Branch.	874.00	874.00	Remanded for retrial
S&P Construction & Development Co., Inc.	The Group conducts engineering logistics business and was pursued by S&P Construction & Development Co., Inc for the delay in customs clearance progress due to the consignor's failure to provide complete customs declaration information (tax exemption documents) in a timely manner.	800.00	-	Trial to be held
Major cargo damage disputes (not yet sued):	—	7,229.19	7,229.19	—
Aircraft Maintenance and Engineering (Ameco Beijing) Co., Ltd.	The Group had a cargo damage dispute with Aircraft Maintenance Engineering Co., Ltd. for the provision of transportation services.	3,877.79	3,877.79	—
JiangXi Ganzhong Foreign Trade Development Co., Ltd.	The Group had a dispute with Jiangxi Ganzhong Foreign Trade Development Co., Ltd. for the provision of agency storage services.	2,771.40	2,771.40	—
Ruilii Integrated Circuit Co., Ltd.	The Group had a dispute with Innotron Memory Co., Ltd. in 2021 for the provision of freight forwarding services for cargo loss and cargo difference.	580.00	580.00	—

(2) CONTINGENT LIABILITIES ARISING FROM OTHER MATTERS OF THE GROUP AS AT 30 JUNE 2023

The details of capital commitments are described in Note XIII.

(3) AS AT 30 JUNE 2023, THERE WERE NO CONTINGENT ASSETS RESULTING FROM THE CONTINGENT EVENTS.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

XIII. CAPITAL COMMITMENT

Item	Closing balance	Opening balance
Capital expenditures contracted but not recognised in the financial statements	—	—
– Purchase and construction of assets (Note 1)	872,557,492.99	1,338,159,634.12
– Investments in associates, joint ventures and other invested entities (Note 2)	321,980,199.19	277,134,009.42
– Port investment projects	36,807,540.59	30,587,999.42
Total	1,231,345,232.77	1,645,881,642.96

Note 1: As at June 30, 2023, the Group's capital expenditures contracted for but not recognized in the financial statements related to the acquisition and construction of assets mainly consisted of the following: the construction contract entered into with Nantong No.5 Construction & Engineering Co., Ltd. in respect of Taicang Port Bonded Area Integrated Logistics Park Project, with unrecognized capital expenditures amounting to RMB331.5333 million; and the construction contract entered into with Ningbo Branch of CCCC Third Harbor Engineering Co., LTD. in respect of Jiaying Haiyan Logistics Centre Project, with unrecognized capital expenditures amounting to RMB329.3996 million; and the construction contract entered into with China Construction Third Engineering Bureau Group CO., LTD. in respect of Sinotrans Logistics Development Hefei Supply and Marketing Logistics Park, with unrecognized capital expenditures amounting to RMB115.9957 million

Note 2: On 1 February 2018, according to the National Development and Reform Commission's approval the approval of China Merchants Logistics Group Co., Ltd. to jointly establish the China-Belarus Industrial Investment Fund Project (Fa Gai Wai Zi No.214 [2018]), the China-Belarus Industrial Investment fund was established in the Cayman Islands and adopted a limited partnership. China Merchants Logistics Group Co., Ltd., a subsidiary of the Group, is a limited partner and has agreed to contribute USD15 million. As at 30 June 2023, it has invested USD9.5246 million, and the amount committed but not funded is approximately RMB39.4766 million.

On 11 June 2021, the Company signed a Partnership Agreement with related parties, China Merchants Innovation Investment Management Co., Ltd. and Shenzhen China Merchants Innovation Investment Fund Center (Limited Partnership), to jointly established China Merchants Sinotrans (Shenzhen) Industry Innovation Private Equity Investment Fund Partnership (Limited Partnership), with the Company as a limited partner contributing RMB150 million. As at 30 June 2023, the aforementioned partnership has been registered and the Company contributed established RMB13.9964 million, with uncommitted capital of RMB136.0036 million.

On 17 March 2022, Sinotrans Cross Border E-Commerce Logistics Co., Ltd., a subsidiary of the Group, jointly invested with Guangzhou Airport Industry Investment Co., Ltd., Guangzhou Comprehensive Transportation Hub Co., Ltd. and Guangdong Goldjet Int'l Logistics Co., Ltd. to establish Guangzhou Air Cargo Co., Ltd. with a registered capital of RMB500 million, of which Sinotrans Cross-Border E-Commerce Logistics Co., Ltd. contributed RMB100 million, representing 20%. As at 30 June 2023, RMB10 million had been contributed and RMB90 million had been committed but not yet contributed.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XIII. CAPITAL COMMITMENT (CONTINUED)

Note 2: (Continued)

On 30 December 2022, Sinotrans Central China, a subsidiary of the Group, and Shandong Port Group Co., Ltd. jointly invested with a registered capital of RMB50 million, with Sinotrans Central China Company's contributed capital of RMB24.5 million, representing 49% of its shareholding ratio. As at 30 June 2023, Sinotrans Central China Company had actually contributed RMB18 million and RMB6.5 million had been committed but not yet contributed.

Yineng Xinyuan Energy Technology Co., Ltd. was invested in and established by the Company and China Power International Development Co., Ltd. on 20 March 2023, the Company contributed RMB100 million and as of 30 June 2023, the Company had actually made a capital contribution of RMB50 million and RMB50 million has been committed but not yet contributed.

XIV. NON-ADJUSTMENT EVENTS AFTER THE DATE OF THE BALANCE SHEET

On 12 May 2023, the 2022 Annual General Meeting of the Company deliberated and passed the "Motion on Applying for Authorization for the 2023 Interim Profit Distribution Plan", authorizing the Board of Directors of the Company to handle all matters related to the declaration and payment of the 2023 interim dividend (including but not limited to deciding whether to pay the 2023 interim dividend) at its sole discretion. Approved by the resolution of the 26th Session of the Third Session of the Board of Directors held on August 25, 2023, the Company will pay an interim dividend of RMB0.145 (including tax) per share for 2023 based on the total share capital registered on the record date of the implementation of the equity distribution (net of shares in the Company's special account for repurchase), with an estimated distribution of RMB1,050,515,846.88.

XV. EXCHANGE OF NON-MONETARY ASSETS

There were no significant non-monetary asset exchanges and transactions for the Group during the current period.

XVI. DEBT RESTRUCTURING

There was no significant debt restructuring of the Group during the current period.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

1. CASH AND BANK BALANCES

Item	Closing balance			Opening balance		
	Amount in original currency	Exchange rate	Amount in RMB	Amount in original currency	Exchange rate	Amount in RMB
Cash on hand	—	—	-	—	—	116,973.88
Including: RMB	-	1.0000	-	85,234.16	1.0000	85,234.16
USD	-	7.2098	-	2,952.74	6.9646	20,564.65
Others	—	—	-	—	—	11,175.07
Cash at banks	—	—	7,091,097,161.54	—	—	8,035,280,791.41
Including: RMB	6,356,957,407.93	1.0000	6,356,957,407.93	6,537,760,558.50	1.0000	6,537,760,558.50
USD	101,743,676.68	7.2098	733,551,560.13	207,311,862.59	6.9646	1,443,844,198.18
Others	—	—	588,193.48	—	—	53,676,034.73
Other cash and bank balances	—	—	11,531,268.87	—	—	85,465,437.12
Including: RMB	11,531,268.87	1.0000	11,531,268.87	85,465,437.12	1.0000	85,465,437.12
Total	—	—	7,102,628,430.41	—	—	8,120,863,202.41
Including: Total amount deposited abroad	—	—	-	—	—	-

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

Item	Closing balance	Opening balance	Reasons for restricted use
Interest receivables	11,288,739.92	85,223,044.20	Not yet settled
Credit card deposits	134,797.50	134,797.50	Credit card deposits
Security margin	107,731.45	107,595.42	Security margin
Total	11,531,268.87	85,465,437.12	—

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(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 acceptance bills	-	24,600,513.95
Total	-	24,600,513.95

- (2) There were no pledged bills receivable at the end of the period.
- (3) There were no bills receivable endorsed or discounted at the end of the period and not yet due at the balance sheet date.
- (4) There were no bills transferred to accounts receivable due to non-performance by the drawer at the end of the period.
- (5) As at 31 December 2022, there were no commercial acceptance bills held by the Group subject to significant credit risk and resulted in significant losses due to default (bills receivable are expected to be collected in full), therefore, there was no credit loss provision incurred.
- (6) There was no actual write-off of bills receivable during the period.
- (7) There were no amounts due from shareholders' entities holding 5% (or more) of the voting shares of the Company at the end of the period.
- (8) The maturity date of the bill receivables mentioned above is all within 360 days.

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Notes to the Financial Statements

For the period ended 30 June 2023

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE

(1) Overall status of accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	938,029,316.92	1,064,165,615.89
Less: Credit loss provision	45,073,071.63	47,677,032.83
Total	892,956,245.29	1,016,488,583.06

(2) Overall aging of accounts receivable

The aging analysis of accounts receivable based on the transaction date is as follows:

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	862,029,596.07	91.90	10,251,603.90	999,972,533.02	93.97	20,333,506.48
1 to 2 years (including 2 years)	58,828,943.23	6.27	24,450,990.55	50,435,066.30	4.74	19,978,012.29
2 to 3 years (including 3 years)	5,387,065.84	0.57	4,754,624.34	4,542,059.39	0.43	1,688,845.09
Over 3 years	11,783,711.78	1.26	5,615,852.84	9,215,957.18	0.86	5,676,668.97
Total	938,029,316.92	100.00	45,073,071.63	1,064,165,615.89	100.00	47,677,032.83

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For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Classification of accounts receivable

Item	Original value					Credit loss provision					Net value	Original currency	Reasons for accrual		
	Aging					Aging									
	Within 180 days	180 days to 1 year	1 year to 2 years	2 year to 3 years	Over 3 years	Total	Within 180 days	180 days to 1 year	1 year to 2 years	2 year to 3 years				Over 3 years	Total
Low risk portfolio	128,230,732.21	26,771,701.56	165,338.20	-	6,167,853.94	161,355,630.91	-	-	-	-	-	-	161,355,630.91	RMB, USD	Note 1
Normal risk portfolio	537,978,851.05	169,028,311.25	58,663,685.03	5,387,065.84	5,615,882.84	776,673,668.01	7,800,693.39	2,450,910.51	24,450,930.55	4,754,624.34	5,615,882.84	45,073,071.63	731,600,614.39		Note 2
Accounts receivable with individual credit loss provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	High individual risk
Total	666,229,583.26	195,900,012.81	58,829,442.23	5,387,065.84	11,783,711.78	938,023,165.92	7,800,693.39	2,450,910.51	24,450,930.55	4,754,624.34	5,615,882.84	45,073,071.63	892,956,245.29		

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

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

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Notes to the Financial Statements

For the period ended 30 June 2023

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(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	161,355,630.91	—	—
Total	161,355,630.91	—	—

(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)	707,007,162.30	1.45	10,251,603.90
1 to 2 years (including 2 years)	58,663,605.03	41.68	24,450,990.55
2 to 3 years (including 3 years)	5,387,065.84	88.26	4,754,624.34
Over 3 years	5,615,852.84	100.00	5,615,852.84
Total	776,673,686.01	—	45,073,071.63

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(6) Changes in credit loss provision of accounts receivable

Item	Opening balance	Accrual	Changes in current period			Closing balance
			Recovery or reversal	Carry forward or write-off	Other changes	
Current period	47,677,032.83	7,200,264.21	9,804,225.41	—	—	45,073,071.63
Prior period	48,837,241.61	10,530,358.60	4,596,089.45	—	—	54,771,510.76

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

Company name	Book balance of accounts receivable	Reason for recovery or reversal	Basis for determining original credit loss provisions	Accumulated amount of credit loss provision before recovered or reversal	Recovered or reversal amount
Entity 1	22,453,099.73	Payment recovery	Involved in litigation	9,358,451.97	9,358,451.97
Others	445,773.44	Payment recovery	Involved in litigation, disputes, etc.	445,773.44	445,773.44
Total	22,898,873.17	—	—	9,804,225.41	9,804,225.41

- (8) There were no amounts due from shareholders' entities holding 5% (or more) of the voting shares of the Company at the end of the period.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(9) Top five in terms of accounts receivable

Company name	Relationship with the Company	Amount	Aging	Credit loss provision	Percentage of total accounts receivable (%)
Entity 1	The third party	78,959,158.27	within 1 year, 1 to 2 years, 2 to 3 years	2,466,025.28	8.42
Entity 2	The third party	44,885,131.07	Within 1 year	650,834.40	4.79
Entity 3	The third party	39,763,683.41	Within 1 year	576,573.41	4.24
Entity 4	The third party	38,989,607.39	Within 1 year	565,349.31	4.16
Sinotrans (Shenyang) International Liner Co.	Subsidiary	36,474,092.77	Within 1 year	—	3.89
Total	—	239,071,672.91	—	4,258,782.40	25.50

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

(11) As at 30 June 2023, there were no accounts receivable transferred, such as securitization and factoring with accounts receivable, that continued to be involved in assets and liabilities recognised.

(12) The Group had no accounts receivable involving government grants at the end of the period.

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Notes to the Financial Statements

For the period ended 30 June 2023
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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bills receivable	69,800,716.15	22,897,160.22
Including: Bank acceptance bills	69,800,716.15	22,897,160.22
Total	69,800,716.15	22,897,160.22

Note: Bank acceptance bills held by the Group at fair value through other comprehensive income are mainly accepted by large commercial banks with high credit ratings and listed share-holding commercial banks, with maturities of less than 6 months and very low credit risk. At the balance sheet date, the Book balance of the bank acceptance bills receivable approximates its fair value.

- (1) There were no bank acceptance bills due to defective endorsement, etc. at the end of the period.
- (2) There were no pledged bills receivable at the end of the period.
- (3) The closing balance of endorsed or discounted bills receivable not yet due at the balance sheet date

Type	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Bank acceptance bills	39,211,426.22	–
Total	39,211,426.22	–

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

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Notes to the Financial Statements

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. RECEIVABLES FINANCING (CONTINUED)

- (4) There were no bills transferred to accounts receivable due to non-performance by the drawer at the end of the period.
- (5) As at 30 June 2023 and 31 December 2022, there were no bank acceptance bills held by the Group that are subjected to significant credit risk and resulted in significant losses due to default (bills receivable are expected to be fully recoverable); therefore, there was no credit losses provision incurred.
- (6) There was no actual write-off of bills receivable during the period.
- (7) There were no amounts due from shareholders' entities holding 5% (or more) of the voting shares of the Company at the end of the period.
- (8) The maturity date of the bill receivables mentioned above is all within 360 days.

5. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivables	-	-
Dividend receivables	1,571,367,708.75	26,872,094.63
Other receivables	10,567,122,427.38	9,355,440,361.02
Total	12,138,490,136.13	9,382,312,455.65

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
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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 period	Decrease in current period	Effects from translation in foreign currency statements	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Dividend receivables aged within 1 year								
Sinotrans Air Transport Development Co., Ltd.	-	-	1,480,078,693.84	233,988,760.20	-	1,246,089,933.64	-	-
Sinotrans South China Co., Ltd.	-	-	266,004,401.93	-	-	266,004,401.93	Declared not issued	No
Sinotrans Central China Co., Ltd.	-	-	354,977,131.38	-	-	354,977,131.38	Declared not issued	No
Sinotrans Changjiang Co., Ltd.	-	-	211,490,439.48	-	-	211,490,439.48	Declared not issued	No
Sinotrans Logistics Co., Ltd.	-	-	173,022,247.59	173,022,247.59	-	-	-	-
Sinotrans North China Co., Ltd.	-	-	112,156,117.27	-	-	112,156,117.27	Declared not issued	No
China Southern Airlines Logistics Co., Ltd.	-	-	73,135,273.49	-	-	73,135,273.49	Declared not issued	No
Sinotrans Northeast Co. Ltd	-	-	60,000,000.00	60,000,000.00	-	-	-	-
Sinotrans Fujian Co., Ltd.	-	-	35,714,542.38	-	-	35,714,542.38	Declared not issued	No
Sinotrans Korea Shipping Co., Ltd.	-	-	130,331,579.29	-	-	130,331,579.29	Declared not issued	No
Sinotrans (Japan) Co., Ltd.	-	-	11,976,118.33	-	-	11,976,118.33	Declared not issued	No
China Marine Shipping Agency Co., Ltd.	-	-	9,116,717.99	-	-	9,116,717.99	Declared not issued	No
Shanghai Tongyun International Logistics Co., Ltd.	-	-	1,558,316.30	-	-	1,558,316.30	Declared not issued	No
Financial redemption of Wuhu Sanshan Port Co., Ltd.	-	-	966,512.61	966,512.61	-	-	-	-
Sinotrans Express Co., Ltd.	-	-	5,868,116.68	-	-	5,868,116.68	Declared not issued	No
Sinotrans Chongqing Co., Ltd.	-	-	29,656,535.15	-	-	29,656,535.15	Declared not issued	No
Dividend receivables aged over 1 year								
Sinotrans Eastern Company Limited	26,872,094.63	-	4,104,643.97	-	-	4,104,643.97	Declared not issued	No
Sinotrans Anhui Co., Ltd.	10,904,887.09	-	298,405,680.48	-	-	309,310,567.57	Support the development of subsidiary	No
Trade Sky International Limited	8,067,261.02	-	-	-	-	8,067,261.02	Support the development of subsidiary	No
China International Exhibition Transportation Co., Ltd.	3,241,600.00	-	-	-	-	3,241,600.00	Support the development of subsidiary	No
SINOTRANS ALMAJOUJIE MIDDLE EASTCO., LTD.	2,797,362.80	-	-	-	-	2,797,362.80	Incomplete payment approval process	No
Total	26,872,094.63	-	1,778,484,374.32	233,988,760.20	-	1,571,367,708.75	-	-

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For the period ended 30 June 2023

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables

1) Analysis by aging

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	4,655,938,884.02	44.06	-	4,293,511,350.90	45.89	-
1 to 2 years (including 2 years)	1,147,660,213.72	10.86	-	774,838,812.18	8.28	-
2 to 3 years (including 3 years)	476,433,131.70	4.51	-	334,726,141.63	3.58	-
Over 3 years	4,287,090,197.94	40.57	-	3,952,364,056.31	42.25	-
Total	10,567,122,427.38	100.00	-	9,355,440,361.02	100.00	-

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For the period ended 30 June 2023
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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

2) Classification of other receivables

Item	Original value					Credit loss provision					Original currency	Reasons for accrual						
	Within 180 days	180 days to 1 year	1 year to 2 years	2 year to 3 years	Over 3 years	Within 180 days	180 days to 1 year	1 year to 2 years	2 year to 3 years	Over 3 years			Total	Net value				
Low risk portfolio	1,510,087,746.84	3,145,851,137.18	1,147,660,213.72	476,433,131.70	4,287,030,197.94	-	-	-	-	-	-	-	-	-	-	RMB, USD	Note	
Normal risk portfolio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables with individual credit loss provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,510,087,746.84	3,145,851,137.18	1,147,660,213.72	476,433,131.70	4,287,030,197.94	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: 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.

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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)

3) Analysis by nature of payments

Item	Closing balance			Opening balance		
	Book balance	Credit loss provision	Book value	Book balance	Credit loss provision	Book value
Related party payments	10,515,334,436.18	-	10,515,334,436.18	9,329,201,431.87	-	9,329,201,431.87
Advances	26,873,836.46	-	26,873,836.46	11,050,892.20	-	11,050,892.20
Deposits, collateral	22,482,767.21	-	22,482,767.21	13,382,733.28	-	13,382,733.28
Reserves	1,933,104.10	-	1,933,104.10	1,357,073.64	-	1,357,073.64
Others	498,283.43	-	498,283.43	448,230.03	-	448,230.03
Total	10,567,122,427.38	-	10,567,122,427.38	9,355,440,361.02	-	9,355,440,361.02

- 4) There was no provision for credit losses on other receivables accrued, recovered, or reversed during the period.

5) Changes in the provision for credit losses on other receivables

Item	Opening balance	Accrual	Changes in current year			Closing balance
			Recovery or reversal	Carry-forward or write-off	Other changes	
Current period		-	-	-	-	-
Prior period	1,170,000.00	-	-	-	-	1,170,000.00

Chapter 10 Notes to the Financial Statements

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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 actual write-off of other receivables during the period.

7) *Outstanding debts of shareholders holding more than 5%(including 5%) voting shares of the Company*

Company name	Closing balance		Opening balance	
	Amount owed	Credit loss provision	Amount owed	Credit loss provision
SINOTRANS & CSC	2,543,575.23	-	288,708.00	-
Total	2,543,575.23	-	288,708.00	-

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

Company name	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)	Credit loss provision	Nature or content
Sinotrans Logistics Co., Ltd.	Subsidiary	2,994,093,297.35	within 1 year, 1 to 2 years, 2 to 3 years	28.33	-	Related party payments
Sinotrans (HK) Logistics Limited	Subsidiary	1,639,758,442.53	within 1 year, 1 to 2 years, 2 to 3 years, more than 3 years	15.52	-	Related party payments
Sinotrans South China Co., Ltd.	Subsidiary	1,387,188,662.72	within 1 year, 1 to 2 years, 2 to 3 years, more than 3 years	13.13	-	Related party payments
Sinotrans Cross Border E-Commerce Logistics Co., Ltd.	Subsidiary	909,393,776.18	Within 1 year, 1 to 2 years	8.61	-	Related party payments
Sinotrans Eastern Company Limited	Subsidiary	851,292,358.74	within 1 year, 1 to 2 years, 2 to 3 years, more than 3 years	8.06	-	Related party payments
Total	—	7,781,726,537.52	—	73.65	-	—

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

9) Related party payments

Company name	Relationship with the Company	Amount	Percentage of total other receivables(%)
Sinotrans Logistics Co., Ltd.	Subsidiary	2,994,093,297.35	28.33
Sinotrans (HK) Logistics Limited	Subsidiary	1,639,758,442.53	15.52
Sinotrans South China Co., Ltd.	Subsidiary	1,387,188,662.72	13.13
Sinotrans Cross Border E-Commerce Logistics Co., Ltd.	Subsidiary	909,393,776.18	8.61
Sinotrans Eastern Company Limited	Subsidiary	851,292,358.74	8.06
Sinotrans Logistics Investment Holdings Co., Ltd.	Subsidiary	766,096,315.18	7.25
Sinotrans Central China Co., Ltd.	Subsidiary	316,178,456.66	2.99
Sinotrans Logistics Development Co., Ltd.	Subsidiary	256,568,790.03	2.43
Sinotrans Fujian Co., Ltd.	Subsidiary	173,105,228.84	1.64
Sinotrans (Ningbo) Meishan Free Trade Port International Logistics Co., Ltd.	Subsidiary	130,590,000.00	1.24
Sinotrans Express Co., Ltd.	Subsidiary	129,679,526.98	1.23
Sinotrans Cold Chain Logistics Co., Ltd.	Subsidiary	118,640,644.03	1.12
Sinotrans Heavy-lift Logistics Co., Ltd.	Subsidiary	117,042,512.15	1.11
Sinotrans Guangxi Co., Ltd.	Subsidiary	88,572,553.92	0.84
Shenzhen Sinotrans Logistics Co., Ltd.	Subsidiary	79,917,366.85	0.76
Liaoning Settlement Center	Subsidiary	70,302,227.01	0.67
Sinotrans Innovative Technology Co., Ltd.	Subsidiary	68,296,241.89	0.65
Zhongshan Sinotrans Logistics Co., Ltd.	Subsidiary	56,660,000.00	0.54
Dongying Sinotrans Logistics Co., Ltd.	Subsidiary	40,900,000.00	0.39
Sinotrans Chemical International Logistics Co., Ltd.	Subsidiary	23,956,557.17	0.23
Donghang Shipping Co., Ltd.	Subsidiary	21,424,464.42	0.20
Guangdong Sinotrans Huangpu Warehouse Code Co., Ltd.	Subsidiary	20,000,000.00	0.19
Others	—	255,677,013.53	2.42
Total	—	10,515,334,436.18	99.55

- 10)** The Group had no accounts receivable involving government grants at the end of the period.
- 11)** There were no other receivables derecognized due to the transfer of financial assets during the period.
- 12)** As at 30 June 2023, 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 period.

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

6. LONG-TERM RECEIVABLES

Item	Closing balance		Book balance	Opening balance		Range of discount rates at the end of the period	
	Book balance	Credit loss provision		Book value	Book balance		Credit loss provision
Related party loans	1,616,501,420.86	-	1,616,501,420.86	1,819,884,948.90	-	1,819,884,948.90	1.2%, -12.5%
Total	1,616,501,420.86	-	1,616,501,420.86	1,819,884,948.90	-	1,819,884,948.90	—
Less: Long-term receivables due within one year	158,913,935.44	-	158,913,935.44	171,727,000.00	-	171,727,000.00	—
Long-term receivables due after one year	1,457,587,485.42	-	1,457,587,485.42	1,648,157,948.90	-	1,648,157,948.90	—

Note: The Company's long-term receivables at the end of the period include entrusted loans to subsidiaries of RMB1,570,281,420.86, loans to a joint venture, Suzhou Logistics Center, of RMB28,500,000 and loans to an associate, Shanghai Pu'an, of RMB17,720,000, of which long-term receivables due within one year were RMB146,588,935.44, RMB7,125,000 and RMB5,200,000, respectively. The details of the loans to Suzhou Logistics Center and Shanghai Pu'an are described in Note IX. 11.

7. LONG-TERM EQUITY INVESTMENTS

(1) Classification of long-term equity investments

Item	Opening balance	Increase in investment	Decrease in investment	Other increases (decreases)	Effects from translation in foreign currency statements	Closing balance
Investment in subsidiary	16,251,387,827.55	223,797,135.49	-	-	-	16,475,184,963.04
Investments in joint ventures	2,382,115,969.51	50,000,000.00	-	798,436,976.89	-	3,230,552,946.40
Investments in associates	496,758,703.28	42,996,379.67	-	38,895,158.62	-	578,650,241.57
Sub-total	19,130,262,500.34	316,793,515.16	-	837,332,135.51	-	20,284,388,151.01
Less: Impairment provision of long-term equity investments	-	-	-	-	-	-
Total	19,130,262,500.34	316,793,515.16	-	837,332,135.51	-	20,284,388,151.01

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For the period ended 30 June 2023

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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) Investments in associates and joint ventures

Invested entities	Investment costs	Opening balance	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Changes in current period				Effects from translation in foreign currency statements	Cashing balance	Cosing balance of impairment provision
						Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision			
Joint ventures												
DHL-Sinotrans International Air Courier Ltd.	409,323,623.72	2,392,115,993.51	50,000,000.00	-	799,330,087.66	-	73,401.84	966,512.61	-	-	3,230,552,946.40	-
Nissin-Sinotrans International Logistics Co., Ltd.	69,144,506.07	2,019,203,908.80	-	-	79,728,613.30	-	73,401.84	-	-	-	2,801,005,923.94	-
Sinotrans Suzhou Logistics Center Co., Ltd.	55,519,961.25	113,144,991.53	-	-	12,287,493.31	-	-	-	-	-	125,432,480.84	-
Sinotrans PFS Cold Chain Logistics Co., Ltd.	97,896,300.00	97,790,372.64	-	-	2,823,203.96	-	-	-	-	-	100,603,561.60	-
Yueing Xinyuan Energy Technology Co., Ltd.	90,000,000.00	51,510,791.40	-	-	1,000,182.49	-	-	-	-	-	52,510,973.89	-
Shanghai Tongyun International Logistics Co., Ltd.	50,000,000.00	-	50,000,000.00	-	-96,882.14	-	-	-	-	-	49,903,117.86	-
Sinotrans Logistics (Pakistan) Limited	16,059,835.00	36,259,394.08	-	-	546,957.62	-	-	966,512.61	-	-	36,839,839.09	-
Shanghai United Cold Chain Logistics Co., Ltd.	1,457,004.00	27,430,769.24	-	-	378,424.74	-	-	-	-	-	27,809,192.98	-
Others	14,246,018.40	24,886,685.05	-	-	-3,821,191.95	-	-	-	-	-	8,077,865.82	-
Associates												
Jiangsu Jangyin Port Group Co., Ltd.	251,804,246.67	496,738,703.28	42,996,379.67	-	38,895,156.62	-	-	-	-	-	29,369,920.38	-
Shanghai Puan Storage Co., Ltd.	59,319,000.00	335,327,238.71	-	-	41,560,773.36	-	-	-	-	-	576,650,241.57	-
Qingzhu Logistics Technology Co., Ltd.	78,173,640.00	79,017,921.64	-	-	765,869.38	-	-	-	-	-	376,888,012.07	-
Maanshan Tianshun Port Co., Ltd.	49,000,000.00	47,362,317.13	-	-	-1,797,928.58	-	-	-	-	-	79,783,791.02	-
Shanghai Bulk Commodity Warehouse Receipt Registration Co., Ltd.	21,000,000.00	30,976,637.55	-	-	629,639.82	-	-	-	-	-	45,564,386.55	-
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	30,000,000.00	-	30,000,000.00	-	16,187.59	-	-	-	-	-	31,606,277.37	-
China International Exhibition Transportation Co., Ltd.	13,996,379.67	-	12,996,379.67	-	-1,984,166.72	-	-	-	-	-	30,016,187.59	-
Total												
	661,127,870.39	2,878,874,672.79	92,996,379.67	-	838,252,246.28	-	73,401.84	966,512.61	-	-	3,809,203,187.97	-

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Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

7. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

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

2) Investment in subsidiary

Name of invested entities	Opening balance	Increase in current period	Decrease in current period	Effects from translation in foreign currency statements	Closing balance
Sinotrans Air Transport Development Co., Ltd.	5,856,464,955.30	590,122.36	-	-	5,857,055,077.66
Sinotrans Logistics Co., Ltd.	4,737,815,444.10	1,363,768.01	-	-	4,739,179,212.11
Sinotrans South China Co., Ltd.	1,276,339,564.54	2,072,547.70	-	-	1,278,412,112.24
Sinotrans Eastern Company Limited	1,082,104,637.48	1,349,529.14	-	-	1,083,454,166.62
Sinotrans Changjiang Co., Ltd.	791,882,755.57	213,197,082.41	-	-	1,005,079,837.98
Sinotrans Central China Co., Ltd.	631,468,104.53	1,132,781.79	-	-	632,600,886.32
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.	201,028,283.93	50,627.12	-	-	201,078,911.05
Sinotrans Northeast Co. Ltd	136,451,020.38	673,973.53	-	-	137,124,993.91
Sinotrans North China Co., Ltd.	135,693,744.76	659,734.64	-	-	136,353,479.40
Sinotrans Heavy-lift Logistics Co., Ltd.	134,713,743.32	150,299.26	-	-	134,864,042.58
Sinotrans Hubei Company Limited	121,281,198.72	71,194.39	-	-	121,352,393.11
Sinotrans Innovative Technology Co., Ltd.	100,229,434.85	121,821.51	-	-	100,351,256.36
Sinotrans Logistics Investment Holdings Co., Ltd.	97,603,944.28	253,135.60	-	-	97,857,079.88
Others	176,881,387.98	2,110,518.03	-	-	178,991,906.01
Total	16,251,387,827.55	223,797,135.49	-	-	16,475,184,963.04

Note: The increase in the current period was mainly due to the increase of RMB213.0025 million in the capital of Sinotrans Changjiang Co., Ltd., a subsidiary, and the granting of stock options by the Company to employees of certain subsidiaries (please refer to Note IX. 72 for details), which increased the long-term equity investment in subsidiaries by RMB10.7946 million.

- (3) There was no impairment provision for long-term equity investments during the period.
- (4) As at 30 June 2023, 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

For the period ended 30 June 2023

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

8. LONG-TERM BORROWINGS

Type of loan	Closing balance	Opening balance	Interest rate range at the end of the period (%)
Fiduciary loans	95,500,000.00	95,500,000.00	1.20
Total	95,500,000.00	95,500,000.00	—
Less: Long-term borrowings due within one year	7,125,000.00	—	—
Including: Fiduciary loans	7,125,000.00	—	—
Long-term borrowings due after one year	88,375,000.00	95,500,000.00	—

(1) There were no long-term borrowings outstanding at the end of the period.

(2) **Top five long-term borrowings at the end of the period (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	Local currency	Foreign currency	Local currency
Agricultural Development Bank of China	2016-08-10	2026-08-10	RMB	1.20	-	28,500,000.00	-	28,500,000.00
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 at the end of the period.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

9. BONDS PAYABLE

(1) Bonds payable

Item	Closing balance	Opening balance
2021 corporate bonds (phase I)	1,999,262,904.11	1,999,143,890.41
2021 medium-term notes (phase I)	-	1,998,561,643.87
Total	1,999,262,904.11	3,997,705,534.28

Note: The details of bonds payable are described in Note IX. 37.

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

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	-	1,998,561,643.87
2 to 5 years (including 5 years)	1,999,262,904.11	1,999,143,890.41
Total	1,999,262,904.11	3,997,705,534.28

(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 the current period	Interest accrued at face value	Amortisation of premium and discount	Current repayments and interest payments	Effects from translation in foreign currency statements	Closing balance
2021 corporate bonds (phase I)	2,000,000,000.00	2021-07-26	5 years	2,000,000,000.00	2,026,415,123.26	-	-	31,241,095.88	119,013.70	-	-	2,057,775,232.84
2021 medium term notes (phase I)	2,000,000,000.00	2021-06-07	3 years	2,000,000,000.00	2,037,876,712.38	-	-	34,712,328.77	495,890.42	70,000,000.00	-	2,003,084,931.57
Total	4,000,000,000.00	—	—	4,000,000,000.00	4,064,291,835.64	-	-	65,953,424.65	614,904.12	70,000,000.00	-	4,060,860,164.41
Less: Bonds payable due within one year	—	—	—	—	66,586,301.36	—	—	—	—	—	—	2,061,597,260.30
Bonds payable due after one year	—	—	—	—	3,997,705,534.28	—	—	—	—	—	—	1,999,262,904.11

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Notes to the Financial Statements

For the period ended 30 June 2023

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

10. CAPITAL RESERVES

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Share capital premium	10,721,078,526.48	-	72,687,887.83	10,648,390,638.65
1. Capital invested by investors	10,801,535,731.86	-	72,687,887.83	10,728,847,844.03
2. Others	-80,457,205.38	-	-	-80,457,205.38
II. Other capital reserves	35,233,799.16	15,894,376.62	-	51,128,175.78
1. Other changes in equity of investees other than net gains and losses, other comprehensive income and profit distributions	5,662,191.08	73,401.84	-	5,735,592.92
2. Share-based payment for unexercised rights	30,116,077.73	15,820,974.78	-	45,937,052.51
3. Others	-544,469.65	-	-	-544,469.65
Total	10,756,312,325.64	15,894,376.62	72,687,887.83	10,699,518,814.43
Including: Exclusively state-owned capital reserves	—	—	—	—

11. RETAINED EARNINGS

Item	Current period	Prior period
Closing balance of the prior period	5,108,267,970.16	4,523,264,509.75
Add: Adjustments to opening retained earnings	-	-
Opening balance	5,108,267,970.16	4,523,264,509.75
Increase in current period	2,547,618,958.99	2,224,995,624.34
Including: Net profit for the period	2,547,618,958.99	2,224,995,624.34
Decrease in current period	726,735,817.50	1,340,688,706.92
Including: Appropriation to statutory surplus for the period	-	-
Dividends distribution	726,735,817.50	1,340,688,706.92
Closing balance of the current period	6,929,151,111.65	5,407,571,427.17

12. OPERATING INCOME, COSTS

Item	Current period		Prior period	
	Income	Costs	Income	Costs
Forwarding and related business	1,623,761,221.61	1,553,981,458.89	1,490,779,359.46	1,430,554,092.07
Logistics	749,758,648.48	667,366,024.68	1,041,616,260.50	950,049,692.32
Total	2,373,519,870.09	2,221,347,483.57	2,532,395,619.96	2,380,603,784.39

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(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)

(1) Note on apportionment to remaining performance obligations

The Company has entered into contracts (agreements, orders, etc.) with customers at the end of the period, but the portion of the transaction price for performance obligations that have not yet been performed or have not yet been fulfilled that has been received or receivable from the customer of RMB149,022,556.99 (end-period balance of contract liabilities) will be recognised as revenue within one year. The remaining transaction prices are not presented due to the expected term of these contracts being less than one year and the dispersed nature of the customers involved and the large number of contracts, which simplifies the treatment. The Company has no variable consideration clauses in the above contracts.

(2) Operating income classified by point of recognition

January-June 2023

Item	Forwarding and related business	Logistics
Operating income	—	—
Including: Recognition at a certain point	1,623,761,221.61	749,758,648.48
Recognition within a certain period	—	—
Lease income	—	—
Total	1,623,761,221.61	749,758,648.48

January-June 2022

Item	Forwarding and related business	Logistics
Operating income	—	—
Including: Recognition at a certain point	1,490,779,359.46	1,041,616,260.50
Recognition within a certain period	—	—
Lease income	—	—
Total	1,490,779,359.46	1,041,616,260.50

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

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Notes to the Financial Statements

For the period ended 30 June 2023

(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 period	Prior period
Interest expenses	136,383,266.59	117,719,635.63
Including: Bank and other loans	56,661,696.42	37,581,534.88
Bond interest	66,568,328.77	66,568,328.77
Interest expenses on lease liabilities	13,153,241.40	13,569,771.98
Less: Capitalized interest expense	-	-
Less: Interest income	156,228,369.45	125,625,136.41
Net exchange loss (net gain denoted by "-")	-25,850,352.50	-50,346,452.65
Others	2,415,591.94	1,413,115.84
Total	-43,279,863.42	-56,838,837.59

14. INVESTMENT INCOME

Item	Current period	Prior period
Income from long-term equity investments under the cost method	1,660,900,373.56	1,299,187,171.52
Income from long-term equity investments under the equity method	838,225,246.28	982,463,708.96
Investment income from holding other non-current financial assets	116,617,488.15	342,202.21
Investment income from the disposal of other non-current financial assets	-12,091,826.62	-
Investment income from the disposal of receivables financing	-172,788.46	-
Total	2,603,478,492.91	2,281,993,082.69

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

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

15. SUPPLEMENTARY INFORMATION OF THE COMPANY IN THE CASH FLOW STATEMENT

Item	Current period	Prior period
1. Reconciliation of net profit to cash flows from operating activities:	—	—
Net profit	2,547,618,958.99	2,224,995,624.34
Add: Impairment of assets	—	—
Credit loss impairment	-2,603,961.20	5,934,269.15
Depreciation of fixed assets and investment properties	4,471,739.77	5,063,000.07
Depreciation of right-of-use assets	13,003,008.06	12,866,363.23
Amortisation of intangible assets	26,669,598.30	28,269,602.40
Amortisation of long-term prepaid expenses	113,969.64	207,440.97
Losses from disposal of assets (gains denoted by “-”)	—	3,932.43
Losses from damage and scrapping of non-current assets (gains denoted by “-”)	110,430.59	-3,614.92
Losses from changes in fair value (gains denoted by “-”)	—	—
Finance costs (income denoted by “-”)	85,549,673.87	27,640,015.66
Investment loss (income denoted by “-”)	-2,603,478,492.91	-2,281,993,082.69
Decrease in deferred tax assets (increase denoted by “-”)	—	—
Increase in deferred tax liabilities (decrease denoted by “-”)	—	—
Decrease in inventories (increase denoted by “-”)	-83,986.98	-64,513.60
Decrease in operating receivables (increase denoted by “-”)	105,799,383.92	-454,382,211.27
Increase in operating payables (decrease denoted by “-”)	-120,427,815.41	142,913,032.80
Net cash flows from operating activities	56,742,506.64	-288,550,141.43
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:	—	—
End-of-the-period cash balance	7,091,097,161.54	6,117,483,471.38
Less: Opening cash balance	8,035,397,765.29	6,680,346,115.38
Add: Adjustments of the classification of account settlement reserves at the beginning of the period	—	—
Net increase in cash and cash equivalents	-944,300,603.75	-562,862,644.00

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Notes to the Financial Statements

For the period ended 30 June 2023

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

XVIII.SUPPLEMENTARY INFORMATION

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE PERIOD

Following 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 January-June 2023 are as follows:

Item	Current period	Prior period	Description
Profit or loss on the disposal of non-current assets	67,271,981.45	158,677,835.94	—
Tax returns and reliefs approved beyond authority, or no official approval document or occasional	-	-	—
Government grants included in current profit and loss	199,982,152.47	137,996,348.39	—
Capital occupancy fees from non-financial enterprises included in current profit or loss	694,635.22	1,656,717.24	—
Income from the fair value of identifiable net assets of invested entities when the investment cost of the enterprise for the acquisition of subsidiaries, associates and joint ventures is less than the investment obtained	-	-	—
Profit or loss from the exchange of non-monetary assets	-	-	—
Profit or loss on entrusting others to invest or manage assets	-	-	—
Asset impairment provision due to force majeure factors such as natural disasters	-	-	—
Profit or loss from debt restructuring	-	-62,592.89	—
Enterprise restructuring costs	-	-	—
Profit or loss in excess of fair value arising from transactions with materially unfair transaction prices	-	-	—
Current net profit or loss of subsidiaries from the business combination under the same control from the beginning of the period to the date of combination	-	13,543.84	—
Profit or loss arising from contingencies irrelevant to the normal business operations of the company	-	-	—

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. SUPPLEMENTARY INFORMATION (CONTINUED)

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE PERIOD (CONTINUED)

Item	Current period	Prior period	Description
In addition to the effective hedging business related to the normal business operations of the company, profit or loss from changes in fair value of financial assets measured at fair value whose changes are included in the current profit or loss and financial liabilities measured at fair value whose changes are included in current profit or loss, and income from investments from disposal of financial assets measured at fair value whose changes are included in the current profit or loss, financial liabilities measured at fair value whose changes are included in current profit or loss	32,710,279.02	-77,752,318.36	—
Reversal of provision for impairment of receivables subject to separate impairment tests	12,013,631.63	13,644,057.24	—
Profit or loss from external entrusted loans	-	-	—
Profit or loss from changes in the 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	-	-	—
Other non-operating income and expenses not mentioned above	-5,064,286.90	-21,643,136.29	—
Other profits or losses with the definition of non-recurring profit or loss	41,700,328.53	46,200,035.95	Note
Sub-total	349,308,721.42	258,730,491.06	—
Income taxes effects	-47,441,502.02	-42,217,824.62	—
Effects of non-controlling interests (after tax)	-60,726,101.11	-27,542,769.34	—
Total	241,141,118.29	188,969,897.10	—

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.

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Notes to the Financial Statements

For the period ended 30 June 2023

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

XVIII. SUPPLEMENTARY INFORMATION (CONTINUED)

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with the Explanatory Announcement No. 9 on Information Disclosure for Companies Offering Securities to the Public – Calculation and Disclosure of Return on Net Assets and Earnings per Share (as amended in 2010) issued by CSRC, the weighted average return on net assets, basic earnings per share and diluted earnings per share of the Group for January-June 2023 are as follows:

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the Company	6.04	0.30	0.30
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	5.37	0.27	0.27

XIX. OTHER SIGNIFICANT EVENTS

The Group has no other significant events required to be disclosed during the period.

XX. APPROVAL OF THE FINANCIAL STATEMENTS

The Group's financial statements for January-June 2023 were approved for presentation by the Board of Directors of the Group on 25 August 2023.

Chairman: Wang Xiufeng

Submission Date as approved by the Board: 25 August 2023

REVISION HISTORY

Applicable Not applicable



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