



中國外運股份有限公司
SINOTRANS LIMITED

Stock Code: 00598HK 601598SH

ANNUAL REPORT 2023



CUSTOMERS' SUCCESS
OUR ACHIEVEMENT

Important Notice

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

2. Absent Director

Position of the absent Director	Name of the absent Director	Reason for the absence of the Director	Name of the proxy
Independent non-executive Director	Wang Taiwen	Other engagement	Meng Yan

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

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

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

The Company has distributed the 2023 interim cash dividend of RMB0.145 per share (tax included) on 19 October 2023, totaling RMB1,050,515,846.88 (tax included). The Board proposed that the final dividend for 2023 is RMB0.145 per share (tax included) in cash based on the total share capital registered on the record date of the equity distribution (does not include the shares in the special accounts for repurchase of the Company). As at the date of the disclosure of this Annual Report, the total share capital is 7,294,216,875 shares, and the total number of shares in the special accounts for repurchase of the Company is 49,280,000 A Shares, based on which, the total final dividend allotment is expected to be RMB1,050,515,846.88 (tax included). The proposal is subject to the approval of the general meeting of the Company.

Upon the approval of the final dividend proposal by the general meeting, the dividend in the full year of 2023 will be RMB0.29 per share (tax included) aggregately.

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 and other related parties have misappropriated the Company's funds for purposes other than for business

No

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

No

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

No

10. Significant risk alert

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

11. Others

Applicable Not applicable

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

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

The background features a blue-toned digital landscape with perspective lines. A large white circle with a blue border is positioned on the left. The right side shows a 3D rendering of a port with a long pier extending into the water, overlaid with semi-transparent digital data and binary code. The overall aesthetic is futuristic and tech-oriented.

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

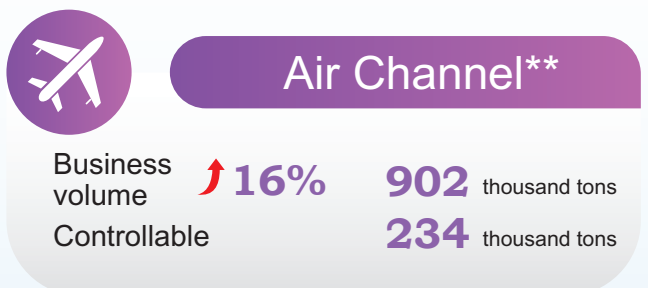
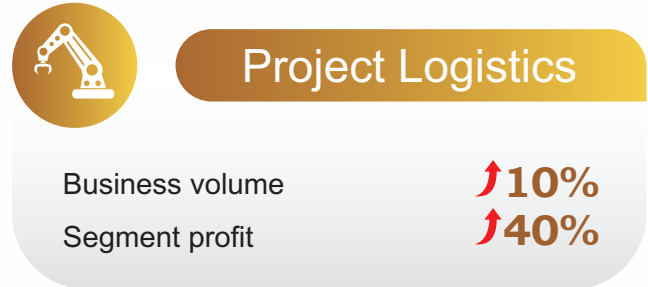
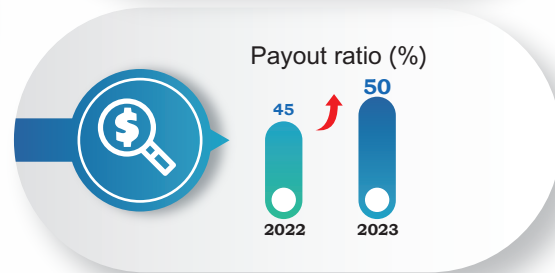
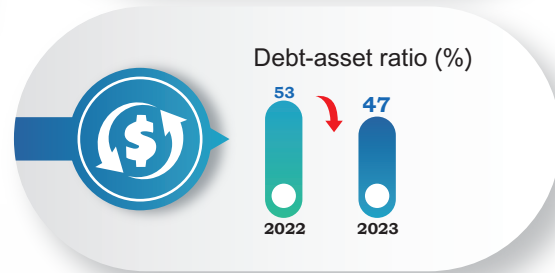
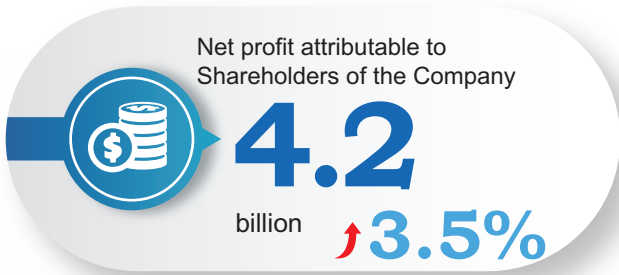
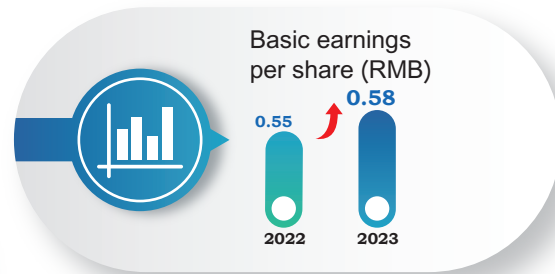
CONTENTS

Performance Highlights and Major Events in 2023	4
Chapter 1 Definitions	6
Chapter 2 General Information and Key Financial Indicators	9
Chapter 3 Chairman's Statement	17
Chapter 4 Management Discussion and Analysis (Report of the Board)	20
Chapter 5 Corporate Governance (Corporate Governance Report)	68
Chapter 6 Environment and Social Responsibility	137
Chapter 7 Significant Matters	145
Chapter 8 Changes in Shareholding and Particulars of Shareholders	166
Chapter 9 Particulars of Preferred Shares	177
Chapter 10 Particulars of Bonds	178
Chapter 11 Financial Report	185

Documents Available for Check

1. Financial statements signed and sealed by person in charge of the Company, chief financial officer and head of the Financial Department.
2. Original copy of the auditor's report sealed by the auditor, signed and sealed by the certified public accountants.
3. Original copies of all documents and announcements of the Company which have been disclosed to the public on the media meeting the requirements of the CSRC and the website of the SSE during the Reporting Period.
4. The Annual Reports published on the website of the SEHK.

Performance Highlights and Major Events in 2023



* Segment profit = Segment operating profit margin - investment income

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

Performance Highlights and Major Events in 2023



Innovative system and pilot implementation drives high-quality development of the Company



In Nantong, Jiangsu province, the Company **established its first pilot demonstration zone focused on reform, innovation, and high-quality development**, and engaged in comprehensive strategic cooperation with the Nantong Municipal Government on a series of the exploration featuring “early and pilot implementation with successful models for future replication” in system innovation, model optimization, and introduction of market mechanisms, driving our high-quality development.



Advanced the product channel construction to support domestic and international circulation



We completed **the integration of container businesses along the Yangtze River**, becoming the largest public container carrier for branch transportation in the Yangtze River.



The air channel continued to advance the construction of the “new carrier” system, stably operating 11 international air freight routes with 1,274 flights in total. Furthermore, **the air channel reported an annual freight volume exceeding 902 thousand tons**.



The first cross-border trucking product in the Greater Bay Area connecting to Central Asia under the TIR (Transport International Router) was established in Shenzhen, enabling the fourth overseas freight channel of Shenzhen.



International freight train exceeded 10,000 shipments, transported a cumulative volume exceeding 1.3 million TEUs, achieving the “door-to-door” transportation of 3-5 days under the **“China-Laos-Thailand Railway Express product”**.



Continued to optimize the layout of our overseas network and build a resilient global supply chain



We collaborated with strategic customers to build a resilient supply chain by establishing a subsidiary in Hungary, **paving the “Air Silk Road” that directly connects China to Hungary, with 21 countries covered across Central and Eastern Europe**.



We continued to establish city/regional-level branch offices in Singapore, Malaysia, Vietnam, Laos, and Indonesia, gradually improving the business network across the Southeast Asia.



Following our great effort to expand the infrastructure resources in our strategic regions, the construction of a new **Thailand Warehouse** got started. In addition, we initiated the construction of our **logistics center in Dubai South Free Zone**, and built **the first 5G automated warehouse in the United Arab Emirates**. Furthermore, we added additional **90,000 square meters** controllable operation site **in Europe**.



Built smart logistics and green logistics solutions



We hosted the first Green Logistics and Supply Chain Development Conference and Green Low-Carbon Logistics Exhibition (第一屆綠色物流與供應鏈發展大會及綠色低碳物流展), and exclusively participated in the research and development of the **first “Logistics Industry Public Carbon Emission Calculator” in China**.



Sinotrans completed the first air **freight end-to-end carbon neutrality project** based on “Environmental Statement: Sustainable Aviation Fuel (SAF)” in the domestic market, and independently built its first **“zero-carbon” logistics park**.



While actively exploring the new model of “AI+Logistics”, **Cyantron Logistics’ long-haul automated driving mileage exceeded 1.15 million kilometers** and a total freight weight of approximately 20 million tons, continuing to maintain a leading position in the industry.

Chapter 1

Definitions

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

A Share(s)	the Domestic Share(s) of the Company with nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
Articles of Association	the Articles of Association of Sinotrans Limited
Board	the Board of Directors of the Company
CG Code	code provisions of Corporate Governance Code as set out in Appendix C1 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

Chapter 1 Definitions

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\$
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 are wholly-owned subsidiaries of the Company
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the SEHK Listing Rules
PRC	the People's Republic of China
PRC GAAP Standards	Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC
Reporting Period/Period	the period from 1 January 2023 to 31 December 2023
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
SEHK Listing Rules	Rules Governing the Listing of Securities on the SEHK
Senior Management/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)
Sinoair	Sinotrans Air Transportation Development Co., Ltd. (中外運空運發展股份有限公司), a subsidiary of the Company

Chapter 1 Definitions

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

II. CONTACTS

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

III. BASIC INFORMATION

Initial date of registration of the Company	20 November 2002
Registered address of the Company	1101, 11th Floor of 101, 1st to 22nd Floor, Building 10, No. 5 Anding Road, Chaoyang District, Beijing, the PRC
Historical change of registered address of the Company	The Company has completed the change of registered address in November 2023. For details, please refer to the relevant announcements published on the SSE website (www.sse.com.cn) and the SEHK website (www.hkexnews.hk) dated 27 November 2023
Office address of the Company	Sinotrans Building Tower B, Building 10, No. 5 Anding Road, Chaoyang District, Beijing, China
Postcode of office address of the Company	100029
Company website	www.sinotrans.com
Email	ir@sinotrans.com

IV. INFORMATION DISCLOSURE AND PREPARATION LOCATIONS

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

Chapter 2 General Information and Key Financial Indicators

V. OVERVIEW OF COMPANY STOCK

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

VI. OTHER INFORMATION

Auditors appointed by the Company (Mainland China)	Name	ShineWing Certified Public Accountants LLP (a recognised public interest entity auditor under the Financial Reporting Council Ordinance)
	Office address	9/F, Block A, Fuhua Mansion, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing
	The certified public accountants as signatories	Dong Qinchuan, Xu Youbin
Legal advisers appointed by the Company (Mainland China)	Name	Jia Yuan Law Offices
	Office address	F408, Ocean Plaza 158 Fuxing Men Nei Street, Xicheng District, Beijing
Legal advisers appointed by the Company (Hong Kong China)	Name	Baker & McKenzie
	Office address	14/F One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
A-Share registrar of the Company	Name	China Securities Depository & Clearing Corp. Ltd. Shanghai Branch
	Office address	No. 188 Yanggao South Road, Pudong New Area, Shanghai
H-Share registrar of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong Office
Business address in Hong Kong	Office address	Rooms F and G, 20/F, MG Tower, No.133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Principal banker	Name	Bank of China
	Office address	No.1 Inner Street, Fuxingmen, Xicheng District, Beijing

Chapter 2

General Information and Key Financial Indicators

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

(I) Key Accounting Data

Unit: million Currency: RMB

Key accounting data	2023	2022		Change as compared to the corresponding period of last year (%)	2021	2020	2019
		Restated	Before restatement				
Operating income	101,704.56	109,293.50	108,816.72	-6.94	124,348.39	84,536.84	77,655.11
Net profit attributable to shareholders of the Company	4,221.84	4,079.19	4,068.26	3.50	3,713.52	2,754.42	2,804.14
Net profit net of non-recurring gains or losses attributable to shareholders of the Company	3,456.64	3,534.75	3,534.75	-2.21	3,389.24	2,354.37	2,073.10
Net cash flows from operating activities	3,837.12	5,245.41	5,118.25	-26.85	4,164.56	3,956.39	3,322.17

	As at the end of 2023	As at the end of 2022		Change as compared to the corresponding period of last year (%)	As at the end of 2021	As at the end of 2020	As at the end of 2019
		Restated	Before restatement				
Net assets attributable to shareholders of the Company	37,801.73	34,804.43	34,866.03	8.61	33,101.22	30,448.00	28,448.18
Total assets	75,886.62	78,502.44	77,825.77	-3.33	74,306.36	65,818.70	61,905.29
Total liabilities	35,767.34	41,572.73	40,957.33	-13.96	39,256.06	33,567.92	31,640.57

Chapter 2

General Information and Key Financial Indicators

(II) Key Financial Indicators

Key financial indicators	2023	2022		Change as compared to the corresponding period of last year (%)	2021	2020	2019
		Restated	Before restatement				
Basic earnings per share (RMB)	0.5827	0.5549	0.5534	5.01	0.5018	0.3722	0.3848
Diluted earnings per share (RMB)	0.5822	0.5549	0.5534	4.92	0.5018	0.3722	0.3848
Basic earnings per share, net of non-recurring gains or losses (RMB)	0.4771	0.4809	0.4809	-0.79	0.4580	0.3181	0.2844
Weighted average return on equity (%)	11.59	11.99	11.93	Decreased by 0.4 percentage point	11.69	9.35	10.29
Weighted average return on equity, net of non-recurring gains or losses (%)	9.47	10.36	10.36	Increased by 0.89 percentage point	10.67	7.99	7.61

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

✓Applicable □Not applicable

In 2023, the Company achieved revenue of RMB101.705 billion, representing a year-on-year decrease of 6.94%, which was mainly due to the impact of the significant year-on-year decrease in sea and air freight rates.

In 2023, the Group acquired 100% equity interests in Beijing Sinotrans Truck Transportation Company Co., Ltd.* (北京外運汽車運輸有限公司), China Yangtze River Shipping Co., Ltd.* (中國揚子江輪船股份有限公司), Long Trend Transportation Limited* (長計運輸有限公司) and Guangdong Long Trend Transportation Limited* (廣東長計運輸有限公司) held by the controlling shareholders of the Company, which constituted business combinations under the common control, thus the financial data of last year and the beginning of the year were restated.

Chapter 2

General Information and Key Financial Indicators

VIII. ACCOUNTING DATA DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

IX. KEY FINANCIAL INDICATORS OF 2023 BY QUARTER

	The First Quarter (January-March)	The Second Quarter (April-June)	The Third Quarter (July-September)	The Fourth Quarter (October-December)
	<i>Unit: RMB</i>			
Operating income	22,361,188,076.83	25,475,565,744.87	24,936,244,853.42	28,931,564,163.89
Net profit attributable to shareholders of the Company	960,927,630.47	1,210,743,524.82	992,077,454.50	1,058,093,882.80
Net profit net of non-recurring gains or losses attributable to shareholders of the Company	858,277,919.17	1,072,252,117.83	859,539,716.08	666,570,333.39
Net cash flows from operating activities	-115,014,941.85	840,627,974.28	74,894,542.28	3,036,613,175.57

Explanation on the differences between the quarterly data and the disclosed in periodic reports

Applicable Not applicable

Chapter 2

General Information and Key Financial Indicators

X. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

✓Applicable □Not applicable

Unit: RMB

Non-recurring gains and losses items	2023	Note (if applicable)	2022	2021
Gains and losses from disposal of non-current assets, including the part offset with the provision for impairment of assets	201,831,564.08		350,540,722.71	158,123,761.47
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 based on established standards and which have a continuing impact on the Company's profit or loss	457,354,478.82		310,188,323.62	285,842,840.37
Profit or loss from changes in fair value arising from financial assets and financial liabilities held by non-financial enterprises, and profit or loss from disposal of financial assets and financial liabilities other than effective hedging business related to the Company's normal business operations	336,641,169.45		-33,173,887.57	26,642,317.24
Capital occupation fees charged from the non-financial enterprises and counted into the current profit or loss of the Company	2,165,495.36		4,202,336.71	3,837,045.70
Profit or loss from entrusting others to invest or manage assets				
Profit or loss from external entrusted loans				
Asset impairment due to force majeure factors such as natural disasters				
Reversal of impairment of accounts receivables that had impairment test separately	19,756,232.63		19,622,046.75	46,517,743.61
Gains when the investment cost of acquiring a subsidiary, an associate and a joint venture is less than the fair value of the identifiable net assets of the invested entity				507,907.22
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	30,322,246.79		31,743,765.86	115,043.15
Profit or loss from exchange of non-monetary assets				
Profit or loss from debt restructuring			-1,107,968.89	-13,664.08
One-off costs incurred by the enterprise as a result of the discontinuation of the relevant business activities, e.g. staff settlement expenses, etc.				
One-off effect on the current profit or loss due to adjustments according to laws and regulations related to tax and accounting				

Chapter 2

General Information and Key Financial Indicators

Non-recurring gains and losses items	2023	Note (if applicable)	2022	2021
One-off share-based payment expense recognised as a result of cancellation and modification of the share incentive scheme				
Profit or loss from changes in fair value of employee remuneration payable after the date on which the cash-settled share-based payments become exercisable				
Profit or loss from changes in fair value of investment properties subsequently measured in the fair value model				
Profit or loss in transactions with unfair price				
Profit or loss arising from contingencies irrelevant to the Company's normal business operations				
Entrustment fee income from entrusted operations				39,392,452.83
Other non-operating income and expenses other than the above items	9,713,577.16		-27,646,046.93	-163,537,242.91
Other gains and losses classified to non-recurring profit or loss	82,062,043.30		103,686,105.15	85,739,137.20
Less: Impact on income tax	213,467,777.82		124,367,018.61	116,171,350.84
Impact on minority interests (after tax)	161,176,623.65		89,243,789.55	42,713,729.84
Total	765,202,406.12		544,444,589.25	324,282,261.12

Explanation on the Company's recognition of the items not listed in "Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public – Non-recurring Profit or Loss" as non-recurring gains and losses items with significant amount and definition of the non-recurring gains and losses items listed in the "Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public – Non-recurring Profit or Loss" as recurring gains or losses items

Applicable Not applicable

Chapter 2

General Information and Key Financial Indicators

XI. ITEMS MEASURED BY FAIR VALUE

Applicable Not applicable

Unit: RMB

Items	Balances at the beginning of the period	Balances at the end of the period	Current changes	Effect on current profit
Held-for-trading financial assets (Note 1)	664,096.67	520,189.78	-143,906.89	-144,733.05
Other non-current financial assets (Note 2)	708,417,806.54	976,841,095.30	268,423,288.76	267,026,501.39
Other equity instrument investments (Note 3)	30,576,728.20	415,223,441.98	384,646,713.78	
Total	739,658,631.41	1,392,584,727.06	652,926,095.65	266,881,768.34

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

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

Note 3: Other equity instrument investments refer to the 2,884,597 shares of Air China Limited held by the Group and 13% equity interest in CSC Cargo Co., Ltd. acquired during the year.

XII. OTHERS

Applicable Not applicable

Chapter 3 Chairman's Statement



Wang Xiufeng
Chairman

STABLE AND PROGRESSIVE OPERATING RESULTS

In 2023, amidst a continuing slowdown in global economic, China achieved its expected economic growth, except that China's total import and export value decreased by 5.6% year-on-year as denominated in US dollar. The logistics industry was confronted by multiple challenges including "declining demand, increasing supply, and lingering low freight rates". In line with the industrial restructuring, the logistics market embraced a new phase of "from increment to stock, from consumption to manufacturing, from domestic circulation to global supply chain logistics".

Chapter 3 Chairman's Statement

As confronted by complex and changing economic conditions, Sinotrans steadily advanced the comprehensive digital transformation, and strengthened its capacity control under the “new carrier” model. By establishing a strategic marketing system driven by customer insight and business opportunity management, we focused on “scenario + technology” and “customer + technology” to improve the level of smart logistics services, with the development resilience continuing to manifest itself. In 2023, all of the Group's major business segments achieved growth in business volume, with revenue maintaining above the level of RMB100 billion stably. The net profit attributable to shareholders of the Company was RMB4.222 billion, setting a new record high and indicating a continuing improvement in profitability. With the debt structure further optimized, we continued to maintain healthy and sound financial conditions.

ATTACHED GREAT IMPORTANCE TO RETURNS TO SHAREHOLDERS

Upon the approvals of the general meeting and/or the Board meeting of the Company, the Company distributed the 2022 final dividend (RMB0.10 per share, tax included) and the 2023 interim dividend (RMB0.145 per share, tax included) on 28 June and 19 October 2023, respectively, with a total cash dividend payout of RMB1.775 billion (tax included) for the whole year.

Upon the approval at the Board meeting of the Company convened on 22 March 2024, the Company proposed to the general meeting that the 2023 final dividend is RMB0.145 per share in cash (tax included) to be distributed based on the total share numbers on the record date of equity distribution (does not include the shares in the Company's special accounts for repurchase); if approved, the Company's annual dividend in 2023 will be RMB0.29 per share (tax included) in aggregate, and the total payout amount would be RMB2.101 billion (tax included), representing a payout ratio of 50.40% (including the cash used for H Share repurchase).

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Sinotrans always adheres to the concept of green, low-carbon and sustainable development, by incorporating the ESG indicators into our holistic business operation and whole chain, while proactively fulfilling its social responsibilities, as part of our commitments to create greater value for the country, the society, customers, investors and employees. In 2023, the Company continued to uphold the concept of green and low-carbon logistics. Leading a comprehensive green transformation, we implemented a series of effective demonstration applications, including carbon footprint calculators, hydrogen fuel heavy truck demonstration applications, electric container ships, “zero carbon/carbon neutrality” logistics scenario projects, effectively asserting our leading position in the industry. At the same time, we focused on employee development and care, and actively participated in the development of a harmonious community. For more information on the Group's performance of environmental and social responsibilities in 2023, please refer to the “2023 Social Responsibility and ESG Report” published by the Company.

INVESTOR RELATIONS

While insisting on returning investors with stable business performance, the Company always attaches importance to maintaining investor relations, and strengthens communication with shareholders and potential investors. Through results briefings, roadshows, reverse roadshows, and many other methods, we engage in multidimensional communications with our investors through various channels, at multiple levels and at multi-dimensions, effectively conveying its value. In 2023, the Company accumulatively communicated with more than 500 investors, with three reverse roadshows in Guangzhou, Ningbo and Shenzhen, and offered our investors site visits to the Contract Logistics, Air Channel, Cross-border E-commerce Logistics, and other business sites of Sinotrans. Furthermore, to meet the investors' requirements, the Group continued to improve the quality and transparency of information disclosure to ensure that all investors, especially minority shareholders, can obtain information in a timely and fair manner and effectively safeguard the interests of investors.

Chapter 3 Chairman's Statement

OUTLOOK

Nowadays, the global supply chain in the logistics industry is characterized by “diversified layout, regional cooperation, green transformation, and digital acceleration”, and this evolving trend is accelerating. In general, a resilient supply chain has become an inevitable option for corporate supply chain development, where supply chain cost control becomes the focus of logistics enterprises, and digital transformation becomes the path that must be taken for logistics enterprises to transform and upgrade. Furthermore, the whole network operation has become the core competitive strength of logistics enterprises, while the ESG concept is driving the global industrial chain and supply chain towards the sustainability development that projects more long-term investment value with greater diversity.

In the wake of the systemic changes in the global logistics industry, the Group will actively build a capacity network featuring “channel + hub + network”, and continue to strengthen the efforts to build a resilient supply chain. Our work will focus on the following six aspects: **First, we will extensively advance the comprehensive digital transformation**, by strengthening the construction of customer management, product management and delivery monitoring systems, and promoting their comprehensive application. In the meantime, we will accelerate the construction of smart logistics and expand the scale of logistics e-commerce platform. **Second, we will continue to enhance end-to-end supply chain service capabilities**, by adjusting the business structure through end-to-end incremental development on the basis of ensuring the effective operation of traditional freight forwarding and related businesses, and will further increase the proportion of logistics and multi-link businesses. **Third, we will focus on promoting product channel construction**, by maintaining the strategic positioning as the “new carrier”, so as to achieve new results in air freight, sea freight, land freight and trucking. **Fourth, we will continue to optimize and upgrade the strategic customer system**, by increasing the overall proportion and market share of strategic customers. **Fifth, we will further improve the strategic positioning of key logistics hubs**, by continuing to optimize the asset structure, steadily pushing forward with the resource allocation in Southeast Asia, the Middle East, and Latin America, and increasing investments in weak nodes in the domestic market. **Sixth, we will strengthen risk prevention to ensure our safe development.**

ACKNOWLEDGEMENTS

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

Wang Xiufeng

Chairman

Beijing, China
22 March 2024

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



Song Rong
Executive Director and
President

I. DISCUSSION AND ANALYSIS OF BUSINESS PERFORMANCE

(I) General Operating Situation during the Reporting Period

In 2023, affected by a number of factors including geopolitical conflicts, increasingly tightened monetary policies, and pressures from interest rate and inflation, the **global economy** recovery was lack of support, with a contracted global trade. Despite having achieved an expected growth rate, China's **domestic economy** continued to experience a series of challenges, such as lack of effective demand, surplus production capacity in certain industries, and several latent risks. At the juncture of transformation and upgrading, the **logistics industry** saw the intensified market competition. Due to insufficient demand and excess supply, the global market reported significant year-on-year declines in both maritime and air freight rates.

Confronted by the complicated severe economic conditions at home and abroad, the Company adhered to the general working principle of “making progress while ensuring stability”, while focusing on key tasks such as “stabilizing the overall economy and preventing risks”, “improving quality and efficiency and promoting growth”, “strengthening operation and promoting transformation”, and “nurturing talents and constructing echelons”. All these efforts resulted in the high-quality development of the Company. In 2023, the Company coped with the pressure of significant declines in freight rates, and therefore achieved revenue of RMB101.705 billion, maintaining the scale of RMB100 billion. Various business segments across the Company remained market-oriented, and continued to build the “new carrier” model that continues to enhance our core competitive strengths and influence, which achieved a net profit attributable to shareholders of the Company of RMB4.222 billion, representing a year-on-year increase of 3.50%, which is a new record high.

Chapter 4

Management Discussion and Analysis (Report of the Board)

1. **Stabilizing the overall economy and preventing risks**

In 2023, the Company achieved the goal of “turning market stock into the Company’s increment”, and continued to improve its business structure and management efficiency, thereby developing stronger resilience. **As for our financial indicators**, our operating results “remained stable while improving quality”. With cost and expense control and other measures in place, the profitability continued to rise. In the meantime, the Company actively optimized its debt structure, with a view to reducing its debt-to-asset ratio and interest-bearing debt ratio to 47.13% and 24.16%, respectively. **As for our business metrics**, the Company observed volume growth in its major business segments, particularly with Contract Logistics, Air Channel, and Railway Freight Forwarding achieving their respective double-digit growth rates of 13.3%, 15.5% and 26.6%, respectively.

2. **Improving quality and efficiency and promoting growth**

(1) *Our strategic marketing was strengthened to jointly build a resilient global supply chain*

In 2023, the Company actively carried out strategic marketing campaigns, and the proportion of core customers remained above 40%; among which the proportion from strategic core customers continued to expand, customer structure was further optimized. The Company continued to focus on the supply chain restructuring requirements of strategic and core customers, by organizing special taskforces for new energy vehicles, green energy and medical and health, etc., which are specifically aimed at promoting four strategic marketing directions: the construction of a resilient global supply chain network, joint innovation, optimization and promotion of green logistics solutions, and further improvement in the quality of the domestic circulation.

(2) *Our product channel construction was optimized to support domestic and international circulation*

The Water Channel completed the reorganization of related businesses and resources along the Yangtze River, becoming the largest public container barge transportation carrier in the Yangtze River. Furthermore, we strengthened cooperation with certain shipping companies, gradually constructing a “T-shaped” domestic water transport channel system that integrates the Yangtze River system and coastal feeder lines.

The Air Channel continued to advance the construction of a “new carrier” system, by actively deploying freight capacities for routes to Latin America, the Middle East, and Central and Eastern Europe, while maintaining stable operations of 11 international freight routes, totaling 1,274 flights. In 2023, the air channel’s business volume amounted to 902 thousand tons, including a controllable capacity of 234 thousand tons. **As for the Land Channel**, the international railway express accumulatively launched over 10,000 trains, reaching 1.3 million TEUs, with steadily increased market share. Furthermore, we succeeded in building the Greater Bay Area’s first Transports Internationaux Routiers (TIR) cross-border road transport product connecting Shenzhen with Central Asia. **The Trucking Channel** has built a diversified controllable capacity structure, where the Company’s own SDCC trucking management platform accumulates a freight capacity of 240 thousand vehicles and handles a business volume of over 80 million tons, representing a year-on-year increase of 28%. The number of trucking routes has reached over 6,600, constructing a three-tiered network covering national trunk lines, regional distribution lines, and urban distribution lines.

Chapter 4

Management Discussion and Analysis (Report of the Board)

- (3) *Our network layout was optimized to continuously promote overseas business development*

An integrated operation platform was established in **Hong Kong**, with several distinctive logistics products successfully launched, such as “Hong Kong Speed Express” (港速達) and “Hong Kong Express Link” (港捷運), which has significantly boosted the endogenous development momentum. In **Southeast Asia**, a new warehouse was built in Thailand, and city/regional branches continued to be opened in Singapore, Malaysia, Vietnam, Laos, and Indonesia, providing strong support for local logistics business development. In **the Middle East and Latin America**, the Company operated the China Pavilion project in Dubai, advanced the construction project of the Dubai South Free Zone Logistics Center, and opened charter flights between Hangzhou and Dubai as well as from Hong Kong to Chile and Mexico. In **Europe**, a charter flight between Ningbo and Liège was launched, a subsidiary in Hungary was established, and KLG Group continued to maintain high-quality operations, adding 90,000 square meters of new controllable operation site in Europe.

3. **Strengthening operation and promoting transformation**

- (1) *Our comprehensive digital transformation advanced forward fast and steadily*

First, in terms of organizational mechanisms, specific digital transformation tasks were formulated based on the four-tier system of customers, products, delivery, and resources, while a transformative organization featuring cross-border penetration was established to promote task implementation. **Second**, in terms of work achievements, breakthrough progress was made in the construction of customer management and product management systems. Following the launch of a pilot Customer Relationship Management (CRM) system, the construction of the product management system was officially initiated. Focusing on the early and pilot implementation of leading trunk line resources, the Company introduced market-competitive full-chain logistics service products, such as the Shenyang freight train service.

- (2) *Our technological innovation delivers an outstanding performance of empowerment*

First, the Company insists on empowering smart logistics with technology, thereby accumulating 192 patents, 354 software copyrights, and other logistics technology achievements. In 2023, 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 awarded by the Ministry of Industry and Information Technology of the PRC. The joint venture “Cyantron” has accumulated 1.15 million kilometers of autonomous driving mileage, with a total freight weight of nearly 20 million tons, continuing to maintain an industry-leading level. **Second**, besides creating green logistics solutions, the Company focuses on developing “carbon peaking and carbon neutrality” action plans and special strategic planning, publishing a Green Logistics White Paper of Sinotrans, and exclusively participating in the research and development of the first public carbon calculator in the domestic logistics industry. In cooperation with strategic customers, we operated the first domestic air freight transport “end-to-end” carbon-neutral project based on the Global Sustainable Aviation Fuel (SAF) Declaration, and independently built Sinotrans first “zero carbon” logistics park.

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

4. *Nurturing talents and constructing echelons*

The Company has intensified efforts in officer selection. On one hand, by selecting the best to build a strong backup team, we stepped up our efforts to select officers from frontline and key areas who are adept at business operations, management, and decision-making. On the other hand, we have formed a two-level young talent echelon system comprised of “senior management reserve” and “mid-and-basic level reserve”, providing medium and long-term talent reserve for the Company’s future sustainable development.

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

Logistics – the scale of contract logistics had a record high due to our expansion into new industry tracks

In 2023, the external revenue from the Group’s logistics business amounted to RMB27,522 million, representing an increase of 0.25% from RMB27,454 million of last year, which was mainly due to the fact that the Company experienced an increase in its business volume to maintain a relatively stable revenue by actively expanding its reach to market despite of intense competition and decreased transportation prices in the domestic market; and the segment profit amounted to RMB1,061 million, representing an increase of 15.22% from RMB921 million of last year, which was mainly due to the fact that the Group experienced a positive growth in segment profits of contract logistics, project logistics and chemical logistics as it continued to deepen its efforts in developing industry solutions, strengthening lean operations, and reducing costs while improving efficiency.

In respect of contract logistics, the Company strategically expanded into new industry tracks on top of consolidating the existing customer base, achieving a year-on-year increase of 13.3%, 3.94% and 12.67%, respectively in business volume, revenue, and segment profit; (1) **Customer-side**: ① in the industries with traditional advantages in the fast-moving consumer goods (FMCG) and retail sector, apart from facilitating the expansion and iteration of omni-channel integrated solutions, the Company succeeded in developing new customers in cosmetics and home; ② in the automotive industry, on one hand, the service chain for traditional automotive business has been extended from pre-production to after-sales, offering “end-to-end” full-chain solutions that include the disassembly and export of spare parts, as well as overseas warehousing services. Riding on the business growth opportunities of new energy vehicles, on the other hand, the Company successfully developed a number of leading customers in the industry, with an annualized revenue of approximately RMB300 million; ③ in the medical and health industry, the Company accelerated the strategic deployment of core resources to effectively enhance end-to-end service capabilities in the medical service scenarios, and successively obtained the third-party logistics business qualifications for medical devices (“GSP”) in Shanghai and Tianjin, making an official foray into the third-party logistics market for medical devices as a “license” holder; (2) **Operation-side**: by implementing measures such as lean warehousing operations, intensive management of trucking channel, and the application of technological innovations, the Company achieved cost reduction and efficiency improvement.

Chapter 4

Management Discussion and Analysis (Report of the Board)

Forwarding and Related Business – our persistence in the “new carrier” model yielded new results in the construction of product channels

In 2023, external revenue from the Group’s forwarding and related business amounted to RMB61,919 million, representing a decrease of 11.50% from RMB69,963 million of last year, mainly due to the impact of the significant year-on-year decrease in sea and air freight rates; and the segment profit amounted to RMB2,308 million, representing an increase of 13.37% from RMB2,036 million of last year. The increase in profit was mainly due to the fact that the Group focused on customer needs, optimized resource allocation and extended the service chains.

In respect of sea freight forwarding, the Company deepened cooperation with domestic shipping companies by jointly launching marketing campaigns targeted to top-tier customers, building boutique routes, and creating distinctive products, which has driven a year-on-year increase in domestic space booking volume. The proportion of multi-link businesses achieved a year-on-year increase, with unit profit improvement. **In respect of air freight forwarding**, the Company opened five new cargo charter routes by further leveraging the advantages of European and American routes and actively expanding the capacities of Middle Eastern and Latin American routes, with the annual controllable capacity of 234 thousand tons. The business volume of air freight channel amounted to 902 thousand tons, representing a year-on-year increase of 15.5%. **In respect of railway freight forwarding**, the Company continued to strengthen its centralized control and centralized procurement capabilities, develop the “China-Laos-Thailand Railway Express” product, and actively promote the TIR (Transport International Router) cross-border highway freight channel. The Company increased the coverage rate of its land transportation system and integrated with data from capacity provider, which is expected to take the lead in achieving full visualization of international railway transportation in the industry.

E-commerce Business – new business breakthroughs were made as customer and product management was strengthened

In 2023, external revenue from the Group’s e-commerce business amounted to RMB12,263 million, representing an increase of 3.25% from RMB11,877 million of last year; the segment profit amounted to RMB199 million, representing an increase of 12.41% from RMB177 million of last year, mainly due to the increase in revenue and profit from logistics e-commerce platform as the Group scaled up the logistics e-commerce platform, and the increase in government subsidies received for cross-border e-commerce logistics business during the year.

In respect of cross-border e-commerce logistics business, the Company actively developed top-tiered platform customers by strategically expanding into new routes. Our product development capabilities and digital capabilities were strengthened, successfully launching a “Sinoex trucking liner” product and a number of small-package products for cross-border e-commerce. Standardized products for cross-border e-commerce have been represented in countries and regions, including the European Union, North America, South Africa, and Mexico. In 2023, the cross-border e-commerce logistics saw a growth rate of 52.40% in its business volume. **Logistics e-commerce platform – Y2T** continued to enhance the exploration of smart logistics, while actively developing full-chain product service routes. There was a significant increase in business volume, revenue and segment profit.

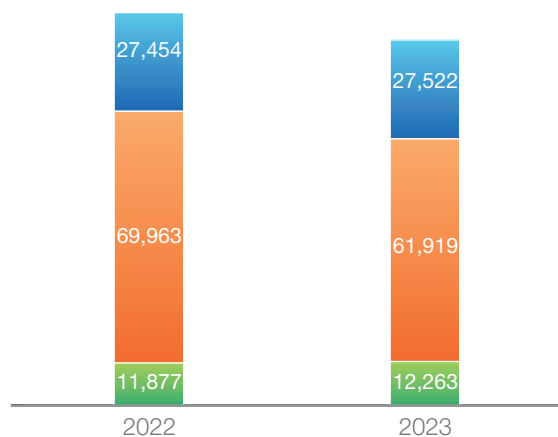
Chapter 4 Management Discussion and Analysis (Report of the Board)

Financial Performance of Business Segments

Revenue



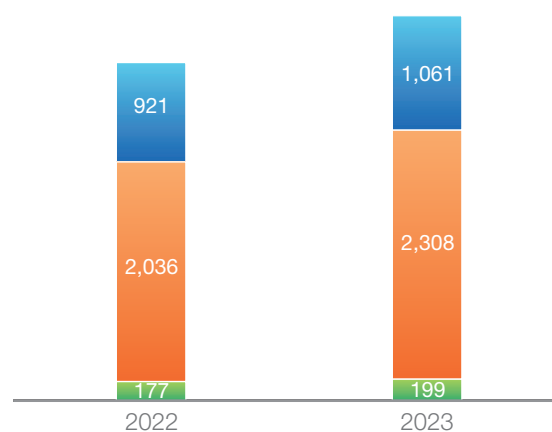
(RMB million)



Segment Profit



(RMB million)



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

Chapter 4

Management Discussion and Analysis

(Report of the Board)

RMB million		2023	2022
Logistics			
Contract Logistics	Revenue	20,976	20,180
	Segment Profit	824	732
Project Logistics	Revenue	4,086	3,966
	Segment Profit	138	99
Chemical Logistics	Revenue	1,989	2,354
	Segment Profit	121	94
Cold Chain Logistics	Revenue	553	559
	Segment Profit	-48	-34
Forwarding and Related Business			
Sea Freight Forwarding	Revenue	41,057	49,219
	Segment Profit	780	717
Air Freight Forwarding	Revenue	7,000	8,043
	Segment Profit	284	336
Railway Freight Forwarding	Revenue	12,351	9,402
	Segment Profit	163	137
Shipping Agency	Revenue	5,053	4,951
	Segment Profit	507	419
Storage and Yard Operation	Revenue	3,761	3,467
	Segment Profit	325	225
Air Channel	Revenue	16,097	19,314
	Segment Profit	390	428
E-commerce Business			
Cross-border E-commerce Logistics	Revenue	9,097	11,270
	Segment Profit	106	92
Logistics Equipment Sharing Platform	Revenue	163	169
	Segment Profit	68	75
Logistics E-commerce Platform	Revenue	6,188	3,046
	Segment Profit	27	10

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

(III) Operation Statistics of Principal Business

In 2023, the volume of **contract logistics** was 46.82 million tonnes (41.34 million tonnes in 2022); the volume of **project logistics** was 6.28 million tonnes (5.69 million tonnes in 2022); the volume of **chemical logistics** was 3.83 million tonnes (3.68 million tonnes in 2022); the volume of **cold chain logistics** was 0.98 million tonnes (0.98 million tonnes in 2022).

In 2023, the volume of **sea freight forwarding** was 13.37 million TEUs (13.02 million TEUs in 2022); the volume of **air channel** was 902 thousand tonnes (including 204 thousand tons of cross-border e-commerce logistics business), which was 781 thousand tonnes in 2022 (including 134 thousand tons of cross-border e-commerce logistics business); the volume of **rail freight forwarding** was 504 thousand TEUs (398 thousand TEUs in 2022); the volume of **shipping agency** was 62,300 vessel calls (59,874 vessel calls in 2022); the volume of **storage and yard operation** was 26.23 million tonnes (25.28 million tonnes in 2022).

In 2023, the volume of **cross-border e-commerce logistics** was 363.40 million shipments (310.71 million shipments in 2022); the volume of **logistics equipment sharing platform** was 84 thousand TEUs/day (76 thousand TEUs/day in 2022); the volume of **logistics e-commerce platform** was 2.47 million TEUs (1.04 million TEUs in 2022).

II. INDUSTRY THE COMPANY INVOLVED IN DURING THE REPORTING PERIOD

1. Amidst a decelerated global economic growth, domestic economy showed signs of recovery

Economic recovery was hampered by multiple factors, such as the complicated and challenging international environment, continuing geopolitical conflicts, increasingly tightened monetary policies, and high interest rate and inflation. Economic globalization has encountered a backlash, as the trade protectionism and geopolitical tensions continue to escalate, significantly reshaping the global supply chain landscape. With the trend towards trade fragmentation intensified, the global trade sees a sustained slowdown. The World Bank forecasts that global economic growth will continue to decelerate for the third consecutive year, dropping from 3.0% in 2022 to 2.6% in 2023 and 2.4% in 2024.

The domestic economy continued to recover and improve. In 2023, gross domestic product (GDP) amounted to RMB126.56 trillion, which represented a year-on-year increase of 5.2% (3% in the same period of 2022) based on constant prices, further consolidating the positive trend. However, the domestic economy continued to be confronted by a series of challenges, including insufficient effective demand, excess capacity in certain industries, and numerous risk factors, particularly with the domestic circulation hitting bottlenecks amidst the more complex, severe, and uncertain external environment. In terms of trade, the imports and exports of China totaled RMB41.76 trillion, representing a year-on-year increase of 0.2% (7.7% in the same period of 2022), of which exports were RMB23.77 trillion with a year-on-year increase of 0.6%, and imports were RMB17.99 trillion with a year-on-year decrease of 0.3%. In 2023, China's imports from and exports to countries along the "Belt and Road" Initiative reached RMB19.47 trillion with a year-on-year increase of 2.8%, accounting for 46.6% of China's total import and export value, and representing an increase of 1.2 percentage points. China's imports from and exports to Latin America and Africa reached RMB3.44 trillion and RMB1.98 trillion, respectively, representing an increase of 6.8% and 7.1%, respectively.

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

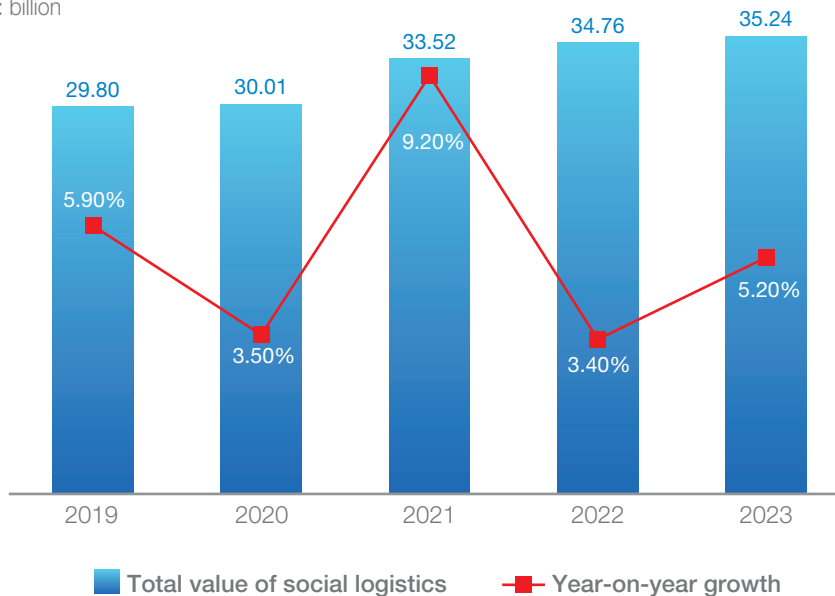
2. China's logistics industry achieved a recovery in growth, and the quality on development steadily improved

In 2023, in line with further improvement in the operating conditions of China's logistics, the whole industry showed signs of recovery. With the growth momentum shifting towards high-end, intelligent, and green directions amid an accelerated logistics demand restructuring, the new growth drivers, such as high-end manufacturing and online consumption, saw significant rebound. The stable improvement in the quality of logistics supply led to a comprehensive development in coordinated and efficient logistics services such as multimodal transport and air cargo. Unit logistics costs remained stable with a downward trend, and the industry chain in general maintained smooth circulation. Logistics enterprises strengthened their endogenous drive to reduce costs and increase efficiency, actively promoting the shift from a service-oriented supply chain towards an integrated one, and accelerating the process of digital transformation and standardization.

In 2023, the total value of China's social logistics reached RMB352.4 trillion, representing a year-on-year increase of 5.2% (3.4% in the same period of 2022). Riding on the positive overall momentum of recovery throughout the year, China maintained its position as the world's largest logistics market in terms of demand volume. In 2023, the average logistics industry sentiment index reached 51.8%, representing an rise of 3.2 percentage points as compared to last year.

Total value of social logistics in China

Unit: billion



Chapter 4

Management Discussion and Analysis (Report of the Board)

4. Global air freight market experienced oversupply, and freight rates continued to fall

According to data from the International Air Transport Association (IATA), **on the demand side**, for the year 2023, the global air cargo demand, which is measured in cargo tonne-kilometers, was down 1.9% year-on-year (of which international demand decreased by 2.2%), and 3.6% lower as compared with 2019 (of which international demand decreased by 3.8%). **On the supply side**, the international passenger transport market continued to recover, with the belly hold of passenger aircrafts being the primary driver of capacity growth. Global air cargo capacity, which is measured in available cargo tonne-kilometers, grew by 11.3% year-over-year in 2023 (of which international demand increased by 9.6%), representing an increase of 2.5% as compared with 2019 (of which international demand remained flat). **On a regional basis**, Latin America and Middle East delivered stronger performance as compared to last year, evidenced by an increase of 2.0% and 1.6% in air cargo demand, as well as an increase of 13.2% and 13.5% in capacity grew, respectively. Asian Pacific had the highest capacity growth at 28.5%, but the demand only increased by 0.9% year-on-year. North America and Europe experienced a year-on-year decline in demand, representing a decrease of 5.7% and 3.9% respectively, while the capacities increased by 0.3% and 4.5% respectively. **In terms of freight rates**, according to data from WorldACD, an air cargo data company, the average global freight rates declined by 19% compared with 2022.

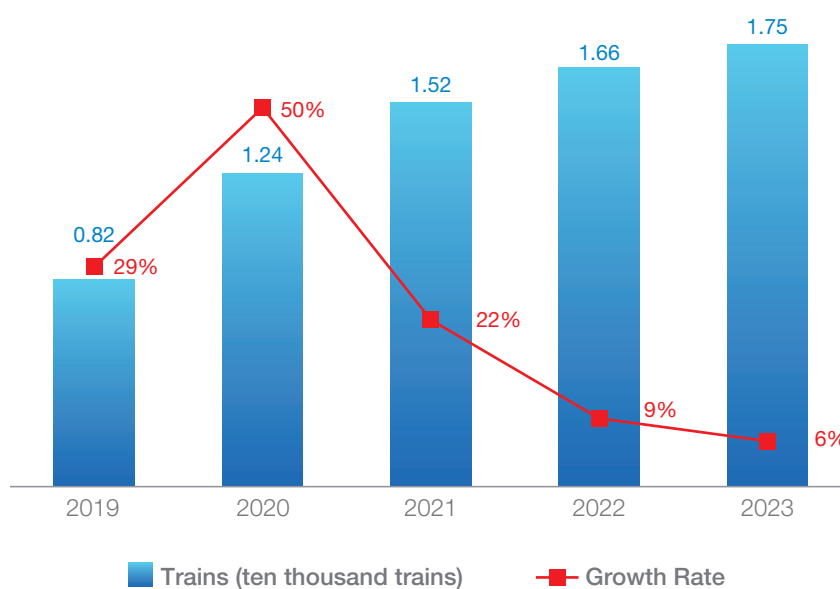
According to statistics from the Civil Aviation Administration of China, in 2023, China's air cargo market continued to develop and steadily recovered. The industry-wide cargo and mail transportation volume totaled 7.354 million tonnes, representing a year-on-year increase of 21%, and the cargo volume on international routes for the year amounted to 2.790 million tonnes, representing a year-on-year increase of 5.8%.

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

5. China-Europe Railway Express continued to grow steadily and China-Laos Railway achieved scale operation

In 2023, the China-Europe Railway Express launched a total of 17,500 trains and transported 1.90 million TEUs of goods throughout the year, representing a year-on-year increase of 6% and 18%, respectively. The China Railway Group continued to implement measures to expand and increase the transportation capacity of the China-Europe Railway Express, including infrastructure upgrades at certain ports and addition of new ports in Heilongjiang Province, further enhancing the channel capacity. Currently, five routes operating on a fixed schedule for the China-Europe Railway Express has an average reduction in travel time of over 30% compared to regular freight trains, thereby providing more stable and high-quality freight services, which has injected new momentum into the smooth and secure operation of the international supply chain. In 2023, a total of 170,000 TEUs were transported via the China-Laos Railway, representing a year-on-year increase of 45% in cross-border transportation.

China-Europe Railway Express Operation Data



Chapter 4

Management Discussion and Analysis (Report of the Board)

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

According to customs statistics, in 2023, the total import and export volume of China's cross-border e-commerce reached RMB2.38 trillion, representing a growth rate of 15.6%, of which the total export volume amounted to RMB1.83 trillion, representing an increase of 19.6%. However, 2023 was characterized by such norms as escalating regional conflicts, sluggish consumer demand, reduced trade volume, and restrained business expansions. Under such circumstances, the cross-border e-commerce industry were under immense pressure, further intensifying the competition in the industry. In 2023, the industry witnessed significant changes in the cross-border platform landscape, providing new choices for Chinese companies which are seeking for the global expansion. The changes have objectively lowered the barriers for global expansion, while emerging platforms and markets offer new hope and directions for such Chinese companies. As a result, the cross-border e-commerce continues to anticipate vast development room in the medium to long term.

III. THE BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

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. 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.

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

(I) 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 mainly provides customers with whole 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 new energy, 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.

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, North China and Southwest regions of China, forms a linkage with 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.

Chapter 4

Management Discussion and Analysis

(Report of the Board)

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 transform into 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.

(II) 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, and between third countries around the world.

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. At the same time, the Company continues to promote the construction of a "new carrier" system, as at the end of 2023, the Company has operated 11 chartered routes, involving Europe, America, Middle East 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.

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

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 2023, the Company's international trains have a cumulative transportation volume of more than 10 thousand trains and more than 1.30 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 with normalized operation, and provided the comprehensive service capacity of the China-Laos railway two-way transportation, cross-border transfer, container management, etc.

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, etc., 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 bases 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 4 Management Discussion and Analysis (Report of the Board)

(III) 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 "Sinoex trucking liner" product with whole vehicle and carpool 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.

IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable

1. Well-established Service Network and Rich 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, including 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 resources; 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.

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

2. A clear and definite strategic path, and a network-wide operation system of 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 of 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 “Pilot 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 is committed to building a highly adaptable and flexible supply chain logistics service system. It focuses on key industries, including consumer products and retail, automobile and industrial manufacturing, electronics and high-tech products, medical and health, engineering and energy, chemical, and cold chain, and is able to provide tailor-made comprehensive, end-to-end global trade compliance logistics solutions and efficient, reliable and sustainable supply chain support to numerous industry-leading customers and their upstream and downstream partners. It also meets the digital transformation needs of its customers, leveraging its existing digital and automation capabilities to provide high value-added services. 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 as a leading logistics enterprise.

Chapter 4

Management Discussion and Analysis

(Report of the Board)

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.

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

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

Sinotrans continues to implement its innovative strategy of “scenario + technology” and “customer + technology”, accelerating the research, development, productisation, scaling and systematic application of logistics technology. It has successfully piloted and launched several logistics technology achievements, including “virtual employee + employee”, smart forklifts and automated loading, forming smart logistics technology services that cover the entire range of comprehensive logistics scenarios. At the same time, the Company focuses on green logistics and has successfully developed a series of green logistics solutions and demonstration projects, including the pioneering “end-to-end” carbon neutrality project in China, the first Logistics Industry Public Carbon Emission Calculator in China, and Sinotrans’ first “zero-carbon” logistics park. The Company is committed to becoming “a practitioner and innovator in the construction of a green logistics ecosystem”.

In 2023, Sinotrans applied for 29 patents and 8 software copyrights. As at the end of the Reporting Period, the Company was granted a total of 192 patents (including 58 invention patents).

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

Case 1 : Smart Forklift

Technical features: With AI visual recognition technology, mixed navigation and positioning, and multisensor fusion technology, the smart forklift recognises and feedbacks perimeter situation autonomously, smartly, quickly and accurately. The smart forklift can take the operator's place make the judgement and execution, as well as the assistance of safe driving. The smart forklift settles the problems of frequent get-on-and-off of operator, manually operation of scanning and locking the cargo with the pallet QR codes, and rack QR code.

Business value: Sinotrans is the first to equip its smart forklifts with Slam (Simultaneous Localisation and Mapping) and AI vision technologies in the industry. Currently, the smart forklift has been applied on some of our customers in the electronics industry and the FMCG industry on a trial basis. Based on the trial application, the recognition accuracy is 99.9%, forklift and cargo positioning accuracy is 100%, and on average, operators involved in forklift operations decreased by more than 20%. Therefore, our smart forklifts will be applied on a large scale in the FMCG industry in the future.

Case 2 : Hybrid Vehicle Fleet

Technical features: Using "Cyantron", our joint venture as a centralised platform, Sinotrans gradually increased the proportion of L2 smart trucks (partially automated drive) and L4 trucks (highly automated drive) to 27%. The trucking digitalisation system was applied in several of our own task fleets, which comprehensively upgraded the Company's trucking capacity in terms of online digitisation level of order and settlement management, fleet driving safety management, and operation scheduling management.

Business value: Since its official operation in April 2022, "Cyantron" has operated several L4 autonomous driving lines, and in aggregate, it has completed 1,159,000 kilometres of autonomous driving and has transported nearly 20 million tons of cargoes, enabling "Cyantron" to continuously maintain its leading position in the industry. Under the platform "Cyantron", China's first cross-provincial high-speed smart networked heavy-duty truck has been applied for demonstration purpose and it has been put into commercial trial operation. At the same time, Sinotrans utilises the resources of the "Cyantron" platform to provide its customers with safer, more stable, smarter, more efficient, and lower-carbon technology-driven hybrid-capacity freight solutions, helping major customers in the industry to improve the resilience and safety of their supply chains.

Chapter 4

Management Discussion and Analysis

(Report of the Board)

Case 3 : China's first public carbon emission calculator in logistics industry

Sinotrans was exclusively participated in research and development of the first public carbon calculator for logistics organisations and activities in China. The calculator has a built-in library of configurable carbon emission factors and a full-scene logistics calculation model, which enables the calculation of carbon emissions from end to end of the logistics process, and facilitates customers in obtaining carbon emission reports certified by a third-party professional organisation, thus fully responding to the demand for cross-border logistics carbon emission disclosure from global customers.

The calculator has covered eight business scenarios comprising trucking, air transportation, shipping, railways, warehouses, yards, terminals and multimodal transportation, which allows the calculator to be usable in full chains under multiple scenarios and multiple standards. The calculator is applicable to the calculation of GHG emissions at three levels of logistics organisations, logistics orders and green low-carbon projects, and is committed to providing carbon calculation public services for shippers and logistics service providers, and laying a solid foundation for harmonisation of the carbon calculation standards for the logistics industry in China and mutual recognition of those standards with the international counterparts.

Case 4 : First “zero-carbon” smart logistics park of Sinotrans

Sinotrans actively participated in the pilot carbon neutral park demonstration project. Sinotrans Ningbo Beilun Logistics Park received the PAS 2060 certificate for verification statement on declaration of achievement of carbon neutrality from SGS-CSTC Standards Technical Services Co. Ltd. (SGS), a professional carbon neutrality certification, marking that Sinotrans owns its first “zero-carbon” intelligent logistics park.

Through applications of distributed photovoltaic technology, 100% electric forklift service throughout warehouses, automatic storage & retrieval system, Robotic Process Automation (RPA), visual identification and other technologies, Ningbo Beilun Logistics Park accelerated its transformation towards energy mix dominated by green energy, improved operation efficiency and optimised business structure.

Case 5 : The first “end-to-end” carbon neutrality project based on “Environmental Statement SAF” for air transportation in China

According to customer needs, Sinotrans completed the first “end-to-end” carbon neutrality project for air transportation based on “Environmental Statement SAF” carbon compensation solution, which is the first green energy solution involving multiple scenarios and multiple means of transportation in China, and scenario-based measurement and verification, carbon management solution.

Based on application of the “Carbon Footprint Calculator” of Sinotrans, the total greenhouse gas emissions directly or indirectly generated in each link of the supply chain were optimised for the customer, and clean energy-fuelled logistics equipment and facilities such as urban electric distribution truck, LNG heavy trucks, and electric forklifts were selected, greatly reducing carbon dioxide emissions for the project. In the meanwhile, we participated in the carbon sink combination of blockchain + environmental statement SAF (sustainable aviation fuel) and “International Carbon Credit VCS (voluntary carbon emission reduction trading project) + International Renewable Energy Certificates (I-RECs)” for the first time to offset the carbon emissions generated by the project and successfully implemented carbon neutrality solutions, truly achieving carbon neutrality in “end-to-end” logistics services.

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

V. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD

(I) Analysis on Principal Businesses

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

Unit: RMB

Item	Amount for the current period	Amount for the same period of last year	Change (%)
Operating income	101,704,562,839.01	109,293,500,929.37	-6.94
Operating cost	95,891,214,057.80	103,197,188,523.29	-7.08
Selling expenses	1,075,970,269.71	1,066,754,688.74	0.86
Administrative expenses	3,379,544,140.33	3,394,081,731.00	-0.43
Finance costs	259,079,259.85	-50,426,759.25	N/A
Research and development expenses	233,188,701.16	196,139,497.55	18.89
Other income	2,454,573,767.35	1,490,093,627.56	64.73
Gain from changes in fair value	266,881,768.34	-104,938,658.96	N/A
Impairment of assets (loss denoted by "-")	-327,425,516.77	-116,115,432.22	N/A
Net cash flows from operating activities	3,837,120,750.28	5,245,412,077.65	-26.85
Net cash flows from investment activities	210,024,406.53	1,014,980,345.46	-79.31
Net cash flows from financing activities	-6,704,816,117.56	-4,598,913,735.77	N/A

The change in operating income and operating cost was mainly due to a significant year-on-year decrease in sea and air freight rates.

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

The change in research and development expenses was mainly due to the continued acceleration of digital transformation investments during the year.

The change in other income was mainly due to the increase in government subsidies received and recognized by the Group during the year.

The change in gain from changes in fair value was mainly due to the fluctuation in the fair value of the shares and non-current financial assets held by the Group during the year.

The change in impairment loss of assets was mainly due to the provision of goodwill impairment of KLG Group by the Group during the year.

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

The change in net cash flows from operating activities was due to a decrease in sea and air freight rates during the year, a decrease in retained capital arising from timing differences between receipt and payment for certain freight forwarding businesses, and the settlement cycle of some businesses has been extended compared with last year.

The change in net cash flows from investment activities was primarily due to the equity acquisition and capital expenditure during the year.

The change in net cash flows from financing activities was primarily due to a significant reduction in the size of the debt as a result of the active optimisation of the debt structure during the year.

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

Applicable Not applicable

2. Income and Cost Analysis

Applicable Not applicable

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

Unit: RMB

Principal businesses by sector						
By sector	Operating income	Operating cost	Gross margin (%)	Change in operating income over last year (%)	Change in operating cost over last year (%)	Change in gross margin over last year (%)
Logistics industry	101,704,562,839.01	95,891,214,057.80	5.72	-6.94	-7.08	Increased by 0.14 percentage point

Principal businesses by product						
By product	Operating income	Operating cost	Gross margin (%)	Change in operating income over last year (%)	Change in operating cost over last year (%)	Change in gross margin over last year (%)
Forwarding and related business	61,919,431,773.07	58,643,413,529.89	5.29	-11.50	-11.66	Increased by 0.17 percentage point
Logistics	27,522,415,054.81	24,990,915,815.48	9.20	0.25	-0.55	Increased by 0.73 percentage point
E-commerce business	12,262,716,011.13	12,256,884,712.43	0.05	3.25	4.87	Decreased by 1.54 percentage points

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

(2). Analysis Statement of Production and Sales

Applicable Not applicable

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

Applicable Not applicable

(4). Statement of Cost Analysis

Unit: RMB

By sector	Cost components	By sector				Change in amount for the current period as compared with the corresponding period of last year (%)
		Amount for the current period	Percentage of total cost for current period (%)	Amount for the corresponding period of last year	Percentage of total cost for the corresponding period of last year (%)	
Logistics industry	Transportation and relevant expense	86,280,007,709.19	89.98	93,760,539,404.77	90.86	-7.98
Logistics industry	Labor cost	4,721,872,546.87	4.92	4,727,051,887.72	4.58	-0.11
Logistics industry	Depreciation and amortization	2,113,128,681.93	2.20	1,979,018,745.55	1.92	6.78
Logistics industry	Repair and maintenance expense	150,702,946.83	0.16	145,951,365.80	0.14	3.26
Logistics industry	Fuel expense	436,412,707.87	0.45	429,465,332.35	0.42	1.62
Logistics industry	Rental cost	696,796,163.20	0.73	677,129,481.54	0.65	2.90
Logistics industry	Safe production expense	101,221,637.07	0.11	100,971,130.33	0.10	0.25
Logistics industry	Other operating expenses	1,391,071,664.84	1.45	1,377,061,175.23	1.33	1.02

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

By product	By product				Change in amount for the current period as compared with the corresponding period of last year (%)
	Amount for the current period	Percentage of total cost for current period (%)	Amount for the corresponding period of last year	Percentage of total cost for the corresponding period of last year (%)	
Forwarding and related business	58,643,413,529.89	61.16	66,380,950,578.34	64.32	-11.66
Logistics	24,990,915,815.48	26.06	25,128,072,562.67	24.35	-0.55
E-commerce business	12,256,884,712.43	12.78	11,688,165,382.28	11.33	4.87

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

Applicable Not applicable

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

Applicable Not applicable

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

(7). *Key Customers and Key Suppliers*

A. Key customers of the Company

Applicable Not applicable

Total sales to top five customers amounted to RMB8,585 million, accounting for 8.44% of the total sales in the year; among which, sales to related party were zero.

Unit: RMB Ten Thousand

Customer	Total sales	Percentage of total sales of the year	Related party or not
Customer 1	380,929.36	3.75%	No
Customer 2	178,766.84	1.76%	No
Customer 3	134,232.63	1.32%	No
Customer 4	94,805.19	0.93%	No
Customer 5	69,767.97	0.69%	No
Total	858,501.99	8.44%	/

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

Applicable Not applicable

B. Key Suppliers of the Company

Applicable Not applicable

Total purchases from top five suppliers amounted to RMB14.646 billion, accounting for 15.27% of the total purchases in the year; among which purchases from related party attributable to top five suppliers were 0.

Unit: RMB Ten Thousand

Supplier	Total purchases	Percentage of total purchases of the year	Related party or not
Supplier 1	360,174.45	3.76%	No
Supplier 2	345,972.93	3.61%	No
Supplier 3	322,300.47	3.36%	No
Supplier 4	298,457.47	3.11%	No
Supplier 5	137,743.08	1.44%	No
Total	1,464,648.41	15.27%	/

Chapter 4

Management Discussion and Analysis (Report of the Board)

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

Applicable Not applicable

Other Matters

(i) During the year ended 31 December 2023, none of the Directors, Supervisors, their close associates and any shareholders (who to the knowledge of the Board owns more than 5% of the share capital of the Company) of the Company had any interests in the top five customers or the top five suppliers of the Group.

(ii) *Relationship with Customers*

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

(iii) *Relationship with Suppliers*

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

3. **Expense**

Applicable Not applicable

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

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

4. R&D Investment

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

Applicable Not applicable

Unit: RMB

Expensed R&D investment for the Reporting Period	233,188,701.16
Capitalized R&D investment for the Reporting Period	154,604,134.57
Total R&D investment	387,792,835.73
Total R&D investment as a percentage of operating income (%)	0.38
Capitalized R&D investment as a percentage of total R&D investment (%)	39.87

(2). Statement of R&D employees

Applicable Not applicable

Number of R&D employees in the Company	710
R&D employees as a percentage of total employees of the Company (%)	2.16

Educational background structure of R&D employees

Degree	Number
Doctoral candidate	2
Master degree	90
Bachelor degree	473
Associate degree	117
High school and below	28

Age of R&D employees

Age	Number
Under 30 years old (30 years old exclusive)	257
30–40 years old (30 years old inclusive, 40 years old exclusive)	255
40–50 years old (40 years old inclusive, 50 years old exclusive)	151
50–60 years old (50 years old inclusive, 60 years old exclusive)	47
60 years old and above	0

(3). Explanation

Applicable Not applicable

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

Applicable Not applicable

Chapter 4

Management Discussion and Analysis (Report of the Board)

5. Cash Flow

Applicable Not applicable

	<i>Unit: million</i>	<i>Currency: RMB</i>
	2023	2022
Net cash flow generated from operating activities	3,837.12	5,245.41
Net cash flow generated from investment activities	210.02	1,014.98
Net cash flow generated from financing activities	-6,704.82	-4,598.91
Effect of changes in exchange rate on cash and cash equivalents	73.57	435.71
Net increase in cash and cash equivalents	-2,584.10	2,097.19
Balance of cash and cash equivalents at the end of the period	13,821.46	16,405.56

Operating Activities

During the year ended 31 December 2023, the net cash inflow generated from operating activities was RMB3,837 million, representing a decrease of RMB1,408 million as compared with last year. The decrease was mainly due to a decrease in sea and air freight rates during the year, resulting in reduced cash inflow generated from the forwarding businesses, and the settlement cycle of some business has been extended compared with last year, of which, cash received for sale of products and provision of services was approximately RMB108,266 million (2022: RMB115,176 million), cash paid for purchase of goods and receipt of services was RMB95,086 million (2022: RMB102,298 million), with the net cash of RMB13,180 million (last year: RMB12,878 million), representing an increase of RMB302 million as compared with last year; cash paid to and on behalf of employees by the Group increased by RMB216 million as compared with last year, while other cash paid related to operating activities increased by RMB1,127 million compared with last year.

Investment Activities

For the year ended 31 December 2023, net cash inflow generated from investment activities amounted to RMB210 million, representing a decrease of RMB805 million as compared with last year. The decrease was mainly due to the more frequent equity acquisitions and higher investment expenses of the Group during the year, of which, cash received from investment income was RMB2,201 million, representing a year-on-year decrease of RMB151 million; net cash received from disposal of fixed assets, intangible assets and other long-term assets was RMB388 million, representing an increase of RMB113 million as compared with the corresponding period of last year; net cash received from disposal of subsidiaries and other operating units represented a decrease of RMB197 million as compared with last year; cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets was RMB1,611 million, representing an increase of RMB51 million as compared with the corresponding period of last year; cash paid for investments was RMB314 million, representing an increase of RMB229 million as compared with the corresponding period of last year; and net cash paid for acquisition of subsidiaries and other operating units was RMB485 million, representing an increase of RMB298 million as compared with the corresponding period of last year.

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

Financing Activities

For the year ended 31 December 2023, net cash outflow generated from financing activities amounted to RMB6,705 million, representing an increase of RMB2,106 million as compared with the corresponding period of last year. The decrease was mainly due to debt restructuring and control over scale of debts during the year, leading to an increase in prepayment of external debt, of which, cash received from borrowing was RMB1,123 million, representing a decrease of RMB1,254 million as compared with the corresponding period of last year, and cash paid for debt repayment was RMB4,331 million, representing an increase of RMB1,088 million as compared with the corresponding period of last year.

6. Other Matters

(1) Tax

Details of the Group's taxes as at 31 December 2023 are set out in Note VII to the financial statements under "Chapter 11 Financial Report" of this Report.

(2) Income Tax

The Group's income tax expense was RMB1,058 million, representing an increase of 9.30% as compared with RMB968 million last year, mainly due to the increase in gross profit and higher taxes paid for the disposal of equity of the Group this year.

(3) Fixed Assets

The details of changes in fixed assets of the Group as of 31 December 2023 are set out in Note IX. 16 to the financial statements under "Chapter 11 Financial Report" of this Report.

(4) Capital Expenditure

For the year ended 31 December 2023, the Group's capital expenditure was RMB1,775 million, mainly including RMB1,120 million used for the construction of infrastructure, port and terminals facilities and other constructions, RMB425 million used for the purchase of land and software, RMB225 million used for the purchase of machineries and equipment, containers and vehicles, and RMB5 million used for asset reconstruction and improvement.

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

(5) *Securities Investment*

As at 31 December 2023, the listed equity investments held by the Group was RMB110 million, the details of which are set out in Note IX. 2, 13 and 14 to the financial statements under “Chapter 11 Financial Report” of this Report.

(6) *Contingent Liabilities and Guarantees*

As at 31 December 2023, contingent liabilities mainly comprised pending lawsuits of the Group arising from its ordinary course of business amounting to RMB138 million (as at 31 December 2022: RMB76 million).

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

(7) *Borrowings and Bonds*

As at 31 December 2023, the Group’s total borrowings amounted to RMB5,360 million (as at 31 December 2022: RMB8,429 million), among which, RMB1,232 million shall be settled in Renminbi, RMB319 million in U.S. dollars, RMB1,613 million in EUR and RMB2,196 million in Hong Kong dollars. Of the above borrowings, RMB3,005 million was bank borrowings payable within a year.

As at 31 December 2023, the Group’s total bonds payable amounted to RMB4,066 million (as at 31 December 2022: RMB4,064 million). Of the above bonds, RMB2,066 million shall be payable within a year.

The details of the Group’s borrowing and bonds for the year ended 31 December 2023 are set out in Note IX. 26, 35 and 36 to the financial statements under “Chapter 11 Financial Report” of this Report.

(8) *Bank Loans*

The details of the Company’s and the Group’s bank loans are set out in Note IX. 26 and 35 to the financial statements under “Chapter 11 Financial Report” of this Report.

(9) *Secured and Guaranteed Borrowings*

For details, please refer to “3. Restriction on Material Assets as at the End of the Reporting Period” in “V. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD (III) Analysis of Assets and Liabilities” under “Chapter 4 Management Discussion and Analysis (Report of the Board)” and “XIII. MATERIAL CONTRACTS AND PERFORMANCE (II) Guarantees” under “Chapter 7 Significant Matters” of this Report.

(10) *Special Reserve*

As at 31 December 2023, the special reserve of the Group was approximately RMB130 million.

(11) *Distributable Reserves*

Distributable reserves of the Company as at 31 December 2023 amounted to approximately RMB6.686 billion.

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

(12) Debt-to-Asset Ratio

As at 31 December 2023, the debt-to-asset ratio of the Group was 47.13% (as at 31 December 2022: 52.96%), which was calculated by dividing total liabilities by total assets of the Group as at 31 December 2023.

(13) Material Litigation and Contingent Liabilities

Details of the Group's material litigation and contingent liabilities as at 31 December 2023 are set out in Note XII to the financial statements under "Chapter 11 Financial Report" of this Report.

(14) Foreign Exchange Risk

The Group's turnover and transportation and related expenses are partially settled in foreign currencies. The Group's expose to foreign exchange risk is mainly from the exchange rate fluctuation of foreign currencies, such as USD, HKD and EUR. Details are set out in Note XI to the financial statements under "Chapter 11 Financial Report" of this Report.

(15) Government Subsidy

During the year ended 31 December 2023, the Group received government subsidies related to income totaling RMB2,341 million, details of which are set out in Note IX. 63 to the financial statements under "Chapter 11 Financial Report" of this Report.

(16) Pension Schemes

All the full-time employees of the Group are covered by the basic pension insurance which is operated by the government pursuant to national policies. For the year ended 31 December 2023, the Group made pension insurance to the local social insurance agencies every month according to the stipulated social security bases and proportion, for the benefits of its employees. After the retirement, the local human resources and social security department are responsible to pay the basic pension. When an employee has rendered service to the Group during an accounting period, the Group shall recognise the accrued amount according to the above social security provisions as a liability and charge to profit or loss in the current period or to the cost of the related assets. Apart from the above monthly payment, the Group bears no longer further payment obligation. Corresponding expenses are recorded in the profit or loss in the current period or the cost of the related assets when incurred. In addition, the Group has established an enterprise annuity scheme. Fees required for the enterprise annuity plan shall be jointly paid by the enterprise and its employees. Employees may determine whether or not to join the enterprise annuity plan on a voluntary basis.

The total enterprise annuity expense of the Group for the year ended 31 December 2023 was approximately RMB196 million (2022: RMB203 million). The corresponding expenses are included in the profit or loss in the current period or the cost of the related assets when incurred.

As at 31 December 2023, the Group had no forfeited contributions from retirement scheme. Details of the Group's pension schemes for the year ended 31 December 2023 are set out in Note IX. 30 to the financial statements under "Chapter 11 Financial Report" of this Report.

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

For the year ended 31 December 2023, the Group did not have any defined benefit plan at the group level. However, there were defined benefit plans only relating to the extra-uniform costs in respect of the socialized transfer of retired staff provided by China Yangtze River Shipping Co., Ltd, SINOTRANS Jiuling Transport & Storage Co., Ltd and Zhoushan Sinotrans Customs Company Limited, all being acquired by the subsidiaries of the Company. The number of beneficiaries involved in the defined benefit plans was 182 as at 31 December 2023, and the scope and amount of its impact are not material to the Group. For details, please refer to Note IX. 39 to the financial statements under “Chapter 11 Financial Report” of this Report.

(17) Donations

During the Reporting Period, the Group made charitable and other donations amounted to approximately RMB8,100,100.

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

Applicable Not applicable

(III) Analysis of Assets and Liabilities

Applicable Not applicable

1. Assets and Liabilities

Unit: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of total asset (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of total assets (%)	Year-on-year change (%)
Bill receivables	119,812,566.60	0.16	88,529,670.89	0.11	35.34
Investment in other equity instruments	415,223,441.98	0.55	30,576,728.20	0.04	1,257.97
Other non-current financial assets	976,841,095.30	1.29	708,417,806.54	0.90	37.89
Development expenditure	165,869,779.23	0.22	76,572,692.86	0.10	116.62
Other payables	2,318,749,515.89	3.06	3,358,135,640.84	4.28	-30.95
Non-current liabilities due within one year	5,211,189,002.62	6.87	3,226,984,448.63	4.11	61.49
Long-term borrowings	2,355,004,648.70	3.10	5,347,701,871.99	6.81	-55.96
Bonds payable	1,999,383,890.41	2.63	3,997,705,534.28	5.09	-49.99
Long-term payables	23,525,000.00	0.03	164,017,516.89	0.21	-85.66
Other non-current liabilities	52,576,521.50	0.07	265,180,547.74	0.34	-80.17

Chapter 4

Management Discussion and Analysis (Report of the Board)

Other description

The change in bills receivable was mainly due to the fact that the settlement of bills of the Group decreased for the period.

The change in investment in other equity instrument was mainly due to the fact that the Group acquired 13% equity interest in CSC Cargo Co., Ltd.

The change in development expenditure was mainly due to an increase in capitalization research projects of the Group at the end of the period.

The change in other payables was mainly due to a decrease in the scale of customers' deposits and overseas business collection and disbursement business.

The change in non-current liabilities due within one year was primarily due to the fact that certain long-term borrowings and bonds payable of the Group at the end of the period will become due within one year, which is reclassified into non-current liabilities due within one year.

The change in long-term borrowings was mainly due to repayment of the long-term borrowings of RMB2,157 million by the Group to DBS Bank for the period.

The change in bonds payable was mainly due to the fact that certain bonds of the Group at the end of the period will become due within one year, which is reclassified into non-current liabilities due within one year.

The change in other non-current liabilities was mainly due to the fact that the Group disposed the assets under entrusted management by its subsidiaries, as a result of which the corresponding non-current liabilities decreased as compared to that for the beginning of the period.

2. Overseas Assets

Applicable Not applicable

(1) Asset Size

Including: overseas assets of RMB20,399,040,363.33 (unit: yuan, currency: RMB), accounting for 26.88% of total assets.

(2) Description of Relatively High Proportion of Overseas Assets

Applicable Not applicable



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

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

Applicable Not applicable

Details are set out in Note IX. 24 of the Financial Statements in “Chapter 11 Financial Report” of this Report.

4. **Other Description**

Applicable Not applicable

(IV) Analysis of the Industry Operation Information

Applicable Not applicable

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

(V) Analysis of Investments

Overall Analysis of External Equity Investments

Applicable Not applicable

The Group’s long-term equity investment at the end of the Reporting Period amounted to RMB9,137 million, representing an increase of RMB607 million as compared to RMB8,531 million at the beginning of the year, representing a year-on-year increase of 7.11%, which was mainly due to the increase in investments in new joint ventures and associates by the Group during the period and the adjustments to the carrying value of long-term equity investments based on the operating conditions of the joint ventures and associates such as Loscam International Co., Ltd.

1. **Major equity investment**

Applicable Not applicable

2. **Major non-equity investment**

Applicable Not applicable

3. **Financial assets at fair value**

Applicable Not applicable

Unit: RMB

Asset Category	Opening balance	Gains and losses from changes in value fair for Reporting Period	Accumulated changes in value fair recognised in equity	Impairment accrued during the Reporting Period	Acquisition during the Reporting Period	Disposal/ Redemption during the Reporting Period	Other changes	Closing balance
Equity securities	166,307,784.87	-48,247,375.05	-7,738,962.06					110,321,447.76
others	1,056,396,479.30	315,129,143.39			394,050,500.00	-25,748,564.52		1,739,827,558.17
Total	1,222,704,264.17	266,881,768.34	-7,738,962.06		394,050,500.00	-25,748,564.52		1,850,149,005.93

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

Securities Investment

Applicable Not applicable

Unit: RMB

Type of securities	Stock code	Stock abbreviation	Initial investment	Source of funds	Opening carrying amount	Gains and losses from changes in fair value during the Reporting Period	Accumulated changes in fair value recognised in equity	Acquisition during the Reporting Period	Disposal during the Reporting Period	Investment equity during the Reporting Period	Closing carrying amount	Accounting Subjects
Equity securities	SH601111	Air China	8,076,871.60	Self-financing	30,576,728.20		-9,403,786.22				21,172,941.98	Other equity instrument investments
Equity securities	HK02618	JD Logistics	184,647,154.48	Self-financing	135,066,960.00	-48,102,642.00	1,663,998.00				88,628,316.00	Other non-current financial assets
Equity securities	SH600179	Antong Holdings	777,684.20	Self-financing	546,827.61	-131,305.11					415,522.50	Held-for-trading financial assets
Equity securities	SZ001872	China Merchants Port	15,570.07	Self-financing	44,295.10	-11,957.52	826.16				33,163.74	Held-for-trading financial assets
Equity securities	SZ002766	Soling	121,222.65	Self-financing	52,138.24	4,018.56					56,156.80	Held-for-trading financial assets
Equity securities	SZ600221	HNA	21,955.92	Self-financing	20,835.72	-5,488.98					15,346.74	Held-for-trading financial assets
Total	/	/	193,660,458.92	/	166,307,784.87	-48,247,375.05	-7,738,962.06				110,321,447.76	/

Securities investment

Applicable Not applicable

Private fund investment

Applicable Not applicable

Derivatives investment

Applicable Not applicable

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

Applicable Not applicable

(VI) Disposal of Major Assets and Equity

Applicable Not applicable

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

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

Applicable Not applicable

1. Major Subsidiaries Controlled by the Company

Company Name	Nature of business	Registered Capital (RMB)	Share holding (%)	Total assets (RMB: ten thousand)	Net assets (RMB: ten thousand)	Operating income (RMB: ten thousand)	Net profit (RMB: ten thousand)
Sinotrans Logistics Co., Ltd.	Logistics	1,444,000,000.00	100	2,240,362.04	833,246.92	1,759,634.12	50,081.58
Sinotrans Air Transportation Development Co., Ltd.	Air freight forwarding and express services	905,481,720.00	100	1,127,641.46	792,203.19	1,465,889.52	30,057.60
Sinotrans South China Co., Ltd.	Freight forwarding, logistics, and storage and terminal services	1,349,668,931.90	100	1,072,916.36	420,149.77	1,314,915.73	47,237.42
Sinotrans Eastern Company Limited	Freight forwarding, logistics, and storage and terminal services	1,120,503,439.18	100	680,890.41	317,929.12	1,453,867.01	44,350.13
Sinotrans Central China Co., Ltd.	Freight forwarding and logistics	645,339,941.77	100	649,109.16	224,628.62	1,209,936.98	48,946.09

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	731,509.39	374,742.25	2,303,122.82	350,143.40
Loscarn International Co., Ltd.	Pallet leasing	US\$101	45	899,425.10	503,176.22	233,833.88	45,871.81
Wuhan Port Container Co., Ltd.	Containers handling and freight forwarding	RMB400 million	30	73,727.75	61,100.50	14,545.98	2,215.83

Details of the financial information of the major joint ventures and associates of the Group are set out in Notes IX.12(5) and (6) to the financial statements under "Chapter 11 the Financial Report" of this Report.

(VIII) Structured Entities Controlled by the Company

Applicable Not applicable

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

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

(I) Industrial Layout and Trend

Applicable Not applicable

From the perspective of the global macro situation, it is expected that a slowdown in global growth from 2.7% in 2023 to 2.4% in 2024, due to the factors such as persistently high interest rates, escalating geopolitical conflicts, sluggish international trade, and increasing climate-related disasters, according to the “World Economic Situation and Prospects 2024” published by the United Nations Department of Economic and Social Affairs in January 2024. Overall, the global economy remains susceptible to a downturn risk.

From the perspective of the domestic macro situation, China’s economic development is supported by more favorable conditions than unfavorable factors, as the overall trajectory of economic recovery and long-term improvement remains positive and unchanged. In January 2024, there was a moderate rebound in economic prosperity, with two consecutive months of growth in the Consumer Price Index (CPI). In addition, the Purchasing Managers’ Index (PMI) and overall business activity for the manufacturing sector experienced some improvement, indicating positive signals for the economic performance. The expected growth rate for China’s economy in 2024 is 5%.

In the logistics industry, elements, including a resilient supply chain, cost control in the supply chain, digital transformation, whole-network operations, and the development of smart logistics and green low-carbon logistics, become industrial highlights. Firstly, with the earnest implementation of the “Belt and Road” Initiative and RCEP, the going overseas of Chinese manufacture brands, strategic customers are paying more attention to the stability and security of global supply chains, promoting logistics enterprises to actively strengthen the capabilities of all links of the supply chains, and actively improving the overall resilience of supply chain service. Secondly, the logistics industry is witnessing a clear shift towards “diversified layouts, regional cooperation, green transformation and accelerated digitalization” in global supply chains, which is also gaining momentum. Thirdly, the logistics industry is also at a breakthrough stage of transformation and upgrading. On one hand, the industry as a whole is under pressure with declining freight rates and recurring regional conflicts. Events such as the Red Sea shipping crisis constantly disrupt the safety and stability of the global industry and supply chains. On the other hand, the industry experiences increasingly intense competition, resulting in a new landscape of competition where logistics businesses embark on global expansion and logistics companies seek transformation.

Chapter 4

Management Discussion and Analysis (Report of the Board)

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

(II) Development Strategy of the Company

Applicable Not applicable

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

Chapter 4

Management Discussion and Analysis (Report of the Board)

(III) Operating Plans

Applicable Not applicable

The global economy is undergoing a period of adjustment amidst a changing trend. The international environment is complex and challenging, with ongoing geopolitical conflicts, tightening monetary policies, high interest rates, and elevated inflation, among other factors, that continue to impact economic recovery. It is expected that the global economy in 2024 will be characterized by three major features, namely “slow growth, high sensitivity and profound transformation”. The logistics industry is also at a breakthrough stage of transformation and upgrading. On one hand, the whole industry is under pressure, with declining freight rates and recurring regional conflicts. Events such as the Red Sea shipping crisis constantly disrupt the safety and stability of the global industrial and supply chains. On the other hand, there is fierce competition within the industry, with logistics going globally and logistics companies transforming themselves to adapt to the new competitive landscape.

In 2024, the Company will continue to insist on promoting comprehensive digital transformation with a principal theme of “making progress while ensuring stability” and a focus on “consolidating stability through advancement”, continuously driving business transformation and upgrading, and accelerating the establishment of a world-class smart logistics platform enterprise.

1. ***Focusing on “one main stream” and making solid progress in comprehensive digital transformation***

Firstly, make solid progress in key tasks. We will continuously improve the top-level design of digital transformation, establish a robust digital transformation organization, and strengthen cross-border and penetrating management functions. We will also accelerate the implementation of critical tasks, particularly the construction of a comprehensive four-tier operating system of customers, products, delivery and resources, so as to reshape our operations by strengthening the empowerment of digital transformation and extend its influence among our frontline employees.

Secondly, accelerate the promotion and application of systematic business models. As to our goal of “strengthening customer base”, we will consistently improve our customer management system and strategic marketing system, and strengthen the promotion of customer relationship management system. As to our goal of “improving product quality”, we will rely on standardization, focus on product operations, and develop a comprehensive product management system. We will complete the pilot verifications for sea freight, land freight and air freight products.

Thirdly, deepen organizational transformation. We will intensify our efforts to explore and implement the block integration model, fostering horizontal linkages across various levels. Furthermore, we will persistently push forward the construction and development of “pilot demonstration zones” while exploring the promotion of our innovative development model.

Chapter 4

Management Discussion and Analysis (Report of the Board)

2. *Focusing on “one core” and continuously expanding the market share*

Firstly, we will establish a strategic marketing “win-win system” by anchoring four key strategic marketing directions, and utilize digital tools such as Customer Relationship Management (CRM), Global Trade Management Solutions (GTM) and Logistics Control Tower (CT) to elevate service quality, thus further expanding the number of strategic customers and collaboration opportunities. **Secondly**, we will leverage the global end-to-end demand and green logistics requirements driven by customer supply chain reconstruction, to enhance our capabilities for global end-to-end long-term delivery and develop industry-level solutions.

3. *Forging “one business model” to lead the development of product channels through the “New Carrier” model*

In terms of sea freight, we will continuously strengthen strategic cooperation with core shipping companies in the **trunk line link**, enhancing our control over trunk line capacity on key routes in Southeast Asia, Europe, etc. We will reinforce cooperation with key ports **at both ends**, jointly advancing the construction of a concentration and dispatch system, and enhancing end-to-end service capabilities in overseas focal areas. Furthermore, we will enhance collaboration with domestic shipping companies, incorporating the construction of concentration and dispatch systems for coastal, river, inland waterways and canal routes into our strategic-level initiatives.

In terms of air freight, we will enhance the optimization of our capacity control model and further strengthen strategic cooperation with core airlines. **On the trunk line link**, we will actively expand our presence in emerging industrial regions such as Central and Eastern Europe, Central and South America, Southeast Asia and the Middle East. **At both ends**, we will focus on key domestic bases such as Hangzhou, Shenzhen and Hong Kong, as well as important overseas hubs, to establish an effective concentration and dispatch system. Our aim is to maintain our leading position in the air freight business in Asia.

In terms of land transportation, we will focus on maintaining our current market share in international freight trains while continuously improving their quality and efficiency. We will establish a comprehensive network operation system and establish a product standardization system. Moreover, we will increase investment in land transportation port resources and accelerate the construction of concentration and dispatch systems in core hubs such as Shenyang and Changsha.

In terms of trucking, we are determined to achieve continuous growth in scale and maintain manageable capacity to enhance the market competitiveness of our trucking channels. Our focus is on promoting centralization and intensive management, constructing a more diverse and controllable capacity resource, and realizing cost reduction and efficiency improvement. Furthermore, we will continue to expand the scale of key routes and make ongoing advancements in the development of our SDCC road transport platform system.

In terms of resource allocation, we will identify areas of need within China and allocate resources accordingly. Overseas, we will ensure solid progress in the construction of the Dubai South Free Zone (迪拜南城自贸區) and new warehouse construction in Thailand, while actively expanding our resource distribution in Southeast Asia, the Middle East and Latin America regions.

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

4. ***Establishing “a solid foundation” and implementing effective measures for quality and efficiency enhancement***

Adhering to the principle of “seeking profit through cost reduction and efficiency through effective management”, the Company will actively pursue the consolidation, centralization and intensive procurement and lean operation of its core capacity resources. Additionally, we will properly optimize resource allocation to better align with customer needs, improve the utilization of heavy-asset, and enhance overall operational efficiency.

5. ***Emphasizing “one driving force” and expanding the horizon of technological innovation***

Firstly, we will explore the development of a new “AI+ logistics” model, engaging in collaborative innovation with our top strategic customers. This will enable us to establish smart logistics services that cover various aspects of the logistics process. **Secondly**, our focus will be on creating sustainable green logistics solutions. We will deepen our partnerships with ecological partners in areas such as sustainable aviation fuel, carbon credits, hydrogen energy and green methanol, with an aim to develop a range of green and low-carbon demonstration projects, and offer diverse green logistics solutions. We will continue to participate in the formulation of national and industry standards, establish a carbon management platform, optimize the application of carbon calculators, and obtain international certifications, thus maintaining our leading position in the industry. **Thirdly**, we will continue to advance the development of our logistics e-commerce platform, ensuring the continuous growth of revenue from Y2T and expanding our product service routes across the entire logistics chain.

6. ***Strengthening the “three supports” and establishing a robust support system for sustainable development***

The Company will drive further achievements by deepening reforms and fostering innovation, in collaboration with the ongoing reforms in state-owned enterprises. By implementing strategies such as “constructing echelons, improving mechanisms, unleashing potential and driving upgrade”, we will enhance the overall efficiency of our workforce. We will remain steadfast in upholding our bottom line and strike a delicate balance between development and safety, to effectively identify and mitigate various risks.

Under the influence of uncertain factors including macro-economy, industry development status and market demand, it is estimated that the operating income for 2024 will be RMB100.025 billion, which does not constitute a performance commitment or profit forecast made to investors.

Chapter 4

Management Discussion and Analysis (Report of the Board)

(IV) Potential Risks

Applicable Not applicable

Based on the current management status, the Company has carried out an evaluation of significant risks for 2024. The risk assessment results show that the external political and economic environment risk, market change and market competition risk, overseas operation risk and credit risk of accounts receivable still remain important risks. At the same time, the logistics industry is currently undergoing a breakthrough period of transformation and upgrading. There is a continuous increase in customer demands for personalization. Therefore, there are risks associated with new product development this year.

1. *External Political and Economic Risks*

Due to the turbulent international political situation, including Russia-Ukraine conflict 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.

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.

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

3. Risks associated with product development

The inability of product system construction to meet market trends and customer demands, or its mismatch with the Company's integrated operation model, may lead to difficulties in achieving established strategic goals and affect the Company's future sustainable development.

Counter measures: the Company shall improve the network layout in key regions, key nodes, and key channels to provide customers with end-to-end supply chain solutions and services during the whole course. It shall strengthen channel capacity building and increase the proportion of self-handled and controllable goods, contributing to optimizing business structure and enhancing core competitiveness. Meanwhile, leveraging on digital empowerment, it shall accelerate the restructuring of product and service processes, so as to drive operational and management mode transformation, with a focus on operational automation and intelligence, for the purpose of facilitating the transition towards smart logistics.

4. 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 shall enhance the control of country-specific risks in overseas projects, conduct thorough risk assessments for new projects, comprehensively utilize various measures to prevent and control relevant risks, focus on improving foreign exchange planning capabilities, utilize exchange rate management systems to enable precise management of foreign currency positions, strengthen the investigation and monitoring of high-compliance-risk businesses, and continuously improve compliance management practices.

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.

Chapter 4

Management Discussion and Analysis (Report of the Board)

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.

(V) Other Disclosures

Applicable Not applicable

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

Applicable Not applicable

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

(I) Principal Business

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

(II) Final Dividend and Book Closure Periods

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

(III) Employee, Major Customers and Suppliers

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

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

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

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

(IV) Issuance of Shares and Debentures

During the Reporting Period, the Company did not issue any new shares or bonds.

(V) Sufficiency of Public Float

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

(VI) Equity-Linked Agreement

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

(VII) Repurchase, Sale or Redemption of Securities

On 31 May 2022, the 2021 Annual General Meeting, the 2022 First A Shareholders' Class Meeting and the 2022 First H 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 float, repurchase price and so on. During the Reporting Period, the Company has repurchased 11,586,000 H Shares (all cancelled), accounting for 0.16% of the total number of shares and 0.57% of the total number of H Shares issued by the Company as at 31 December 2023. Such repurchases boosted the market confidence and were in the interests of the Company and its shareholders as a whole. Details of repurchase of H Shares are as follows:

Month of repurchase	Number of shares Repurchased (H Shares)	Maximum price per share (HK\$)	Lowest price per share (HK\$)	Total amount (HK\$)
January 2023	11,586,000	2.75	2.5	29,973,450

Note: The total amount does not include transaction costs.

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

(VIII) Tax Relief and Exemption

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

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

(IX) Pre-Emptive Rights

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

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

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

(XI) Material Contracts with Connected Parties

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

(XII) Management Contracts

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

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

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

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

(XIV) Environmental and Social Responsibilities

Sinotrans always adheres to the concept of green, low-carbon and sustainable development, by incorporating the ESG indicators into our holistic business operation and whole chain, while proactively fulfilling its social responsibilities, as part of our commitments to creating greater value for the country, customers, investors, employees and society. In 2023, the Company continued to uphold the concept of green and low-carbon logistics. Leading a comprehensive green transformation, we implemented a series of effective demonstration applications, including carbon footprint calculators, hydrogen fuel heavy truck demonstration applications, electric container ships, “zero carbon/carbon neutrality” logistics scenario projects, effectively asserting our leadership in the industry. At the same time, we focused on employee development and care, and actively participated in the development of a harmonious community. For more information on the Group’s performance of environmental and social responsibilities in 2023, please refer to the “2023 Social Responsibility and Environmental, Social and Governance Report” published by the Company.

(XV) Important Events After the Reporting Period

Applicable Not applicable

Chapter 5 Corporate Governance (Corporate Governance Report)

I. RELEVANT INFORMATION OF CORPORATE GOVERNANCE

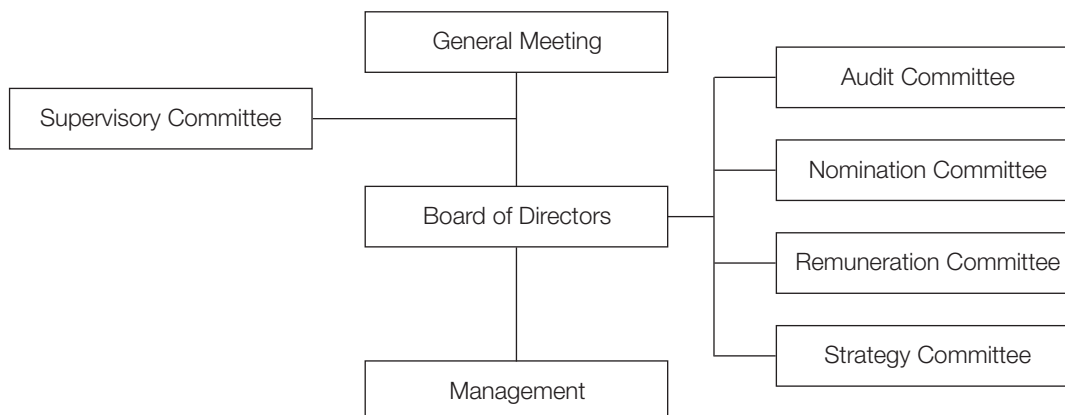
Applicable Not applicable

During the Reporting Period, the Company strictly abided by the Company Law, Securities Law, and the Code of Corporate Governance for Listed Companies decreed by the CSRC and other applicable laws and regulations, as well as the requirements on corporate governance by the SSE and the SEHK, and also complied with the code provisions of the CG Code issued by the SEHK, continuously strengthening and improving corporate governance.

(I) Standardized Operation of Corporate Governance

The Company persistently improved the corporate governance structure where the shareholders' General Meeting, the Board, the Supervisory Committee, and the Management fulfill their respective roles with clear authorities and responsibilities while achieving effective checks and balances and coordinated operation among them. This has formed a corporate governance system, which is based on the Articles of Association, takes the rules of procedure of the Board and related governance bodies as the framework and supported by the Board's authorized management system and management systems for related-party transactions, external guarantees, ESG, and others. Through the guarantee of these systems, standardized implementation and effective supervision, the effective operation of the Company's corporate governance mechanism is ensured.

The corporate governance structure of the Company is as below:



Chapter 5 Corporate Governance (Corporate Governance Report)

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

The Board is the operational decision-making authority of the Company, answers to the General Meeting, conscientiously implements the resolutions of the general meetings and accepts the supervision of the General Meeting and Supervisory Committee. The Board highlighted its role in enhancing corporate governance, providing strategic guidance, exercising decision-making oversight, and implementing risk prevention measures under the responsibility orientation of “determining strategies, making decisions and preventing risks”. The Board has four special committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee, which conduct prior review and provide reference suggestions when making decisions on major matters by the Board. During the Reporting Period, the Company convened 9 Board meetings, 5 meetings of the Audit Committee, 3 meetings of the Nomination Committee and 1 meeting of the Remuneration Committee. For details, please refer to “VIII. THE PERFORMANCE OF DIRECTORS’ DUTIES” and “IX. SPECIAL COMMITTEES UNDER THE BOARD” in this chapter.

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

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

Chapter 5

Corporate Governance (Corporate Governance Report)

(II) Information Disclosure

In accordance with the regulatory requirements of the listing rules of the listing places, the Company strengthened proactive disclosure based on investor demand, and continued to disclose information in an increasingly targeted and effective manner to improve the quality of information disclosure of the Company, giving full play to the role of information disclosure as a “window”. In 2023, the Company disclosed 132 documents on the SSE and 247 documents on the Hong Kong Stock Exchange, including regular reports, connected transactions and continuing connected/related-party transactions, and other material matters. The Company was awarded the highest rating A in the SSE’s evaluation of information disclosure work for 2022–2023 for the third consecutive year, and received a number of titles such as the “Golden Bull Award • Golden Information Disclosure Award of Listed Companies”.

(III) Investor Relations

Since listing, the Company has always attached great importance to investor relationship management, and carries out multi-level and multi-dimension investor communication through post-results conferences, SSE e-interactions, roadshows and reverse roadshows, reception of investor visits, and participation in investment conferences, investor hotlines and mailboxes, etc.. In 2023, Sinotrans received more than 500 investor visits, a significant year-on-year increase. Sinotrans organised five annual, semi-annual and quarterly results presentations as well as joint results presentations; organised more than 20 management roadshows and participated in 11 strategy meetings with investment banking. The Company held three reverse roadshows in Guangzhou, Ningbo and Shenzhen, covering contract logistics, air freight and cross-border e-commerce logistics, and technology innovation, all of which are attracting attention of the market. Those enhanced investors’ understanding of the Company’s business and development strategy. In addition, the Company further broadened its communication channels with the capital market by actively promoting the Company’s news on financial media platforms, etc. The Company also consolidated the two-way communication channels between investors and the Company’s management by disseminating key issues of investors’ concern to the management on a monthly basis.

The Board has reviewed the implementation of the Company’s Shareholder Communications Policy for 2023. Considering the aforesaid channels of communication with investors, the measures taken by the Company and the events it held, the Company believes that its Shareholder Communications Policy conducted during 2023 is effective.

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

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

Chapter 5 Corporate Governance (Corporate Governance Report)

1. **Financial report**

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

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

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

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

Chapter 5

Corporate Governance (Corporate Governance Report)

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

In 2023, the Company continued to improve its risk management system, strengthened precise control, and made positive progress in digital risk control. Firstly, it formulated and improved rules and regulations such as the Rules for Risk Alerts and Early Warnings and Compliance Management Regulations to provide a basic guarantee for the effective operation of risk control and compliance management. Secondly, it focused on specific business scenarios to integrate risk control, internal control and compliance management requirements into business processes and job responsibilities. It also formulated operation manuals to promote the organic integration of internal control and business operations. Thirdly, it established a risk control tower by developing more than ten risk identification models in various fields, establishing risk warning rule modules, and thus forming a sustainable and expandable digital risk control platform.

For more information on ESG risk management, please refer to the 2023 Social Responsibility and Environmental, Social and Governance Report disclosed by the Company on the Shanghai Stock Exchange's website (www.sse.com.cn) and the Hong Kong Stock Exchange's website (www.hkexnews.hk).

3. Identification, evaluation and management of significant risks

Based on the current management status and external environment, the Company updates and improves the risk database every year, evaluates and determines the Company's top ten key risks, and regularly tracks risk factors and the implementation of response plans and measures, to ensure that various measures are effectively implemented. During the Reporting Period, in order to focus on key risk prevention and control and enhance supervision of overseas projects, the Company initiated special research on overseas risk prevention and control. It conducted in-depth investigations on risk prevention and control in key areas of overseas projects, the establishment and implementation of internal control and compliance systems, and obtained knowledge of the difficulties and obstacles encountered in daily grassroots work. The Company also solicited opinions and suggestions from frontline staff. Additionally, based on previous audit findings and analysis of recent risk events, the Company provided relevant recommendations for overseas risk management and continuously improved the risk prevention and control system for overseas projects.

Chapter 5 Corporate Governance (Corporate Governance Report)

4. Internal control evaluation and internal audit

The Company has completed the full-coverage construction of internal control system. No material managing defects were found in the existing internal control system. To strengthen major risk prediction and response, in 2023, the Company included high-risk businesses, new businesses launched in the past three years, and risk-prone business areas in the key evaluation scope of internal control self-assessment. It increased supervision of the evaluation through internal control inspections and audit oversight, and conducted intensive systematic analysis and rectification of identified issues and deficiencies. By employing individual accountability mechanism, performance assessments, warning notifications, and embedding system functionalities, the Company effectively improved the operation and evaluation effectiveness of internal control. No significant management deficiencies were found in the construction and implementation of the existing internal control system during the year.

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

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

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

6. Anti-corruption and whistleblowing

Sinotrans strictly complies with national and local laws and regulations regarding the prevention of corruption, bribery, extortion, fraud and money laundering. It has formulated the Sinotrans Compliance Manual (《中國外運合規手冊》) and the Measures of Sinotrans for the Compliance Management of Business Partners (《中國外運商業夥伴合規管理辦法》) to regulate the compliance obligations and code of conduct of the Group and its employees in anti-money laundering, anti-corruption, etc., and put focus on the ability of business partners to perform compliance obligations in compliant operations, anticorruption, anti-bribery, and anti-money laundering.

Chapter 5

Corporate Governance (Corporate Governance Report)

During the Reporting Period, we mainly carried out the following tasks: **Firstly**, we formulated regulations and systems such as the Implementation Measures of Sinotrans Discipline Inspection Committee on Strengthening Political Supervision (《中國外運紀委關於加強政治監督的實施辦法》) and the Checklist for Political Supervision and Day-to-day Supervision of Sinotrans Discipline Inspection Committee (《中國外運紀委政治監督、日常監督清單》), in order to refine the supervisory measures. **Secondly**, we attached importance to integrity education and the development of clean culture. We continued to strengthen our employees' awareness of compliance with the law through the establishment of an anti-corruption publicity and education platform, the reporting of typical cases of non-compliance with regulations and disciplinary rules, and the launching of the Month of Anti-Corruption and Integrity Publicity and Education.

In 2023, the number of our employees who received anti-corruption training amounted to 26,955 (including 241 directors, supervisors and senior management), with an average training duration of 7 hours per person.

In addition, the Group strictly abides by the Supervision Law of the People's Republic of China (《中華人民共和國監察法》) and the Rules for the Supervision and Enforcement of Discipline by the Disciplinary Inspection Organs of the Communist Party of China (《中國共產黨紀律檢查機關監督執紀工作規則》) to keep the information such as whistle-blowers and case-related materials confidential. According to the Regulations on Centralised and Unified Management of Issues and Clues of Disciplinary Committee and Supervision Department of the Company (《公司紀委監察部問題線索集中統一管理規定》) and Regulations on Disposal of Issues and Clues, Important Issues, and Case Reports of Disciplinary Committee and Supervision Department of the Company (《公司紀委監察部問題線索處置、重要問題線索和案件報告規定》) formulated by the Company, it is clarified that whistle-blowers can report problems through the telephone number and mailbox for whistle-blowing issued by the Company. After receiving the report, the relevant departments should study and judge the clues of the problem in a timely manner, and deal with it according to the four methods of "conversation and letter inquiry, preliminary verification, temporary storage for investigation, and closure". In 2023, the Group did not have any corruption lawsuit against the Company and its employees.

Chapter 5 Corporate Governance (Corporate Governance Report)

(VI) Corporate Culture

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

In 2023, the Company continued to enhance the building of its corporate culture. Firstly, the Company focused efforts on comprehensive digital transformation, high-level quality and efficiency enhancement, and green and low-carbon development. The Company comprehensively implemented the new development philosophy, and released the Cultural Guidelines for Sinotrans’ Reform, Innovation and High-Quality Development in the New Era to identify, update and upgrade the core elements of Sinotrans’ corporate culture and cultural concepts. Secondly, the Company conducted the selection of corporate culture demonstration bases and identified five corporate culture demonstration bases of Sinotrans for 2024. Thirdly, the Company further publicised corporate culture by organising activities such as the speech contest themed “1120 • Talking About Corporate Culture Based on Things and Employees”.

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

Applicable Not applicable

Chapter 5

Corporate Governance (Corporate Governance Report)

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

Applicable Not applicable

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

Applicable Not applicable

When merging by absorption through share swap of Sinoair by the Company and the realization of the Company's A share listing, in addition to the Company and its subsidiaries, Sinotrans & CSC has some subsidiaries that are engaged in integrated logistics business (the "Excluded Companies"), which compete with the Company to a certain extent. In this regard, Sinotrans & CSC issued the Statement and Commitment on Matters Relating to the Avoidance of Peer Competition (《關於避免同業競爭相關事宜的聲明和承諾》) (the "Letter of Commitment") in April 2018. In October 2021, Sinotrans & CSC issued the Supplemental Commitment Letter on Further Avoiding Peer Competition (《關於進一步避免同業競爭的補充承諾函》), and asked for extending the commitment period in relation to thoroughly resolving the horizontal competition in substance with Sinotrans & CSC and its subsidiaries for three years and has undertaken that "Sinotrans & CSC will continue to reduce the scale and area of the integrated logistics business of those entities that have horizontal competition in substance, and through ways of transfer of equity, asset restructure, asset divestment and optimizing the entrusted management model for Sinotrans, Sinotrans & CSC shall thoroughly resolve the horizontal competition in substance with Sinotrans and its subsidiaries before 17 January 2025". The above-mentioned has been considered and approved by the Company's 2021 second extraordinary general meeting. For details, please refer to the relevant announcements of the Company dated 27 October 2021, 11 November 2021 and 30 November 2021 disclosed on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkexnews.hk).

Chapter 5

Corporate Governance (Corporate Governance Report)

III. BRIEF INTRODUCTION OF SHAREHOLDERS' GENERAL MEETING

Sessions of meeting	Date	Inquiry index of designated website for publication of the resolutions	Disclosure date of the publication of the resolutions	Meeting resolutions
2022 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
2023 Second Extraordinary General Meeting	15 December 2023	The websites of SSE (www.sse.com.cn), and SEHK (www.hkexnews.hk)	16 December 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

Chapter 5

Corporate Governance (Corporate Governance Report)

1. 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.

2. 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.
3. The Company convened 2023 Second Extraordinary General Meeting on 15 December 2023, which has considered and approved the resolution in relation to Renewal of Several Continuing Related Party Transactions of the Company, which including 6 sub-proposals, namely: (1) the resolution in relation to the entering into of the Master Services Agreement with China Merchants; (2) the resolution in relation to the entering into of the Master Lease Agreement with China Merchants; (3) the resolution in relation to the entering into of the Financial Services Agreement with the Finance Company; (4) the resolution in relation to the entering into of the Purchase and Sales Framework Agreement with Y2T; (5) the resolution in relation to the entering into of the Master Services Agreement with Sinotrans Shandong Hongzhi; (6) the resolution in relation to the provision of financial services with China Merchants Bank from 2024 to 2026.

Chapter 5 Corporate Governance (Corporate Governance Report)

IV. SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

Chapter 5

Corporate Governance (Corporate Governance Report)

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

(II) Shareholders' Right to Put Forward Provisional Proposals

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

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

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

Chapter 5

Corporate Governance (Corporate Governance Report)

V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

✓Applicable □Not applicable

Unit: shares

Name	Position	Gender	Age	Date of term commencement	Date of term expiration	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares amount during the Reporting Period	Reasons for Change	Total pre-tax remuneration received from the Company during the Reporting Period (RMB0'000)	Whether to get remuneration from related parties of the Company
Wang Xiufeng	Chairman, Non-executive Director	Male	53	31 July 2023	9 June 2024	0	0	0	/	0	Y
Song Rong	Executive Director President	Male	51	1 June 2018 22 April 2019	9 June 2024 9 June 2024	0	0	0	/	168.69	N
Deng Weidong	Non-executive Director	Male	56	2 November 2021	18 March 2024	0	0	0	/	0	Y
Luo Li	Non-executive Director	Female	40	28 September 2022	9 June 2024	0	0	0	/	0	Y
Yu Zhiliang	Non-executive Director	Male	55	31 July 2023	9 June 2024	0	0	0	/	0	Y
Tao Wu	Non-executive Director	Male	57	31 July 2023	9 June 2024	0	0	0	/	0	Y
Jerry Hsu	Non-executive Director	Male	73	18 June 2003	9 June 2024	0	0	0	/	0	N
Wang Taiwen	Independent non-executive Director	Male	77	28 December 2017	9 June 2024	0	0	0	/	16.62	N
Meng Yan	Independent non-executive Director	Male	68	1 June 2018	9 June 2024	0	0	0	/	16.62	N
Song Haiqing	Independent non-executive Director	Male	45	1 June 2018	9 June 2024	0	0	0	/	16.62	N
Li Qian	Independent non-executive Director	Female	55	1 June 2018	9 June 2024	0	0	0	/	16.62	N
Zhang Zhiyi	Chairman of Supervisory Committee, Staff representative Supervisor	Female	52	20 October 2023	9 June 2024	0	0	0	/	28.03	N
Fu Bulin	Supervisor	Male	52	31 July 2023	9 June 2024	0	0	0	/	0	Y

Chapter 5 Corporate Governance (Corporate Governance Report)

Name	Position	Gender	Age	Date of term commencement	Date of term expiration	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares amount during the Reporting Period	Reasons for Change	Total pre-tax remuneration received from the Company during the Reporting Period (RMB0'000)	Whether to get remuneration from related parties of the Company
Zhou Fangsheng	Independent Supervisor	Male	74	30 December 2011	9 June 2024	0	0	0	/	10.74	N
Fan Zhaoping	Independent Supervisor	Male	69	1 June 2018	9 June 2024	0	0	0	/	10.74	N
Wang Shengyun	Staff representative Supervisor	Male	59	25 September 2020	9 June 2024	0	0	0	/	96.56	N
Wang Jiuyun	Chief Financial Officer	Male	57	20 December 2016		0	0	0	/	115.66	N
Li Shichu	Vice President Secretary of the Board Company Secretary	Male	53	23 February 2022 28 December 2016 27 December 2019		0	0	0	/	108.96	N
Gao Xiang	Vice President Chief Digital Officer	Male	51	23 February 2022 14 September 2016		0	0	0	/	116.62	N
He Fei	Vice President	Male	41	15 June 2022		0	0	0	/	109.38	N
Wang Dupeng	Vice President	Male	52	16 June 2023		56,400	56,400	0	/	49.88	N
Wang Jian	Vice President	Male	52	14 August 2023		0	0	0	/	34.50	N
Tian Lei	Vice President (Resigned) General Counsel	Male	58	10 May 2018 27 August 2020	8 August 2023	0	0	0	/	122.19	N
Feng Boming (Resigned)	Chairman, Non-executive Director	Male	54	23 August 2022	7 July 2023	0	0	0	/	0	Y
Song Dexing (Resigned)	Vice Chairman Non-executive Director	Male	60	1 June 2018 15 December 2016	7 July 2023 7 July 2023	0	0	0	/	0	Y
Jiang Jian (Resigned)	Non-executive Director	Male	59	5 June 2019	7 July 2023	0	0	0	/	0	Y
Huang Bilie (Resigned)	Chairman of Supervisory Committee, Staff representative Supervisor	Male	58	28 September 2021	20 October 2023	0	0	0	/	76.44	N
Kou Suiqi (Resigned)	Supervisor	Male	57	30 November 2021	7 July 2023	0	0	0	/	0	Y
Total	/	/	/	/	/	56,400	56,400	0	/	1,114.89	/

Note 1: The remuneration listed above does not include the share-based payment which are locked-up. For the details, please refer to Note IX. 72 of the Financial Statements in "Chapter 11 Financial Report" of this Report.

Note 2: The total pre-tax remunerations received from the Company for Mr. Wang Dupeng and Mr. Wang Jian listed above are received after serving as Vice President of the Company.

Note 3: Mr. Deng Weidong has resigned from the non-executive director position of the Company due to his work re-allocation since 18 March 2024.

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Wang Xiufeng	<p>Mr. Wang Xiufeng is the Chairman of the Company, the chairman of the Strategy Committee and a member of the Nomination Committee of the Board. Mr. Wang is a senior accountant and a senior engineer, graduated from the Northeastern University with a bachelor degree in Industrial Accounting and then obtained a master's degree in Business Administration from Tsinghua University. He currently serves as Vice President of China Merchants Group Limited. From November 2018 to August 2021, Mr. Wang served as Chairman of China Merchants Expressway Network & Technology Holdings Co., Ltd. (Stock code: SZ001965). Mr. Wang served as Chief Executive Officer and Vice Chairman of China Merchants Port Group Co., Ltd. (Stock code: SZ001872) from August 2021 to July 2023, and served as Executive Director and Managing Director of China Merchants Port Holdings Company Limited (Stock code: HK00144) from August 2021 to November 2021, and Vice Chairman and Chief Executive Officer from November 2021 to July 2023. Besides, Mr. Wang served as Director of Liaoning Port Group Limited from October 2021 to September 2023, Directors of China Merchants Taipingwan Development & Investment Co., Ltd and China Merchants Northeast Asia Development & Investment Co., Ltd. from February 2022 to July 2023, and has been serving as Vice Chairman of Shanghai International Port (Group) Co., Ltd. (Stock code: SZ600018) since June 2022. Mr. Wang was appointed as the non-executive Director and Chairman of the Company in July 2023.</p>

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Song Rong	<p>Mr. Song Rong is the executive Director and President of the Company and also a member of the Strategy Committee of the Board. Mr. Song graduated from University of International Business and Economics with a bachelor degree in economics, and then obtained an MBA degree from Olin Business School of Washington University. Mr. Song joined China National Foreign Trade Transportation (Group) Corporation in 1995. From August 2006 to January 2008, Mr. Song served as Deputy General Manager of Sinotrans Container Lines Co., Ltd. From January 2008 to June 2012, Mr. Song served as General Manager of Operation Department of the Company. From June 2012 to August 2016, Mr. Song was appointed as the General Manager of Sinotrans Shandong Co., Ltd. From December 2015 to April 2019, Mr. Song was appointed as the Vice President of the Company. From September 2017 to August 2018, Mr. Song served as the General Manager of China Merchants Logistics Holding Group Co., Ltd. (renamed as "Sinotrans Logistics Co., Ltd.", hereinafter referred to as "Sinotrans Logistics"). Mr. Song served as the Chairman of Sinotrans Logistics from August 2018. Mr. Song was appointed as the executive Director of the Company in June 2018. Mr. Song was appointed as President of the Company in April 2019. Mr. Song was appointed as Secretary of the Communist Party Committee of the Company in September 2021. In June 2022, Mr. Song was appointed as the chairman of DHL-Sinotrans International Air Courier Ltd.</p>

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Deng Weidong	<p>Mr. Deng Weidong is the non-executive Director of the Company, a member of the Strategy Committee of the Board. He graduated from Nanjing University with a PhD in Physical Geography in 1994, and graduated from Department of Marine Management of Dalhousie University in Canada with a master degree. He worked at Hainan Yangpu Economic Development Zone Administration Bureau, and successively served as the Deputy General Manager and General Manager of Research & Development Department of China Nanshan Development (Group) Inc., the Deputy General Manager of Chiwan Container Terminal Co., Ltd. and the General Manager of Shenzhen Mawan Godown & Wharf Co., Ltd. In July 2009, he joined China Merchants Holdings (International) Company Limited (renamed as China Merchants Port Holdings Company Limited in 2016), and successively served as the Assistant to General Manager and General Manager of Planning and Commerce Department and the Deputy General Manager. From February 2015 to August 2021, he served as the Head of the Capital Investment & Management Department of China Merchants Group Limited. Since August 2021, he was appointed as the Head of the Strategic and Development Department/Technological Innovation Department of China Merchants. Since August 2022, he has been serving as the Chief Strategic Officer of China Merchants. From March 2020 to August 2021, he served as the General Manager of China Merchants Investment Development Co., Ltd. He served as a Director of China Merchants Property Operation & Service Co., Ltd. (Stock Code: SZ001914) from December 2019 to April 2021; a Director of SF Holding Co., Ltd. (Stock Code: SZ002352) from April 2019 to December 2022; a Director of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (Stock Code: SZ001979) from October 2021 to November 2022; a Director of China Merchants Port Holdings Co., Ltd. (Stock Code: HK00144) from October 2021 to December 2022. He served as a Director of China Merchants Energy Shipping Co., Ltd. (Stock Code: SH601872) since April 2019; a Director of China International Marine Containers (Group) Co., Ltd. (Stock Code: SZ000039 and HK02039) since October 2020; a Director of China Merchants Securities Co., Ltd. (Stock Code: SH600999 and HK06099) since April 2022. In November 2021, he was appointed as the non-executive Director of the Company. On 18 March 2024, Mr. Deng resigned from the non-executive director position of the Company due to his work re-allocation.</p>

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Luo Li	<p>Ms. Luo Li is the non-executive Director of the Company. Ms. Luo is a member of Certified Management Accountant, a Senior Practitioner of the Hong Kong Securities and Investment Institute and a Senior Economist. Ms. Luo graduated from school of economics in Central University of Finance and Economics with a master degree in economics. She currently serves as the Deputy of the Finance Department (Property Rights Department) of China Merchants. Ms. Luo successively served as the Chief of Fund of the Financial Department of Sinotrans & CSC Holdings Co., Ltd., General Manager of Settlement Department, Assistant to General Manager, the member of the Party Committee of the Sinotrans& CSC Finance Co., Ltd. (now known as China Merchants Group Finance Co., Ltd.), Assistant to General Manager of the Finance Department (Property Rights Department) of China Merchants Group Limited and Deputy General Manager of China Merchants International Finance Co., Ltd. From November 2022 to October 2023, she served as a Director of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (Stock Code: SZ001979). Ms. Luo was appointed as the non-executive Director of the Company in September 2022.</p>
Yu Zhiliang	<p>Mr. Yu Zhiliang, is the non-executive Director of the Company and a member of the Strategy Committee of the Board. Mr. Yu is a senior engineer, and graduated from South China University of Technology with a doctorate degree in Management. Mr. Yu is the professional external Director appointed by China Merchants. Mr. Yu has successively served as Director of the Planning and Development Division of the State-owned Assets Supervision and Administration Commission of Guangdong Province, Deputy General Manager of Guangdong Steel Group Company Limited, Director, General Manager and Chairman of Guangdong Guangye Assets Management Company Limited, Chairman of Guangdong Guangye Group Company Limited. From January 2019 to December 2020, Mr. Yu served as Head of the Environmental Industry Preparatory Division (with Head of Department ranking) of China Merchants Group. From December 2020 to June 2023, Mr. Yu served as Vice President (with President ranking) of China Merchants Industry Holdings Co., Ltd. Mr. Yu served as the Chairman of the Board and Chief Executive Officer of CMIC Ocean En-Tech Holding Co., Ltd. (Stock Code: HK00206) from December 2022 to August 2023. Since July 2023, he has been serving as a Director of China Merchants Energy Shipping Company (Stock Code: SH601872). Since November 2023, he has been serving as a Director of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (Stock Code: SZ001979). Mr. Yu was appointed as the non-executive Director of the Company in July 2023.</p>

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Tao Wu	<p>Mr. Tao Wu is the non-executive Director of the Company. Mr. Tao graduated from Southwestern University of Finance and Economics with a bachelor degree in Economics. Mr. Tao is the professional external Director appointed by China Merchants. Mr. Tao served as Assistant General Manager and Deputy General Manager of Finance Department of China Merchants Shekou Industrial Zone Co., Ltd., Deputy General Manager, Senior Deputy General Manager of Capital Department of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (Stock Code: SZ001979). From November 2016 to January 2019, Mr. Tao successively served as General Manager of Finance & Planning Department, Finance Department and Capital Department of China Merchants Financial Leasing Co., Ltd. Mr. Tao served as Deputy Chief Financial Officer from January 2017 to January 2019 and Chief Financial Officer from February 2019 to June 2023 of China Merchants Financial Leasing Co., Ltd.. Since July 2023, he has been serving as a Director of China Merchants Energy Shipping Company (Stock Code: 601872). Since November 2023, he has been serving as a Director of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (Stock Code: SZ001979). Mr. Tao was appointed as the non-executive Director of the Company in July 2023.</p>
Jerry Hsu	<p>Mr. Jerry Hsu is the non-executive Director of the Company. Mr. Jerry Hsu is the Advisor to Global Management Board of DHL Express. Mr. Hsu is responsible to provide management advice to the Global Management Board on strategic issues of DHL Express worldwide network. Before December 2015, Mr. Hsu was CEO of DHL Express Asia Pacific and a member of the DHL Express Global Management Board responsible for Mainland China, HKSAR, Taiwan, China, Japan, Korea, South East Asia, India and South Asia, Oceania and other markets and regions. Before September 2002, Mr. Hsu was the International Area Director of DHL responsible for Hong Kong, Singapore, Taiwan, South Korea, Mongolia and North Korea and other countries or regions. Prior to joining DHL in January 2001, Mr. Hsu held various senior management positions in Daimler Chrysler Corporation. Mr. Hsu holds BA/MA degree in International Economics and Politics. Mr. Hsu also holds directorships in various companies within the DPWN Group. Mr. Hsu was appointed as the non-executive Director of the Company in June 2003.</p>

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
	<ul style="list-style-type: none"> <li data-bbox="523 401 1369 534">• Mr. Jerry Hsu is representative nominated by our Strategic Investors pursuant to the strategic placing agreements entered into at the time of the listing of the Company's H shares in February 2003 between the Company and DHL (the "Strategic Investor"). <li data-bbox="523 573 1369 842">• DHL Worldwide Express BV ("DHL") is a member of the Deutsche Post World Net Group ("DPWN Group") whose business operations are global mail, express delivery, logistics and financial services serving both in Europe and around the world. The DPWN Group's express delivery business in China operated through DHL, which formed a 50/50 joint venture named DHL-Sinotrans International Air Courier Ltd. with Sinoair in 1986. This joint venture has helped to establish a business relationship between our Group and the DPWN Group. <li data-bbox="523 881 1369 1185">• For the purposes of the SEHK Listing Rules, the Strategic Investor's nominee director above has interests (by way of minority equity interests or stock options or directorships) in competing businesses (i.e. those of the Strategic Investors, each being a major international company in the transportation and logistics industry), and the Company has been and continues to carry on its own businesses that are independent of and at arms-length from, those businesses and also deal with businesses through its joint ventures and cooperation arrangements with those Strategic Investors.

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Wang Taiwen	<p>Mr. Wang Taiwen is the independent non-executive Director of the Company and the Chairman of Nomination Committee and the member of the Audit Committee and the Remuneration Committee of the Board. Mr. Wang started his career in Ziyang Internal Combustion Locomotive Co., Ltd. of China Ministry of Railway and worked successively as an engineer, Branch Factory Manager, General Manger and the Secretary of Communist Party Committee. Then he acted as President, Chairman and Secretary of Communist Party Committee of China Railway Locomotive and Rolling Stock Industry Corporation, and later as Chairman and Secretary of Communist Party Committee of China Southern Locomotive and Rolling Stock Industry (Group) Corporation. He also acted as an independent non-executive director in China Railway Group Limited, an external director of China National Foreign Trade Transportation (Group) Corporation and an external director of SINOTRANS & CSC., and an independent non-executive director of China Automation Group Limited. From March 2016 to June 2023, Mr. Wang served as the independent director of Guangdong Huatie Tongda High Speed Railway Equipment Corporation (Stock Code: SZ000976). Mr. Wang was appointed as the independent non-executive Director of the Company in December 2017.</p>
Meng Yan	<p>Mr. Meng Yan is the independent non-executive Director of the Company and the Chairman of the Audit Committee and the member of the Remuneration Committee and the Nomination Committee of the Board. Mr. Meng graduated from the Institute of Financial Science under Ministry of Finance with a PhD in economics (accounting). Mr. Meng is the professor and PhD supervisor of the School of Accountancy in the Central University of Finance and Economics. From 2003 to 2015, Mr. Meng served as the dean of the School of Accountancy in the Central University of Finance and Economics. In 1993, Mr. Meng was awarded the National Prominent Teacher and then obtained the special government allowance of the State Council in 1997. In 2000, Mr. Meng was awarded the Outstanding Worker in Beijing. Mr. Meng served as an independent non-executive director of Jolimark Holdings Limited (Stock Code: HK2028) from March 2005 to May 2020, an independent non- executive director of China Longyuan Power Group Corporation Limited (Stock Code: HK916) from July 2009 to November 2021, an independent director of Beijing Bashi Media Co., Ltd. (Stock Code: SH600386) from April 2016 to June 2022, and an independent director of Beijing Capital Co., Ltd. (Stock Code: SH600008) from December 2017 to February 2024. Currently, Mr. Meng serves as an independent director of Qi An Xin Technology Group Inc. (Stock Code: SH688561), and an independent director of Changchun Engley Automobile Industry Co., Ltd. (Stock Code: SH601279). Mr. Meng was appointed as the independent non-executive Director of the Company in June 2018.</p>

Chapter 5

Corporate Governance (Corporate Governance Report)

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

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Zhang Zhiyi	<p>Ms. Zhang Zhiyi is the Vice Secretary of the Party Committee, Chairman of the Supervisory Committee, and staff representative supervisor of the Company. Ms. Zhang is a senior human resources manager and assistant engineer. Ms. Zhang graduated from computer science and engineering department of Jilin University of Technology, majoring in computer application with a bachelor's degree of engineering, and then obtained a master's degree in Business Administration from HEC Paris. From December 2003 to January 2009, Ms. Zhang served as Deputy General Manager of the Human Resources Department of China National Foreign Trade Transportation (Group) Corporation (renamed as SINOTRANS & CSC Holdings Co., Ltd.). From January 2009 to September 2016, Ms. Zhang successively served as Deputy General Manager of the Human Resources Department, Deputy Head of the Organizational Cadres Department, General Manager of the Human Resources Department and Head of the Organizational Cadres Department of SINOTRANS & CSC Holdings Co., Ltd.. From February 2016 to September 2023, Ms. Zhang successively served as Deputy Head of the Human Resources Department, Deputy Head of the Organization Department of the Communist Party Committee and Deputy Head of the Human Resources Department (Organization Department of the Communist Party Committee) of China Merchants Group Limited. During the period, Ms. Zhang served as Deputy Head of the Office of the Communist Party Committee of China Merchants Group Limited from February 2016 to October 2020, and successively served as Deputy Head of Party Work Department and Deputy Head of the Party Building Department of China Merchants Group Limited from May 2017 to August 2021. Since September 2023, Ms. Zhang has been serving as Deputy Secretary of the Communist Party Committee of the Company. In October 2023, Ms. Zhang was appointed as the staff representative supervisor and Chairman of the Supervisory Committee of the Company.</p>

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Fu Bulin	<p>Mr. Fu Bulin is the Supervisor of the Company. Mr. Fu is an intermediate accountant, and graduated from Shanghai Maritime University majoring in accounting with a bachelor degree in Economics, and then obtained an MBA degree from the University of South Australia. Mr. Fu is Deputy Head of Audit Department of China Merchants. From July 1995 to September 2021, Mr. Fu successively served as Head of Accounting Section of China Merchants Zhangzhou Development Zone Co., Ltd., and Deputy Head, Manager, Senior Manager, Assistant General Manager of Audit Department, Assistant General Manager of Risk Management Department, and Deputy Head of Audit Center of China Merchants Group Limited. Mr. Fu has been serving as Supervisor of China Merchants Sharing Service Co., Ltd. since April 2021, Supervisor of China Merchants Port Group Co., Ltd. (Stock code: SZ001872) since April 2022, Supervisor of China Merchants Investment Development Co., Ltd. since October 2022 and Supervisor of China Yangtze Shipping Group Co., Ltd. since June 2023. He was appointed as the Supervisor of the Company in July 2023.</p>
Zhou Fangsheng	<p>Mr. Zhou Fangsheng is the independent Supervisor of the Company. Mr. Zhou graduated from Hunan University majoring in engineering management in 1985 and completed post graduate course from the Renmin University of China in Enterprise Management of Industrial Economics Department in 1996. Mr. Zhou obtained rich enterprise practice during his long-term service in enterprises. From 1991 to 1997, Mr. Zhou served as Deputy Division Director and Division Director in the State-owned Assets Administration Bureau, and Deputy Director in the Stated-owned Assets Administration Research Institute. From 1997 to 2001, Mr. Zhou worked as Deputy Director in difficulty relief working office for stated-owned enterprises of the State Economic and Trade Commission. From 2001 to 2003, Mr. Zhou served as Director in Stated-owned Assets Administration Research Section of Research Institute for Fiscal Science of Ministry of Finance. From 2003 to 2009, Mr. Zhou worked as Vice Counsel in the Enterprise Reform Bureau of the State-owned Assets Supervision and Administration Commission of the State Council. Mr. Zhou served as an independent non-executive director of Hengan International Group Company Limited (Stock Code: HK01044) and an independent director of Chenguang Biotech Group Co., Ltd. (Stock Code: SZ300138). He currently serves as an independent non-executive director of China National Building Material Co., Ltd. (Stock Code: HK03323). Mr. Zhou was appointed as the independent Supervisor of the Company in December 2011.</p>

Chapter 5 Corporate Governance (Corporate Governance Report)

Name	Major work experience
Fan Zhaoping	<p>Mr. Fan Zhaoping is the independent Supervisor of the Company. Mr. Fan graduated from the Institute of Financial Science under the Ministry of Finance with a master degree in Economics. Mr. Fan served as the assistant manager and manager of the finance department of Shenzhen Chiwan Petroleum Supply Base Company Limited, manager of the finance department and financial investment department in and assistant general manager of China Nanshan Development (Group) Incorporation. From 1998 to 2014, Mr. Fan served as vice president of China Nanshan Development (Group) Incorporation and has now retired from such position. Mr. Fan also served as CFO and director of Shenzhen Chiwan Wharf Holdings Limited, supervisor and chairman of Shenzhen Chiwan Petroleum Supply Base Company Limited, chairman of Shenzhen BLOGIS Holdings Limited, vice-chairman of China Association of Warehouses and Storage, chairman of Shenzhen Chiwan Oriental Logistics Company Limited, chairman of Hefei Baowan International Company Limited and the chairman of executive committee of the board and vice-chairman of Shenzhen Chiwan Sembawang Engineering Co., Ltd. Mr. Fan was appointed as an independent director of CIMC Vehicles (Group) Co., Ltd. (Stock Code: HK01839) in June 2019. Mr. Fan was appointed as the independent Supervisor of the Company in June 2018.</p>

Chapter 5

Corporate Governance (Corporate Governance Report)

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

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Wang Jiuyun	<p>Mr. Wang Jiuyun is the Chief Financial Officer of the Company. Mr. Wang graduated from Renmin University of China with a bachelor's degree in management. Mr. Wang began his career in the China National Foreign Trade Transportation (Group) Corporation in 1986. From 1988 to December 2001, Mr. Wang served in TNT Skypak-Sinotrans Int'l Express Company as the National Accounting & Finance Manager, Manager of the Accounting & Finance Department of New Asia Ltd., the F&A Manager of International United Shipping Agency (Hong Kong) Co., Ltd., Manager of Overseas Section of Financing and Accounting Department of China National Foreign Trade Transportation (Group) Corporation. From January 2002 to April 2004, Mr. Wang was appointed as Chief Financial Officer of North China Region of Sinotrans Air Transportation Development Co., Ltd. From May 2004 to August 2006, Mr. Wang was appointed as the General Manager of the Financing and Accounting Department of Sinoair. From August 2006 to April 2013, Mr. Wang was appointed as the Deputy General Manager of Sinoair. From November 2010 to April 2013, Mr. Wang held a concurrent post as the Chief Financial Officer of Sinoair. From April 2013 to December 2017, Mr. Wang was appointed as the General Manager of the Accounting & Financial Department of the Company. Mr. Wang was appointed as a director of DHL Sinotrans International Air Courier Ltd in December 2015. In December 2016, Mr. Wang was appointed as the Chief Financial Officer of the Company.</p>
Li Shichu	<p>Mr. Li Shichu is the Vice President and Board Secretary/Company Secretary of the Company. Mr. Li obtained his bachelor degree in economics from University of International Business and Economics, and graduated with an EMBA degree from Cheung Kong Graduate School of Business. Mr. Li joined China National Foreign Trade Transportation (Group) Corporation in 1993. From 1993 to 2000, Mr. Li was under the employment of China Marine Shipping Agency Co., Ltd. and President Office of China National Foreign Trade Transportation (Group) Corporation. From 2000 to 2002, Mr. Li acted as the Deputy Director of President Office of China National Foreign Trade Transportation (Group) Corporation. From April 2002 to December 2002, Mr. Li acted as the Head of Integrated Group of Listing Office of China National Foreign Trade Transportation (Group) Corporation. From 2002 to 2008, Mr. Li acted as the General Manager of Securities & Legal Affairs Department of the Company. From 2008 to 2012, Mr. Li acted as the General Manager of Sinotrans Anhui Company. From 2012 to 2017, Mr. Li was the General Manager of the Developing & Planning Department of the Company. In December 2016, Mr. Li was appointed as the Board Secretary. In August 2019, Mr. Li was appointed as a director of DHL-Sinotrans International Air Courier Ltd. In February 2022, Mr. Li was appointed as the Vice President of the Company.</p>

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Gao Xiang	<p>Mr. Gao Xiang is the Vice President and Chief Digital Officer of the Company. Mr. Gao graduated from Nankai University in 1995. From the year of 1995 to the year of 2016, Mr. Gao was employed by TravelSky Technology Limited with experience as Engineer, Executive Manager of marketing division, General Manager of aviation business division and General Manager and Secretary of the party committee of research and development center. In September 2016, Mr. Gao was appointed as the Chief Digital Officer of the Company. In February 2022, Mr. Gao was appointed as the Vice President of the Company.</p>
He Fei	<p>Mr. He Fei is the Vice President of the Company. Mr. He graduated from JiMei University with a bachelor degree in engineering, and obtained a master degree of science from NEOMA Business School. From August 2007 to December 2014, Mr. He successively served in Qingdao Port China Merchants International Container Terminal Co., Ltd., Qingdao Qianwan West Port United Terminal Co., Ltd. and China Merchants Holdings (International) Co., Ltd. From December 2014 to July 2017, Mr. He successively served as the chief representative of China Merchants Holdings (International) Co., Ltd. to Beijing and the assistant president of China Merchants International Terminal (Qingdao) Co., Ltd. From March 2017 to August 2018, Mr. He served as the deputy director of Resident Office in Beijing of China Merchants Group, vice president of China Merchants Group (Beijing) Co., Ltd. From August 2018 to January 2019, Mr. He served as the assistant director of the Transportation and Logistics Division/Beijing Headquarters of China Merchants Group, assistant president of Sinotrans & CSC Holdings Co., Ltd. and vice president of China Merchants (Beijing) Co., Ltd. Mr. He served as the deputy chief representative of Representative Office in Djibouti of China Merchants Group from January 2019 to March 2020, during which, he served as the vice president of China Merchants Holdings Djibouti from February 2019 to July 2020, and the president of Institution of Djibouti International Port Operation from February 2019 to August 2020. Mr. He served as the chief representative to Djibouti of China Merchants Group from March 2020 to January 2022, and the president of China Merchants Holdings (Djibouti) from July 2020 to June 2022. Mr. He was appointed as the Vice President of the Company in June 2022.</p>

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Wang Dupeng	<p>Mr. Wang Dupeng is the Vice President of the Company. Mr. Wang, a Senior Economist, graduated from Nanjing University with a doctor's degree in management. Mr. Wang joined Sinotrans in 1991 and successively served as department manager and general manager of several subsidiaries of Sinotrans. From January 1999 to December 2003, Mr. Wang served as the General Manager of Freight Branch of Sinotrans Jiangsu Company. From December 2003 to January 2007, Mr. Wang served as the Assistant General Manager of Jiangsu Sinotrans Co., Ltd, and he also served as the General Manager of Jiangsu Shiyun International Freight Co., Ltd from December 2003 to December 2006. From December 2006 to January 2012, Mr. Wang served as the General Manager of Shanghai Sinotrans Chemical International Logistics Co., Ltd. From February 2012 to October 2018, Mr. Wang served as the General Manager of Sinotrans Chemical International Logistics Co., Ltd. Since June 2018, Mr. Wang has been serving as the General Manager of Sinotrans Eastern Co., Ltd. From January 2022 to June 2023, Mr. Wang served as the Assistant President of the Company. Mr. Wang was appointed as the Vice President of the Company in June 2023.</p>
Wang Jian	<p>Mr. Wang Jian is the Vice President of the Company. Mr. Wang graduated from Wuhan University with a master's degree in Business Administration. Mr. Wang served as Deputy Manager of China Merchants Logistics Group Shanghai Co., Ltd. from November 2005 to August 2009, Deputy General Manager of Operation Management Center of China Merchants Logistics Holding Group Co., Ltd. from August 2009 to March 2012, Assistant General Manager of China Merchants Logistics Holding Group Co., Ltd. from February 2012 to August 2018, Executive Deputy General Manager of China Merchants Holding Logistics Group Co., Ltd. from August 2018 to March 2019, and successively served as Executive Deputy General Manager and General Manager of Sinotrans Logistics Co., Ltd. from March 2019 to September 2021, Assistant General Manager of Sinotrans Limited from September 2022 to August 2023. Mr. Wang has been serving as General Manager of Sinotrans South China Co., Ltd. since September 2021 and Vice President of the Company since August 2023.</p>

Chapter 5

Corporate Governance (Corporate Governance Report)

Name	Major work experience
Tian Lei	<p>Mr. Tian Lei is the General Counsel of the Company. Mr. Tian graduated from Tsinghua University with a bachelor's degree in mechanical design and manufacturing in 1988, and graduated from the School of Economics and Management of Tsinghua University in 1994 with a master's degree in engineering. From 1995 to December 1997, he served as Head of Investment of Economic Development Office and Assistant to the Director of Business Room in China Merchants Shekou Industrial Zone Holdings Co., Ltd. From January 1998 to August 2001, he served as Assistant General Manager of Shenzhen China Merchants Petrochemical Co., Ltd. From September 2001 to December 2010, he served as Director of Business Management Department, General Manager of Development Research Department, General Manager of Corporate Planning Department of China Merchants Logistics, and Chairman and General Manager of Shenzhen-Hong Kong District Corporation. From December 2010 to March 2014, he served as the Assistant General Manager of China Merchants Logistics and from June 2011, served as the General Counsel. From April 2014 to August 2018, Mr. Tian was appointed as the Deputy General Manager and General Counsel of China Merchants Logistics. From May 2018 to August 2023, Mr. Tian served as the Vice President of the Company. He was appointed as the General Counsel of the Company in June 2019.</p>

Other information

Applicable Not applicable



Chapter 5

Corporate Governance (Corporate Governance Report)

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

1. Position in the Shareholder's Entity

Applicable Not applicable

Name of officer	Name of Shareholder's entity	Position in the shareholder's entity	Start date of appointment	End date of appointment
Wang Xiufeng	China Merchants Group Limited	Vice President	April 2023	
Deng Weidong	China Merchants Group Limited	Chief Strategic Officer	August 2022	
	China Merchants Group Limited	Head of the Strategic and Development Department/ Technological Innovation Department	August 2021	
Luo Li	China Merchants Group Limited	Deputy Head of Finance Department (Property Department)	January 2022	
Fu Bulin	Sinotrans & CSC Holdings Co., Ltd.	Director	January 2024	
	China Merchants Group Limited	Deputy Head of Audit Department	September 2021	
Feng Boming (Resigned)	China Merchants Group Limited	Vice President	March 2022	
	Sinotrans & CSC Holdings Co., Ltd.	Chairman	December 2023	
Song Dexing (Resigned)	China Merchants Group Limited	Business director of Transportation and Logistics	May 2019	March 2023
	China Merchants Group Limited	Head of Transportation and Logistics Division/Head of Beijing Headquarter of China Merchants	September 2018	March 2023
Jiang Jian (Resigned)	Sinotrans & CSC Holdings Co., Ltd.	General Manager	June 2016	March 2023
	Sinotrans & CSC Holdings Co., Ltd.	Executive Director	September 2016	March 2023
	China Merchants Group Limited	Head of Disciplinary Committee Office	July 2016	December 2023
	China Merchants Group Limited	Deputy Secretary of Disciplinary Committee, Head of Supervision Department	November 2016	
Explanation on position in the shareholder's entity	N/A			

Chapter 5 Corporate Governance (Corporate Governance Report)

2. Position in Other Entities

Applicable Not applicable

Name of officer	Name of the other entities	Position in the other entities	Start date of appointment	End date of appointment
Wang Xiufeng	Liaoning Port Group Limited	Director	October 2021	September 2023
	China Merchants Port Group Co., Ltd.	Chief Executive Officer and Vice Chairman	August 2021	July 2023
	China Merchants Port Holdings Company Limited	Vice Chairman and Chief Executive Officer	November 2021	July 2023
	China Merchants Taipingwan Development & Investment Co., Ltd.	Director	February 2022	July 2023
	China Merchants Northeast Asia Development & Investment Co., Ltd.	Director	February 2022	July 2023
	Shanghai International Port (Group) Co., Ltd.	Chairman	June 2022	
	China Merchants Hoi Tung Trading Company Limited	Chairman	July 2023	
	China Merchants Health Industry Holdings Co., Ltd.	Chairman	July 2023	
	Song Rong	Loscam International Holdings Co., Ltd.	Chairman	December 2018
CYANTRON LOGISTICS TECHNOLOGY CO., LTD		Chairman	February 2022	
DHL-Sinotrans International Air Courier Ltd.		Chairman	June 2022	
Deng Weidong	China Merchants Energy Shipping Co., Ltd.	Director	April 2019	
	China International Marine Containers (Group) Co., Ltd.	Director	October 2020	
Luo Li	China Merchants Securities Co., Ltd.	Director	April 2022	
	China Merchants Investment Development Co., Ltd	Director	September 2022	
	China Merchants Finance Co., Ltd	Director	September 2022	
	China Merchants Taipingwan Development & Investment Co., Ltd	Director	September 2022	
	China Merchants Hoi Tung Trading Company Limited	Director	September 2022	
	China Merchants (Shanghai) Co., Ltd	Supervisor	October 2022	
	China Merchants Shekou Industrial Zone Holdings Co., Ltd	Director	November 2022	October 2023

Chapter 5

Corporate Governance (Corporate Governance Report)

Name of officer	Name of the other entities	Position in the other entities	Start date of appointment	End date of appointment
Yu Zhiliang	CMIC Ocean En-Tech Holding Co., Ltd.	Chairman of the Board and Chief Executive Officer	December 2022	August 2023
	China Merchants Energy Shipping Company Limited	Director	July 2023	
	China Merchants Shekou Industrial Zone Holdings Co.,Ltd	Director	November 2023	
Tao Wu	China Merchants Energy Shipping Company Limited	Director	July 2023	
	China Merchants Shekou Industrial Zone Holdings Co.,Ltd	Director	November 2023	
Jerry Hsu	DHL-Sinotrans International Air Courier Ltd	Vice Chairman	November 2002	
Wang Taiwen	Guangdong Huatie Tongda High-speed Railway Equipment Corporation	Independent Director	March 2016	June 2023
	Beijing Huansheng Technology Co., Ltd. (北京寰升科技有限公司)	Chairman	June 2018	
Meng Yan	Central University of Finance and Economics	Professor, PhD Supervisor	September 1997	
	Beijing Capital Co., Ltd.	Independent Director	December 2017	February 2024
	Qi An Xin Technology Group Inc.	Independent Director	May 2019	
	Changchun Engley Automobile Industry Co., Ltd.	Independent Director	July 2018	
Song Haiqing	Sun Yat-Sen University	Professor, PhD Supervisor	January 2011	
Li Qian	Beijing Hylands (Shanghai) Law Firm	Partner	January 2019	
Zhang Zhiyi	China Yangtze Shipping Group Co., Ltd	Director	December 2018	
Zhou Fangsheng	China National Building Material Company Limited	Independent Nonexecutive Director	May 2016	
	ChenGuang Biotechnology Group Co., Ltd.	Independent Director	January 2016	May 2023
Fan Zhaoping	CIMC Vehicles (Group) Co., Ltd.	Independent Director	June 2019	
Wang Jiuyun	DHL-Sinotrans International Air Courier Ltd.	Director	December 2015	
	China Merchants Hainan Investment Development Co., Ltd. (招商局海南投資開發有限公司)	Director	December 2018	
Li Shichu	DHL-Sinotrans International Air Courier Ltd.	Director	August 2019	
Gao Xiang	CYANTRON LOGISTICS TECHNOLOGY CO, LTD	Director	February 2022	
Wang Dupeng	Shanghai Tongyun International Logistics Co., Ltd	Chairman	September 2020	
	SIPG Sinotrans Container Depot Co., Ltd.	Vice Chairman	September 2020	
	Shanghai Bulk Commodity Warehouse Receipt Registration Co., Ltd	Director	December 2022	

Chapter 5

Corporate Governance (Corporate Governance Report)

Name of officer	Name of the other entities	Position in the other entities	Start date of appointment	End date of appointment
Wang Jian	Shenzhen Haixing Harbor Development Co., Ltd.	Vice Chairman	December 2021	
Feng Boming (Resigned)	Liaoning Port Group Co., Ltd.	Chairman	August 2022	
	China Merchants Energy Shipping Company Limited	Chairman	July 2023	
	China Merchants Port Group Co., Ltd.	Chairman	July 2023	
Song Dexing (Resigned)	China Merchants Port Holdings Company Limited	Chairman	July 2023	
	China Merchants Energy Shipping Company Limited	Vice Chairman	August 2018	June 2023
Kou Suiqi (Resigned)	Liaoning Port Group Co., Ltd.	Director	September 2019	July 2023
	China Merchants Expressway Network & Technology Holdings Co., Ltd.	Director	January 2023	
	China Merchants Chongqing Communications Technology Research & Design Institute Co., Ltd	Director	January 2023	
	Liaoning Port Group Limited	Director	July 2023	
Explanation on position in other entities	The above positions do not include those of directors, supervisors and senior management in Sinotrans and its subsidiaries and shareholders' entities.			

Chapter 5

Corporate Governance (Corporate Governance Report)

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

Applicable Not applicable

Decision-making process of remuneration of Directors, Supervisors and senior management	The Remuneration Committee of the Board makes recommendations to the Board on the remuneration policy and structure of Directors and senior management of the Company, formulates remuneration packages for senior management, and makes recommendations to the Board on the remuneration of Directors. The remuneration of senior management is determined by the Board. The remuneration of directors and supervisors who are non-staff representative are determined by the general meetings.
Whether Directors avoid discussing their own compensation at the Board meetings	Yes
Specific information on the recommendations made by the Remuneration and Appraisal Committee or the Independent Director's Special Meeting on the remuneration of Directors, Supervisors, and Senior management	The Remuneration Committee of the Company reviewed the proposal for the Director' and Senior Management's Performance Appraisal and Remuneration Distribution for the Year 2022 with the agreement of all members.
Basis for determining the remuneration of Directors, Supervisors and senior management	The remuneration of Directors, Supervisors and senior management are determined in accordance with the Articles of Association and the Rules of Procedure of the Remuneration Committee of the Board of Directors of Sinotrans and their respective assessment results.
Actual payment of remuneration of Directors, Supervisors and senior management	For the remuneration payable to Directors, Supervisors and senior management who are currently serving or have served during the Reporting Period, please refer to the "V. (I) Changes in Shareholding and Remuneration of Present Directors, Supervisors and Senior Management and the Ones Resigned During the Reporting Period" of this section.
Total payment of remuneration before tax to Directors, Supervisors and senior management as at the end of the Reporting Period	During the Reporting Period, the remuneration of Directors, Supervisors and senior management who receive payment from the Company is RMB11.1489 million.

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

Chapter 5 Corporate Governance (Corporate Governance Report)

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

✓Applicable □Not applicable

Name	Position	Changes	Reasons for Changes
Wang Xiufeng (Note 1)	Chairman, Non-executive Director	Elected	Director Change
Yu Zhiliang (Note 1)	Non-executive Director	Elected	Director Change
Tao Wu (Note 1)	Non-executive Director	Elected	Director Change
Zhang Zhiyi (Note 2)	Chairman of the Supervisory Committee, and staff representative supervisor	Elected	Supervisor Change
Fu Bulin (Note 3)	Supervisor	Elected	Supervisor Change
Wang Dupeng (Note 4)	Vice President	Appointed	Management Change
Wang Jian (Note 5)	Vice President	Appointed	Management Change
Feng Boming (Note 6)	Chairman, Non-executive Director	Resigned	Director Change
Song Dexing (Note 6)	Vice Chairman, Non-executive Director	Resigned	Director Change
Jiang Jian (Note 6)	Non-executive Director	Resigned	Director Change
Wang Taiwen (Note 7)	Independent non-executive Director	Resigned (not yet effective)	The term of office expired for 6 years
Deng Weidong (Note 8)	Non-executive Director	Resigned	Work Re-allocation
Huang Bilie (Note 2)	Chairman of the Supervisory Committee, and staff representative supervisor	Resigned	Work Re-allocation
Kou Suiqi (Note 6)	Supervisor	Resigned	Supervisor Change
Tian Lei (Note 9)	Vice President	Resigned	Work Re-allocation

Note 1: 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, with a term of office from 31 July 2023 until the conclusion of the third session of the Board.

Note 2: On 20 October 2023, the Supervisory Committee of the Company received the letter of resignation from the Chairman of the Supervisory Committee and staff representative supervisor of the Company, Mr. Huang Bilie. Due to work re-allocation, Mr. Huang Bilie has tendered his resignation as the chairman of the Supervisory Committee and a staff representative supervisor of the Company with effect from 20 October 2023. At the same day, Ms. Zhang Zhiyi was elected as the staff representative supervisor of the Company at the staff representative meeting with a term of office commencing from the approval of the staff representative meeting until the conclusion of the third session of the Board. On 26 October 2023, the Company held the fifth meeting of the Supervisory Committee of 2023, approving the election of Ms. Zhang Zhiyi as the Chairman of the Supervisory Committee, with a term of office from 20 October 2023 until the conclusion of the third session of the Board.

Chapter 5 Corporate Governance (Corporate Governance Report)

- Note 3: 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, with the term of office from the date of general meeting until the conclusion of the third session of the Board.
- Note 4: 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 the appointment of Mr. Wang Dupeng as Vice President of the Company.
- Note 5: 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 the appointment of Mr. Wang Jian as Vice President of the Company.
- Note 6: 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.
- Note 7: On 27 December 2023, the Board received the resignation from Mr. Wang Taiwen, the independent non-executive Director. According to requirements of relevant PRC regulatory provisions that the term of office of an independent director shall not exceed six consecutive years, Mr. Wang Taiwen proposed to resign from positions as an independent non-executive director, chairman of the Nomination Committee, and the members of the Audit Committee and the Remuneration Committee of the Board. Pursuant to the relevant regulations, since the resignation of Mr. Wang Taiwen will result in the number of independent non-executive directors of the Company falls below one third of the Board, Mr. Wang Taiwen’s resignation will take effect from the election of a new independent non-executive director at the general meeting of the Company. Mr. Wang Taiwen will continue to perform the duties of the independent non-executive director of the Company, and duties in relevant Board Committees according to the relevant laws and regulations before the election of a new independent non-executive director.
- Note 8: On 18 March 2024, Mr. Deng Weidong resigned from the non-executive director position of the Company due to his work re-allocation. Accordingly, Mr. Deng Weidong also ceased to be a member of the Strategy Committee of the Company.
- Note 9: 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. After resigning, Mr. Tian Lei has continued to serve as the General Counsel of the Company.

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

Chapter 5 Corporate Governance (Corporate Governance Report)

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

Applicable Not applicable

(VI) Others

Applicable Not applicable

1. Directors' and Supervisors' Service Contracts and Remuneration

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

Details of the remuneration of the Directors and the Supervisors of the Company are set out in "V. (I) Changes in Shareholding and Remuneration of Present Directors, Supervisors and Senior Management and the Ones Resigned During the Reporting Period" of this chapter. Remuneration of the Directors is determined based on the Director's duties, experiences and the Group's performance.

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

As at 31 December 2023, so far as the Directors were aware, the interests or short positions of the Directors, Supervisors, chief executive or their associates in the shares or debentures of the Company or any associated corporation of the Company which were required to be notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which they are deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of SFO to be recorded in the register kept by the Company referred to therein, or which were required to be notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Category of Shares	Nature of interests	Number of Shares interested (Note 1)	Approximate percentage of the total number of the relevant class of Shares of the Company as at 31 December 2023 (%)	Approximate percentage of the issued share capital of the Company as at 31 December 2023 (%)
Song Rong	Director	A Shares	Beneficial Owner	1,286,800 (L) (Note 2)	0.02	0.02

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.

Chapter 5

Corporate Governance (Corporate Governance Report)

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

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

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

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

4. Interests of Directors and Supervisors in Competing Businesses

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

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

Save as disclosed above, no other directors hold any interest in any business that directly or indirectly constitutes or may constitute competition with the Group.

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

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

6. Model Code for Securities Transactions by Directors and Supervisors

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

Chapter 5

Corporate Governance (Corporate Governance Report)

VI. BOARD OF DIRECTORS

(I) Duties and Operations of the Board

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

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

Chapter 5 Corporate Governance (Corporate Governance Report)

(II) Composition of the Board

According to the Articles of Association, the Directors are elected by the general meetings for a term of three years (or until the end of the session of the Board) and can be re-elected, but the consecutive term of independent non-executive Directors shall not exceed 6 years. Meanwhile, the Company has arranged appropriate insurance for the Director's possible involvement in legal action.

In 2023, the Board completed the change of Chairman and certain Directors. As at 31 December 2023, the Board comprised 11 Directors, including 6 non-executive Directors (the Chairman Mr. Wang Xiufeng, the 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. The number of independent non-executive Directors reached more than one-third of the number of the board members, and the composition of the Board has complied with relevant requirements under the Listing Rules in listing places. On 27 December 2023, the Board received the resignation from Mr. Wang Taiwen, the independent non-executive Director. Mr. Wang Taiwen proposed to resign from positions of an independent non-executive director, etc., which is not yet effective. For details, please refer to "(IV) Changes of Directors, Supervisors and Senior Management of the Company" of "V. Directors, Supervisors and Senior Management" of this chapter.

On 22 March 2024, the Company convened the 29th Meeting of the third session of the Board, and reviewed and approved the Resolution in Relation to the Election of the Fourth Session of the Board, approving the nominations of Mr. Song Rong as a candidate for the executive Director of the fourth session of the Board; Mr. Wang Xiufeng, Mr. Liu Zhenhua, Ms. Luo Li, Mr. Yu Zhiliang, Mr. Tao Wu and Mr. Jerry Hsu as candidates for the non-executive Directors of the fourth session of the Board; and Ms. Wang Xiaoli, Ms. Ning Yaping, Mr. Cui Xinjian and Mr. Cui Fan as candidates for the independent non-executive Directors of the fourth session of the Board. The aforementioned elections still need to be submitted for consideration and approval at the general meeting. The term of office for the Directors of the fourth session of the Board is three years, commencing from the date of approval by the general meeting of the Company and ending from the date of the expiration of the fourth session of the Board.

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

Chapter 5

Corporate Governance (Corporate Governance Report)

(III) Policies for the Diversity of the Composition of the Board

To meet the latest regulatory requirements and as the criteria of supervision and assessment of the diversity of the composition of the Board, the Rules of Procedure of the Nomination Committee of the Board clearly set out the policies for the diversity of the composition of the Board. In assessing the diversity of the Board composition, the Nomination Committee would take into account various aspects, including but not limited to gender, age, cultural and educational background, race, professional qualifications, experience, skills, knowledge and length of service. In practice, the Company has been adhering to the principle of diversity of the Board. In combination with the Company's own business model and specific needs and the Directors' own advantages, and after comprehensive consideration of relevant factors, the candidates for directorship will be considered based on their strengths and their contribution to the Board.

As at 31 December 2023, the Company had two female directors, accounting for 18.18% of the total number of the Directors. The female employees, distributed in different regions, at various ages and with different educational backgrounds, accounted for 39.15% of the whole staff of the Company (including management). Non-executive Directors (including independent non-executive Directors) have appropriate professional qualifications and experience, and have expertise in management, finance, law, or logistics etc., with complementary knowledge structure and experience. Some non-executive Directors also serve as members of the Strategy Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. They can provide professional and independent opinions about the Company's daily operation management and development planning, and conduct prior review and provide reference suggestions when the Board makes decisions on major matters, which ensure the scientificity of the decision-making of the Board. To sum up, the Company has taken and will continue to take such measures to promote the diversity of the Board of the Company, including but not limited to searching for directors with various backgrounds. The Board intends to keep at least the proportion of female members at the current level.

The Board has reviewed the implementation of the diversity of the composition of the Board in 2023 and believes that the diversity policy of the Board in 2023 has been effectively implemented.

Chapter 5 Corporate Governance (Corporate Governance Report)

(IV) Independence of the Board

1. *Independent Non-executive Directors*

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

2. *Voting avoidance mechanism*

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

Chapter 5

Corporate Governance (Corporate Governance Report)

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

(V) Responsibilities of the Board and Senior Management

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

(VI) Chairman and President

The positions of the Chairman and the President of the Company are held by different people, and have clear division of power and authority. As at 31 December 2023, Mr. Wang Xiufeng was the Chairman, and Mr. Song Rong was the President of the Company. The Chairman is responsible for preside over the shareholders' meeting, the management of the Board's operation, and ensure that the Company formulates sound corporate governance practices and procedures, while the President is responsible for the business management of the Company and implementation of board resolutions. Details of their respective duties and responsibilities are set out in the Articles of Association and the Procedural Rules of the President.

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

Chapter 5

Corporate Governance (Corporate Governance Report)

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

During the Reporting Period, the Company held 9 Board meetings and reviewed and approved or debriefed 41 proposals, which are as follows:

Sessions of meeting	Date	Conference Resolutions
The 19th Meeting of the Third Session of the Board	27 March 2023	All of the following resolutions were considered and approved/heard, including: 1. Resolution in Relation to the Work Report of the President for the Year 2022; 2. Resolution in Relation to the Final Financial Accounts Report of the Company for the Year 2022; 3. Resolution in Relation to the Profit Distribution Plan of the Company for the Year 2022; 4. Resolution in Relation to the Financial Budget of the Company for the Year 2023; 5. Resolution in Relation to the Re-appointment of External Auditor for the Year 2023; 6. Resolution in Relation to the Updated Mandate of the Issuance of Debt Financing Instruments; 7. Resolution in Relation to the Continuous Risk Assessment Report on Financial Services with Financial Company; 8. Resolution in Relation to the Annual Report of the Company and Its Summary for the Year 2022; 9. Resolution in Relation to the Work Report of the Board for the Year 2022; 10. Resolution in Relation to Reporting the Work Report of the Independent Non-executive Directors for the Year 2022; 11. Resolution in Relation to the General Mandate to Issue, Allot and Deal with Shares and Repurchase the Shares; 12. Resolution in Relation to the Updated Mandate of the Interim Profit Distribution Plan for the Year 2023; 13. Resolution in Relation to the Estimated Guarantees of the Company for the Year 2023; 14. Resolution in Relation to 2022 Social Responsibility and ESG Report; 15. Resolution in Relation to the Reduction of the Registered Capital and the Amendment to the Articles of Association; 16. Resolution in Relation to the Adjustment to the Exercise Price of Share Options of the Company; 17. Resolution in Relation to the 2022 Assessment Report of Internal Control and the 2023 Plan of Assessment; 18. Resolution in Relation to the Senior Management's Performance Appraisal and Remuneration Distribution for the Year 2022; 19. Resolution in Relation to the Daily Continuing Connected Transactions with China Merchants Daojiahui; 20. Resolution in Relation to the Amendment to the Procedural Rules of the President of the Company; 21. Resolution on the Convening of 2022 Annual General Meeting, A Shareholders' Class Meeting and H Shareholders' Class Meeting

Chapter 5

Corporate Governance (Corporate Governance Report)

Sessions of meeting	Date	Conference Resolutions
20th Meeting of the Third Session of the Board	28 April 2023	Resolution in Relation to the Company's First Quarterly Report of 2023 was considered and approved
21st Meeting of the Third Session of the Board	18 May 2023	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to the Connected Transactions Regarding the Entering of Capital Increase Agreement; 2. Resolution in Relation to Potential Continuing Connected Transactions etc.
22nd Meeting of the Third Session of the Board	16 June 2023	Resolution in Relation to the Appointment of Vice President of the Company was considered and approved
23rd Meeting of the Third Session of the Board	7 July 2023	All the following resolutions were considered and approved, including: 1. Resolution for Election of the Company's Director; 2. Resolution on the Convening of the First Extraordinary General Meeting of 2023
24th Meeting of the Third Session of the Board	31 July 2023	All of the following resolutions were considered and approved, including: 1. Resolution for Election of Mr. Wang Xiufeng as the Chairman of the Board (Legal Representative); 2. Resolution in Relation to the Adjustment of the Members of Special Committees under the Board
25th Meeting of the Third Session of the Board	14 August 2023	Resolution in Relation to the Appointment of Vice President of the was considered and approved
26th Meeting of the Third Session of the Board	25 August 2023	All of the following resolutions were considered and approved/ heard, including: 1. Resolution in Relation to the Work Report of the President for the First Half of 2023; 2. Resolution in Relation to the 2023 Interim Report of the Company and Its Summary; 3. Resolution in Relation to the Profit Distribution Proposal for the First Half of 2023; 4. Resolution in Relation to the Continuous Risk Assessment Report on Financial Services with Financial Company
27th Meeting of the Third Session of the Board	26 October 2023	All of the following resolutions were considered and approved/ heard, including: 1. Resolution in Relation to the Company's Third Quarterly Report of 2023; 2. Resolution in Relation to the Revision of the Compliance Management Regulations of the Company; 3. Resolution in Relation to the Adjustment to the Exercise Price of Share Options of the Company; 4. Resolution in Relation To the Renewal of Certain Continuing Connected Transactions; 5. Resolution on the Convening of the Company's 2023 Second Extraordinary General Meeting; 6. Report on the Feedback of the Evaluation of the Company's Board of Directors

Chapter 5

Corporate Governance (Corporate Governance Report)

VIII. THE PERFORMANCE OF DIRECTORS' DUTIES

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

Name	Independent Director or not	Number of Board meetings to be attended this year	Attendance at Board meetings				Attendance rate	Two consecutive Board meetings not attended in person or not	Attendance at general meetings	No. of general meetings attended/No. of general meetings to be attended
			No. of meetings attended in person	No. of meetings attended by way of telecommunication	Number of meetings attended by proxy	Number of Absence				
Wang Xiufeng	N	4	4	2	0	0	100.00%	N	1/1	
Song Rong	N	9	8	4	1	0	88.89%	N	2/5	
Deng Weidong	N	9	9	4	0	0	100.00%	N	1/5	
Luo Li	N	9	9	4	0	0	100.00%	N	0/5	
Yu Zhiliang	N	4	4	2	0	0	100.00%	N	1/1	
Tao Wu	N	4	4	2	0	0	100.00%	N	1/1	
Jerry Hsu	N	9	7	4	2	0	77.78%	N	0/5	
Wang Taiwen	Y	9	8	4	1	0	88.89%	N	4/5	
Meng Yan	Y	9	9	4	0	0	100.00%	N	0/5	
Song Haizhong	Y	9	8	4	1	0	88.89%	N	5/5	
Li Qian	Y	9	9	5	0	0	100.00%	N	5/5	
Feng Boming (Resigned)	N	4	4	1	0	0	100.00%	N	3/3	
Song Dexing (Resigned)	N	4	3	1	1	0	75.00%	N	0/3	
Jiang Jian (Resigned)	N	4	2	1	2	0	50.00%	Y	0/3	

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

Applicable Not applicable

On 27 March 2023 and 28 April 2023, the Company held the 19th and 20th meetings of the 3rd Board respectively. Due to other work arrangements, Mr. Jiang Jian, the then non-executive Director, entrusted Mr. Deng Weidong, the non-executive Director and Mr. Song Dexing, the then Vice Chairman, to attend and vote on his behalf.

Number of Board meetings held during the year	9
Including: Number of on-site meetings	3
Number of meetings held by way of telecommunication	4
Number of meetings held in a mixed model	2

Chapter 5 Corporate Governance (Corporate Governance Report)

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

Applicable Not applicable

(III) Training of Directors

The Company and the Board attach great importance to the continuous professional development of Directors, and actively organize Directors to participate in relevant internal and external trainings to continuously improve and update their knowledge and skills to better perform their duties as Directors. Each new Director has been provided with a set of papers in relation to the duties and responsibilities as a Director, including director guidelines, compilation of compliance obligations and codes of conduct, stock trading compliance guidelines, the operations of Company and Board, etc. The management of the Company provided relevant information on finance, operations and capital markets and latest regulations of securities regulatory authorities to the Directors on a regular basis so that the Directors can keep up with the operational information of the Company and regulatory requirements and performed duties compliantly and effectively. Besides, during the Reporting Period, the Board strengthened front-line business research and conducted a total of seven collective research activities focusing on contract logistics, railway agency, logistics e-commerce and other businesses, gaining profound insights into the Company's front-line operation and management and business scenarios, and enabling them to provide constructive opinions and suggestions. The participation of Directors in continuous professional development during the Reporting Period is set out below:

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

Chapter 5

Corporate Governance (Corporate Governance Report)

IX. SPECIAL COMMITTEES UNDER THE BOARD

Applicable Not applicable

(I) Composition of Special Committees under the Board

Name of Special Committee	Current Members
Audit Committee	Mr. Meng Yan (the chairman), Mr. Wang Taiwen, Mr. Song Haiqing and Ms. Li Qian, all being the independent non-executive Directors
Nomination Committee	Mr. Wang Taiwen (the chairman, independent non-executive Director), Mr. Wang Xiufeng (the Chairman of the Board, the non-executive Director), and Mr. Meng Yan (independent non-executive Director), Mr. Song Haiqing (independent non-executive Director) and Ms. Li Qian (independent non-executive Director)
Remuneration Committee	Ms. Li Qian (the chairperson), Mr. Wang Taiwen, Mr. Meng Yan and Mr. Song Haiqing, all being the independent non-executive Directors
Strategy Committee	Mr. Wang Xiufeng (the chairman, Chairman of the Board, non-executive Director), Mr. Song Rong (executive Director), Mr. Deng Weidong (non-executive Director), Mr. Yu Zhiliang (non-executive Director), Mr. Song Haiqing (independent non-executive Director)

Note 1: Mr. Feng Boming no longer served as the Company's non-executive Director, Chairman, member of the Nomination Committee and chairman of the Strategy Committee since 7 July 2023; Mr. Wang Xiufeng has served as the Company's non-executive Director, Chairman, member of the Nomination Committee and chairman of the Strategy Committee from 31 July 2023.

Note 2: Mr. Song Dexing no longer served as the Company's non-executive Director, Vice Chairman, and member of the Strategy Committee since 7 July 2023; Mr. Yu Zhiliang has served as the Company's non-executive Director, and member of the Strategy Committee from 31 July 2023.

(II) Audit Committee

1. Composition

The Audit Committee is composed of all the independent non-executive Directors of the Company. The members of the Audit Committee are experts in the fields of accounting, finance, law, corporate management and business. The Chairman of the Audit Committee, Mr. Meng Yan possesses appropriate professional qualifications and experience in finance, and no member is a former partner of the auditor currently appointed by the Company. The Company has been in full compliance with the requirements of part 2 Code of Conduct Articles of Rule 3.21 of the SEHK Listing Rules and Provision D.3.2 of Part 2 of CG Code.

Chapter 5

Corporate Governance (Corporate Governance Report)

2. *Main duties*

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

3. *Meetings and attendance*

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

Date	Meeting Content
10 January 2023	Considered/Heard 2 proposals including the Company's 2022 annual operating performance report and the external auditor's report on the Company's 2022 annual audit plan and pre-audit work arrangement
23 March 2023	Considered/Reviewed/Heard 8 proposals including the Company's 2022 financial final accounts report, re-appointment of 2023 external auditor, 2022 internal control evaluation report and 2023 evaluation plan, 2022 internal control audit report, the list of related parties, the related work report of 2022 annual risk control, compliance and internal audit, external guarantee and auditor's report on the implementation of the Company's final accounts in 2022
24 April 2023	Considered the 2023 first quarterly report
23 August 2023	Considered/Heard 2 proposals including the 2023 interim report and the external auditor's review of the Company's 2023 interim report
24 October 2023	Considered the 2023 third quarterly report

Chapter 5

Corporate Governance (Corporate Governance Report)

During the Reporting Period, the Audit Committee carried out its work in strict accordance with laws, regulations and other relevant systems, performed its duties diligently, provided constructive opinions and suggestions on operation and management, internal control and risk control of accounts receivable and exchange rate, and agreed to submit relevant resolutions to the Board for consideration. For the specific performance of the Audit Committee, please refer to the 2023 Performance Report of the Audit Committee of the Board disclosed by the Company on the SSE website (www.sse.com.cn). The Audit Committee reviewed the Company's 2023 annual results on 20 March 2024.

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

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

Note: On 23 March 2023, the Company held the second meeting of the Audit Committee for 2023. Due to other work arrangements, Ms. Li Qian entrusted Mr. Song Haiqing to attend and vote on her behalf.

(III) Nomination Committee

1. Main duties

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

Chapter 5

Corporate Governance (Corporate Governance Report)

2. *Policies for the nomination of Directors*

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

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

3. *Meetings and attendance*

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

Date	Meeting Content
16 June 2023	Considered and approved the proposal to appoint the Vice Presidents of the Company
7 July 2023	Considered and approved the proposal to nominate Directors of the Company
14 August 2023	Considered and approved the proposal to appoint the Vice Presidents of the Company

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

Chapter 5

Corporate Governance (Corporate Governance Report)

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

Name	Number of meetings attended			Number of Absence
	Number of meetings to be attended	Number of meetings attended in person	Number of Meetings attended by proxy	
Mr. Wang Taiwen (chairman)	3	3	0	0
Mr. Wang Xiufeng	1	1	0	0
Mr. Meng Yan	3	3	0	0
Mr. Song Haiqing	3	3	0	0
Ms. Li Qian	3	3	0	0
Mr. Feng Boming (Resigned)	1	1	0	0

(IV) Remuneration Committee

1. Main duties

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

2. Meetings and attendance

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

Date	Meeting Content
23 March 2023	Considered the proposal for the Director' and Senior Management's Performance Appraisal and Remuneration Distribution for the Year 2022

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

Chapter 5

Corporate Governance (Corporate Governance Report)

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

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

Note: On 23 March 2023, the Company held the first meeting of the Remuneration Committee for 2023. Due to other work arrangements, Ms. Li Qian entrusted Mr. Song Haiqing to attend and vote on her behalf.

(V) Strategy Committee

1. Main Duties

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

- During the Reporting Period, the Company did not convene Strategy Committee meeting, but the members proposed relevant strategic resolutions such as integration of container and bulk cargo business along the Yangtze River by attending the meeting of the Board.

(VI) The Particular Conditions of the Objection

Applicable Not applicable

Chapter 5 Corporate Governance (Corporate Governance Report)

X. SUPERVISORY COMMITTEE

(I) Members of Supervisory Committee

In 2023, the Company completed the work of changing supervisors. For details, please refer to “(IV) Changes of Directors, Supervisors and Senior Management of the Company” of “V. Directors, Supervisors and Senior Management” of this chapter. As at 31 December 2023, the Supervisory Committee comprised one shareholder Supervisor, two independent Supervisors and two staff-representative Supervisors, namely Ms. Zhang Zhiyi, Mr. Fu Bulin, Mr. Zhou Fangsheng, Mr. Fan Zhaoping and Mr. Wang Shengyun, with Ms. Zhang Zhiyi serving as the chairperson of the Supervisory Committee.

(II) Main Duties

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

The Supervisory Committee is of the opinion that the Company had a normal and disciplined operation and the Directors and the senior management had observed the laws and regulations as well as the Articles of Association of the Company in performing their duties, and that the information included in the annual results for the year ended 31 December 2023 truly reflected the operating result and financial position of the Company for 2023. All Supervisors signed the written confirmation of the 2023 Annual Report.

(III) Meetings

During the Reporting Period, the Supervisory Committee of the Company convened 5 meetings, approving 14 proposals including the Company’s periodic reports, reports of the Supervisory Committee, the financial account report, reappointment of auditors, internal control evaluation reports, and adjusting the exercise price of share options.

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

Applicable Not applicable

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

Chapter 5

Corporate Governance (Corporate Governance Report)

XII. EMPLOYEES OF THE COMPANY AND MATERIAL SUBSIDIARIES

(I) Employees

Number of employees of the parent company	282
Number of employees of major subsidiaries	32,653
Total number of employees	32,935
Number of the resigned and retired employees in the parent company and its major subsidiaries	0

Professional composition

Type of professionals	Number of employees
Production personnel	20,443
Sales personnel	2,023
Technical personnel	897
Financial personnel	1,315
Administrative personnel	846
Other functional staff	3,501
Management personnel	3,910
Total	32,935

Level of education

Type of level of education	Number of employees
Master's degree or above	1,889
Bachelor degree	14,846
College degree	9,387
Below College degree	6,813
Total	32,935

(II) Remuneration Policy

Applicable Not applicable

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

The remuneration of the Group's employees include wages, performance bonus and allowance, also entitled to pension, medical, unemployment, work injury, maternity insurance and housing fund as well as other benefits.

Chapter 5

Corporate Governance (Corporate Governance Report)

(III) Training Program

Applicable Not applicable

Firstly, we improved cadre selection. On the one hand, we selected the strong and competent front-line officers who hold key positions and know how to operate business, exercise management and make informed decision; and on the other hand, we established a pool of young talents comprising “reserve for executives” and “reserve for middle and grass-roots cadres”, which provides medium and long-term talent guarantee for the sustainable development of the Company in the future. Secondly, we continuously broadened training channels and enriched the forms of carriers through our online platform, and has recorded more than 150 courses on our own intellectual property rights; and supported our subsidiaries to carry out business training through our live broadcasting platform. Thirdly, relying on our online learning platform “Yunzhihui”, we launched “Job Sequence Courses” and “Rank Promotion Courses”. In 2023, the platform has organised and conducted more than 100 training sessions online, with more than 10,000 attendees participating in the courses.

(IV) Labor Outsourcing

Applicable Not applicable

Total outsourcing hours	853.2 thousand hours
Total payment for labor outsourcing	RMB46.77 million

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

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

Applicable Not applicable

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

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

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

Chapter 5

Corporate Governance (Corporate Governance Report)

- (3) When the Company's operation is satisfactory, and the Board believes that the share price of the Company is disproportionate to the share capital size of the Company, and dividend payment in shares is in the best interests of all shareholders of the Company, subject to satisfaction of the above dividend payment conditions, the Company may put forward a proposal for dividend payment in shares.

Please refer to Article 215 of the Articles of Association disclosed on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkexnews.hk) on 13 May 2023 and 12 May 2023 respectively for details.

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

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

The 2022 annual and 2023 interim profit distribution plans of the Company adopted dividends distribution in cash. According to the Resolution in Relation to the Profit Distribution Plan for the Year 2022 considered and approved at 2022 Annual General Meeting convened on 12 May 2023, the Company distributed dividend of RMB0.10 per share (tax included) based on the total share capital registered on the record date of the equity distribution (the shares in the special accounts for repurchase of the Company deducted), i.e. 7,244,936,875 Shares. The dividend distribution of the Company for the year 2022 was completed on 28 June 2023 with a total of RMB724,493,687.50 (tax included). According to the authorization of the annual general meeting and the Resolution in Relation to the Profit Distribution Plan for the Half Year of 2023 considered and approved at the 26th meeting of the Third Session of the Board on 25 August 2023, the Company distributed dividend of RMB0.145 per share (tax included) based on the total share capital registered on the record date of the equity distribution (the shares in the special accounts for repurchase of the Company deducted), i.e. 7,244,936,875 Shares. The interim dividend of 2023 of the Company was completed on 19 October 2023, with a total of RMB1,050,515,846.88 (tax included). During the Reporting Period, the Company distributed cash dividends of RMB1,775,009,534.38 (tax included) in total. For further details of A Share dividend distribution, please refer to the announcement in relation to the Implementation of A Share Equity Distribution for the Year 2022 and the announcement in relation to the Implementation of A Share Equity Distribution for the Half Year of 2023 disclosed by the Company on the website of the SSE (www.sse.com.cn).

Chapter 5 Corporate Governance (Corporate Governance Report)

4. *Matters related to the profit distribution for the year 2023*

According to the profit distribution policy stipulated in the Articles of Association and in combination of the Company's actual situation, the Resolution in Relation to Profit Distribution Proposal for the Year 2023 was considered and approved at the 29th meeting of the Third Session of the Board, proposing that the final dividend for 2023 is RMB0.145 per share (tax included) based on the total share capital registered on the record date of the equity distribution (the shares in the special accounts for repurchase of the Company deducted). As at the disclosure date of this Annual Report, the total share capital of the Company was 7,294,216,875 Shares, and the total number of shares in the special accounts for repurchase of the Company was 49,280,000 A Shares, based on which, the total dividend allotment is expected to be RMB1,050,515,846.88 (tax included). For the details, please refer to the Announcement of the Company on the Profit Distribution Proposal for the Year 2023 disclosed by the Company on the website of the SSE (www.sse.com.cn). Together with the interim dividend of RMB0.145 per share (tax included) that has already been paid, the total dividend of the Company for the year 2023 is expected to be RMB0.29 per share (tax included).

Independent non-executive Directors have expressed their independent opinions in agreement with the above-mentioned resolution, which is still subject to the approval by the shareholders at the 2023 Annual General Meeting of the Company. The 2023 Annual General Meeting of the Company will be convened by way of the combination of on-site voting and online voting, to provide minority shareholders with the opportunity to fully express their opinions and demands, fully safeguarding the legitimate rights and interests of minority shareholders. After the resolution is considered and approved at the general meeting, it is expected that the Company will pay the cash dividend on or before 31 July 2024. The Company will make further announcement(s) on the closure of books for holders of H shares or record date for A shares and the expected date of payment in relation to the payment of cash dividend in the notice of the general meeting or after the convening of the general meeting.

Pursuant to the Articles of Association of the Company, dividends payable to the holders of A Shares of the Company shall be paid in RMB, and dividends payable to the holders of H Shares of the Company shall be calculated and declared in RMB, and paid in HK\$. The exchange rate for dividends payable in HK\$ is the average of the selling rates of RMB to HK\$ published by the People's Bank of China during the week (16 March 2024 to 22 March 2024) preceding the date of proposed distribution of the 2023 annual dividend by the Board.

Chapter 5

Corporate Governance (Corporate Governance Report)

(II) Special Explanation of Cash Dividend Policy

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

	<i>Unit: RMB</i>
Number of bonus shares for every 10 shares (share)	0
Amount of interim dividend for every 10 shares (tax included)	1.45
Amount of final dividend for every 10 shares (tax included)	1.45
Number of shares converted for every 10 shares (share)	0
Amount of cash dividend (tax included) (Note 1)	2,101,031,693.75
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statement during the year of dividend distribution	4,221,842,492.59
Ratio of dividend amount to net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)	49.77
The amount of cash used for Share repurchase which was included in cash dividend (Note 2)	26,775,282.89
Total amount of cash dividend (tax included)	2,127,806,976.64
Ratio of total dividend amount to net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)	50.40

Note 1: The amount of cash dividends includes RMB1,050,515,846.88 of interim dividends in 2023 (which have been paid) and RMB1,050,515,846.88 of annual dividends in 2023 (which need to be submitted to the general meeting for consideration), totaling RMB2,101,031,693.75.

Note 2: During the Reporting Period, the Company repurchased some H Shares in cash, and paid HK\$29,973,450 (excluding transaction costs).

Chapter 5

Corporate Governance (Corporate Governance Report)

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

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

Applicable Not applicable

1. *Summary of the share option scheme*

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

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

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

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

Chapter 5

Corporate Governance (Corporate Governance Report)

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

2. *The grant of share option scheme and the fulfillment of the exercise conditions in the first exercise period*

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

Approved by the 28th meeting of the Third Session of the Board and the first meeting of the Supervisory Committee for the year 2024 on 29 January 2024, the exercise conditions for the first exercise period of the Share Option Scheme (Phase I) of the Company have been fulfilled, with 176 participants having fulfilled the exercise conditions for the first exercise period of the Share Option Scheme (Phase I) of the Company (among the Company’s 186 original participants, 10 of whom have resigned due to personal reasons and no longer qualified as participants), and the 4,698,959 Share Options which have been granted but not yet exercised (which have been cancelled on 2 February 2024) will be cancelled.

Chapter 5

Corporate Governance (Corporate Governance Report)

During the Reporting Period, the details of the Share Options granted under the Share Option Scheme and Share Options to be exercised in the first Exercise Period are as follows:

Name	Position	Grant Date	Number of share options held at the beginning of Reporting Period (10 thousand A Shares)	Exercisable shares during the Reporting Period	Number of options exercised or cancelled during the Reporting Period (Note 3)	Number of options lapsed during the Reporting Period (10 thousand A Shares) (Note 7)	Exercise period (Note 4)	Exercise price (RMB: yuan/share) (Note 5)	Proportion in the total share capital of the Company as at the date of approval of the draft Share Option Scheme (%) (Note 6)	Number of share options held at the end of the period (10 thousand A Shares)	Number of share options to be exercised in the first exercise period (10 thousand A Shares)	Market price at the end of the reporting period (RMB)
Song Rong	Executive Director, President	25 January 2022	128.68	0	0	0	25 January 2024 – 24 January 2027	3.765	0.017	128.68	42.89	5.24
Jiang Jian (Note 2)	Non-executive Director	25 January 2022	64.34	0	0	64.34	25 January 2024 – 24 January 2027	3.765	0.009	0.00	0.00	5.24
Wang Jiuyun	Chief Financial Officer	25 January 2022	76.88	0	0	0	25 January 2024 – 24 January 2027	3.765	0.010	76.88	25.63	5.24
Li Shichu	Vice President, Board Secretary	25 January 2022	76.88	0	0	0	25 January 2024 – 24 January 2027	3.765	0.010	76.88	25.63	5.24
Gao Xiang	Vice President, Chief Digital Officer	25 January 2022	89.88	0	0	0	25 January 2024 – 24 January 2027	3.765	0.012	89.88	29.96	5.24
Wang Dupeng (Note 2)	Vice President	25 January 2022	68.66	0	0	0	25 January 2024 – 24 January 2027	3.765	0.009	68.66	22.89	5.24
Wang Jian (Note 2)	Vice President	25 January 2022	68.66	0	0	0	25 January 2024 – 24 January 2027	3.765	0.009	68.66	22.89	5.24
Tian Lei	General Counsel	25 January 2022	83.58	0	0	0	25 January 2024 – 24 January 2027	3.765	0.011	83.58	27.86	5.24
Subtotal	/	/	657.56	0	0	64.34	/	/	0.089	583.22	197.74	/
Total other Participants (169 persons) (Note 7)		25 January 2022	6,523.14	0	0	193.68	25 January 2024 – 24 January 2027	3.765	0.910	6,329.46	2,097.37	5.24
Total (176 persons) (Note 7)	/	/	7,180.70 (Note 1)	0	0	258.02	/	/	0.999	6,922.68 (Note 1)	2,295.11	/

Note:

- Some figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding.
- Mr. Jiang Jian resigned as the non-executive Director of the Company with effect from 7 July 2023 due to his work re-allocation. 643.4 thousand Share Options which have been granted but not yet exercised have lapsed during the Reporting Period and have been cancelled on 2 February 2024. Mr. Wang Dupeng and Mr. Wang Jian served as the Vice President of the Company on 16 June 2023 and 14 August 2023, respectively.
- The Share Options shall be exercisable for a term of five years commencing from the Grant Date. The lock-up period is 24 months from the Grant Date of the Share Options, during which the Share Options granted to the Participants under the Share Option Scheme shall not be exercised. During the Reporting Period, the Share Options under the Share Option Scheme are still in the lock-up period of 24 months, and no Share Options have been effective, exercised or cancelled.

Chapter 5

Corporate Governance (Corporate Governance Report)

4. Operating results requirements have been set forth in the Share Option Scheme based on the future growth in the performance of the Company, and the exercisable percentage of Options is linked to the performance assessment results of each Participant. The Share Options to be granted shall take effect as per the fulfilment of the effective conditions and provided that the Company is not caught in any circumstance where no equity incentives shall be implemented under the requirements of the SASAC and the CSRC. Operating results requirements include the Company's return on equity attributable to owners of the Company, compound growth rate of net profit attributable to owners of the Company and economic value added (EVA). For details of the preconditions for the effectiveness of the Share Option Scheme and the individual performance assessment process of the Participants, please refer to Appendix I "PRINCIPAL TERMS OF THE SHARE OPTION SCHEME" and Appendix II "APPRAISAL MEASURES FOR IMPLEMENTATION OF THE SHARE OPTION SCHEME" to the circular dated 30 December 2021.

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

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

5. The Exercise Price of the Share Options granted on 25 January 2022 is RMB4.29 per share, which is the higher of the following three: (a) the average trading price of the A Shares of the Company for the last trading day preceding the date of the announcement of the draft and summary of the Share Option Scheme published on the website of the SSE, being RMB4.18; (b) the average trading price of the A Shares of the Company for the last 20 trading days preceding the date of announcement of the draft and summary of the Share Option Scheme published on the website of the SSE, being RMB4.29; (c) the unit par value of the A Shares of the Company, being RMB1.00. During the Reporting Period, the closing price of A shares of the Company immediately before the Grant Date of the Share Options (i.e., 24 January 2022) was RMB4.31. The fair value of each Share Option was RMB1.2451 at Grant Date (risk-free interest rate was taken as the annualized interest rate of 3.5-year (same as expected term) treasury bonds at 2.3%, share price volatility was taken as the historical volatility of 38.97% since the listing of the Company's A shares, expected term was taken as 3.5 years (weighted), and expected dividend rate was taken as 0 (according to the valuation principles and the regulatory requirements of the SASAC, if the share incentive scheme of the Company specifies the adjustment principles for the exercise price after distribution of dividends, the expected dividend rate will not be considered in the fair value evaluation, and 0% will be used as the input), which was calculated by the Company in accordance with the accounting standards and policies adopted by the Company using the Black-Scholes option pricing model. According to the relevant provisions of the Share Option Scheme, in consideration of the 2021 final dividend, the 2022 interim dividend, the 2022 final dividend and the 2023 interim dividend distributed by the Company, the Company adjusted the Exercise Price on 25 August 2022, 27 March 2023 and 26 October 2023, respectively. As of the date of this Report, the Exercise Price of the Share Options was RMB3.765 per share.

Chapter 5

Corporate Governance (Corporate Governance Report)

6. The number of the total issued shares of the Company on the date of the Share Option Scheme being approved at the general meeting (24 January 2022) was 7,400,803,875 shares.

7. The Company granted a total of 4.596 million Share Options to the five highest paid individuals (including 1 Director and 4 employees), and a total of 4.596 million A Shares can be subscribed subject to the satisfaction of the effective conditions and effective arrangements. The Grant Date of these Share Options was 25 January 2022. For details of remuneration of Directors and the five highest paid individuals of the Company during the Reporting Period, please refer to Note X.4(8) and Note IX.72 to the financial statements under "Chapter 11 the Financial Report" of this Report. As at the end of the Reporting Period, 4,512,200 Share Options granted but not yet exercised lapsed due to the resignation of the original 10 participants due to personal reasons and they were no longer qualified as the participants under the Share Option Scheme (of which 2,393,400 Shares corresponded to the 6 participants who resigned or transferred out of the Group during the year). 186,759 Share Options lapsed due to the fact that eight participants did not meet performance conditions. For details, please refer to Note IX.72 to the financial statements under "Chapter 11 the Financial Report" of this Report.

For the main terms, grant conditions, exercise price adjustment, the fulfillment of the exercise conditions in the first exercise period, and other relevant details of the Share Option Scheme of the Company, please refer to the Company's announcements dated 29 November 2021, 21 January 2022, 24 January 2022, 25 January 2022, 2 March 2022, 25 August 2022, 27 March 2023, 26 October 2023, 29 January 2024 and 2 February 2024, and the circular dated 30 December 2021.

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

Information on Share incentives

Applicable Not applicable

Other explanations

Applicable Not applicable

Information on employee stock ownership scheme

Applicable Not applicable

Other incentives measures

Applicable Not applicable

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

Applicable Not applicable



Chapter 5 Corporate Governance (Corporate Governance Report)

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

Applicable Not applicable

The Company implements a tenure system and contract-based management for senior management by setting key performance evaluation indicators, such as basic performance and strategic execution, and performance bonuses are linked to the results of assessment. The Remuneration Committee and the Board determine the incentive criteria for senior management for the current year according to the relevant performance and salary management measures and the assessment results.

In addition, as of the date of disclosure of this Report, the exercise conditions under the First Exercise Period of the Share Option Scheme (Phase I) have been satisfied. The Company will uniformly organize the exercise for 176 eligible incentive participants.

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

Applicable Not applicable

Since the internal control system was started in 2013, the Company has gradually established general internal management processes, such as development strategy, financial management, funds management, contract management, human resource management and information management, and established corresponding business management processes in each business segment, which has formed a relatively well-established internal control system.

In the Reporting Period, in order to continuously optimize its internal management system, combined with the annual internal control compliance supervision and inspection work, the Company focused on companies “experiencing sustained losses, significant risk impact, frequent risk events, and litigation cases”. Key areas, key business operations, and key risks were identified and the integrity, reasonableness, and effectiveness of their systems were inspected. The purpose of these inspections is to identify any deficiencies and promote improvements, effectively advancing the construction of the internal control system.

Explanation on Significant Deficiencies in Internal Control During the Reporting Period

Applicable Not applicable

For the internal control assessment, please refer to the 2023 Assessment Report of Internal Control on the website of SSE (www.sse.com.cn).

Chapter 5 Corporate Governance (Corporate Governance Report)

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

Applicable Not applicable

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

XVII. INFORMATION ON AUDIT REPORT OF INTERNAL CONTROL

Applicable Not applicable

ShineWing Certified Public Accountants LLP has audited the effectiveness of internal control in the 2023 financial report of the Company and issued standard unqualified opinions. For details, please refer to the 2023 Audit Report of Internal Control disclosed on the website of SSE (www.sse.com.cn) by the Company.

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

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

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

Nil



Chapter 5

Corporate Governance (Corporate Governance Report)

XIX. OTHERS

Applicable Not applicable

(I) Auditor's Remuneration

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

(II) Company Secretary

During the Reporting Period, Mr. Li Shichu served as the company secretary and possessed corresponding professional knowledge and experience. For relevant resume information, please refer to "V. Directors, Supervisors and Senior Management" in this chapter. In 2023, Mr. Li Shichu has completed the relevant career training for more than 15 hours.

(III) Amendments to the Articles of Association

On 12 May 2023, according to the actual operational and management needs of the Company, the Company held 2022 annual general meeting, approving the proposal in relation to the revising of Articles of Association. For details, please refer to the general meeting materials and the circular dated 21 April 2023 on the website of SSE (www.sse.com.cn) and the website of SEHK (www.hkexnews.hk) published by the Company, respectively.

Chapter 6 Environment and Social Responsibility

I. ENVIRONMENTAL INFORMATION

Whether relevant mechanisms for environmental protection have been established	Yes
Environmental protection funds invested in the Reporting Period (unit: RMB million)	56.28

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

Applicable Not applicable

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

Applicable Not applicable

1. Particulars of administrative penalties due to environmental issues

Applicable Not applicable

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

Applicable Not applicable

Sinotrans has always placed a high emphasis on energy conservation and environmental protection. It has effectively strengthened the organization and management of energy conservation and environmental protection initiatives. In 2023, the Company formulated management policies related to energy conservation and environmental protection, including the “Energy Conservation and Environmental Protection Management Regulations” and the “Energy Conservation and Environmental Protection Assessment Management Measures”, which clarified the work content and management assessment requirements for energy conservation and environmental protection. The Company also applied wastewater and exhaust gas treatment facilities to enhance pollution prevention and control measures and improve the effectiveness of prevention. It updated and optimized hazardous waste storage locations according to new standards, and strictly implemented detailed regulations for the safe management of hazardous waste. Furthermore, it carried out a special campaign for ecological and environmental protection in the Yangtze River Economic Belt and the Yellow River Basin. Special inspections were organized to comprehensively identify sources of environmental pollution and ecological risks. A list of ecological and environmental protection issues was compiled, and its subsidiaries were supervised to take proactive measures and strictly control ecological and environmental risks. During the Reporting Period, Sinotrans did not experience any environmental pollution incidents, and its subsidiaries did not receive any major administrative penalties from local government authorities in relation to environmental protection.

3. Reasons for non-disclosure of other environmental information

Applicable Not applicable

Chapter 6 Environment and Social Responsibility

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

Applicable Not applicable

In 2023, Sinotrans strictly controlled pollutant emissions in accordance with relevant laws and regulations on environmental protection to avoid environmental pollution, actively and properly promoted the vision and goals of carbon peaking and carbon neutrality, and accelerated transformation towards green development. During the Reporting Period, we mainly carried out the following work:

Firstly, continuously promoting the implementation of strategy of carbon peaking and carbon neutrality. In accordance with the Sinotrans Strategic Plan for Carbon Peaking and Carbon Neutrality《(中國外運碳達峰碳中和專項戰略規劃)》, Sinotrans actively promoted green logistics solutions and measures; formulated Measures of Sinotrans for Management of Carbon Peaking and Carbon Neutrality《(中國外運「雙碳」管理辦法)》, and established a carbon peaking and carbon neutrality management system to ensure that Sinotrans' carbon neutrality goals are implemented in a scientific and precise manner.

Secondly, continuously improving environmental protection system. We formulated four energy-saving and environmental protection management regulations, including the Sinotrans Energy-Saving and Environmental Protection Management Regulations《(中國外運節能環保管理規定)》, and two special checklists for environmental protection, to refine the requirements for environmental protection management; and at the same time, we set up an energy-saving and environmental protection office to deal with day-to-day matters related to energy-saving and environmental protection.

Thirdly, we focus on creating green logistics solutions. In cooperation with strategic customers, we created the first domestic air freight transport “end-to-end” carbon-neutral project and first air freight transport “end-to-end” carbon-neutral project based on the Global Sustainable Aviation Fuel (SAF) Declaration. We coordinated with our client to promote the hydrogen fuel heavy truck demonstration applications, accumulating an annual transport mileage of approximately 200,000 kilometers, with an annual average reduction of 2.7 tonnes of carbon emissions per vehicle. By adopting oil-to-electricity conversion technology, we built the first electric container ship in the Guangdong-Hong Kong-Macao Greater Bay Area. In addition, Sinotrans succeeded in establishing the first “zero carbon” logistics park. Furthermore, we exclusively participated in the research and development of the first public carbon calculator for the logistics industry in China.

Fourthly, actively optimize the energy structure and promote energy conservation and emission reduction. Update and upgrade transportation vehicles and large equipment, and increase the proportion of new energy forklifts to about 81%; some own transportation vehicles launched a trial use of biodiesel, reduced by about 60% per ton compared with those from diesel, effectively reducing the emission of pollutants, such as heavy metals and fine particulate matter; upgraded the refrigeration system in cold storages with old piping and outdated control systems, optimised the system piping, and used an intelligent host computer to effectively and flexibly adjust the refrigeration control process to achieve high-quality control of energy consumption at low temperatures.

Chapter 6 Environment and Social Responsibility

Fifthly, actively conducting energy-saving and environmental protection publicity activities. During the Reporting Period, 430 training sessions were organised for 9,587 participants, including trainings on energy-saving management and safety management of hazardous waste; more than 30 seminars on “Strategic Plan for Carbon Peaking and Carbon Neutrality” were organised for 1,000 participants; and National Energy Saving Publicity Week and National Low-Carbon Day were held.

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

Main emissions (Unit: ton) (Note 1)	Emission (2023) (Note 4)	Emission (2022)	Year-on- year change in emission (2023/2022)	Emissions within additional scope for 2023 (Note 4)	Intensity per RMB100 million revenue (2023) (Note 4)	Intensity per RMB100 million revenue (2022)	Percentage change in intensity
							per RMB100 revenue (2023/2022)
Sulphur dioxide emission	4.31	7.22	-40.32%	52.17	0.004	0.007	-36.15%
Oxynitride emission	49.11	54.99	-10.69%	45.72	0.048	0.051	-4.46%
Direct emission of greenhouse gas (carbon dioxide) (Note 2)	84,508.02	101,797.71	-16.98%	83,648.57	83.092	93.564	-11.19%
Indirect emission of greenhouse gas (carbon dioxide) (Note 2)	137,272.82	126,332.54	8.66%	3,725.84	134.978	116.114	16.25%
Total emissions of greenhouse gas (carbon dioxide)	221,780.84	228,130.25	-2.78%	87,374.41	218.074	209.679	4.00%
General emission of waste (sewage) (Note 3)	1,721,463.32	1,248,431.95	37.89%	5,327.04	1,692.688	1,147.456	47.52%

Note 1: The above emission data is mainly due to emissions generated in the operation of the Group's transportation and warehousing business.

Note 2: Indirect greenhouse gas emissions are mainly the emissions of greenhouse gases caused by the use of purchased power and heat. Direct emissions were greenhouse gas emissions generated by the burning of fossil energy sources such as coal, natural gas and oil, and industrial production processes. The increase in indirect greenhouse gas (carbon dioxide) emissions in 2023 is mainly due to the year-on-year increase in business of the Company and addition of three cold storages, resulting in an increase in electricity consumption.

Note 3: The sewage discharge mainly refers to the domestic sewage generated in the daily operation of the Group, and is mainly discharged to urban sewage treatment plant after treatment.

Note 4: In order to maintain data comparability, the data for 2023 in the above table is the data on the same basis as that for 2022, excluding the data that was newly included in the statistics in 2023 (i.e. KLG, an overseas subsidiary of the Group, and the four shipping enterprises newly merged into the Group in 2023).

Chapter 6 Environment and Social Responsibility

Energy consumption (Note 1)	Amount	Amount generated (2022)	Year-on- year change in amount generated (2023/2022)	Amount	Intensity per	Intensity per RMB100 revenue (2022)	Percentage
	generated (2023) (Note 3)			generated within additional scope for 2023 (Note 3)	RMB100 million revenue (Note 3)		change in intensity per RMB100 million revenue (2023/2022)
Total energy consumption (ton of standard coal)	70,219	75,566	-7.08%	39,406	69.045	69.454	-0.59%
Total electricity consumption (10,000 kilowatt hour)	21,374	20,443	4.55%	601	21.016	18.790	11.85%
Total gasoline consumption (ton)	2,643	2,841	-7.00%	47	2.598	2.612	-0.51%
Total diesel consumption (ton)	21,621	25,926	-16.61%	20,571	21.259	23.829	-10.78%
Total natural gas consumption (cubic metre)	4,439,146	4,233,311	4.86%	0	4,364.942	3,890.911	12.18%
Total coal consumption (ton of standard coal) (Note 2)	0	0	-	0	0.000	0.000	-
Water consumption (ton)	2,138,495	2,319,751	-7.81%	9,603	2,102.748	2,132.124	-1.38%

Note 1: The above energy consumption is mainly the energy consumed in the operation of the Group's transportation and warehousing business.

Note 2: There was no coal consumption mainly because that all coal-fired boilers used by the Group was transformed into gas-fired boilers.

Note 3: In order to maintain data comparability, the data obtained for 2023 in the above table is the data on the same basis as that for 2022, excluding the data that was newly included in the statistics scope in 2023 (i.e. KLG, an overseas subsidiary of the Group, and the four shipping enterprises newly merged into the Group in 2023).

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

Whether carbon reduction measures are taken	Yes
Carbon dioxide equivalent reduction (unit: ton)	Increasing by 81,025 tons
Type of carbon reduction measures (such as the use of clean energy for power generation, the use of carbon reduction technology in the production process, and the development and production of new products that contribute to carbon reduction)	Clean energy applications, green lighting, green building renovation, digital and intelligent applications and business model upgrades, etc.

Specific instructions

Applicable Not applicable

For details, please refer to "I. ENVIRONMENTAL INFORMATION (III) Information in relation to Ecological Protection, Pollution Prevention and Control, and Environmental Responsibility Performance" in this Chapter and the 2023 Social Responsibility and Environmental, Social and Governance Report.

Chapter 6 Environment and Social Responsibility

II. WORKING SITUATION FOR FULFILLING SOCIAL RESPONSIBILITIES

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

Applicable Not applicable

For details, please refer to the 2023 Social Responsibility and Environmental, Social and Governance Report disclosed on the website of SSE (www.sse.com.cn) and the website of the SEHK (www.hkexnews.hk).

(II) Specific Working Situation for Fulfilling Social Responsibilities

Applicable Not applicable

External donations and public welfare projects	Quantity/content
Total investment (RMB million)	1.61
Including: Capital (RMB million)	1.61
Material conversion (RMB million)	0
Number of beneficiaries (person)	1,498

Specific instructions

Applicable Not applicable



Chapter 6 Environment and Social Responsibility

During the Reporting Period, the Group actively fulfilled its social responsibilities by carrying out a number of activities such as helping students in need, providing financial support for poor students, providing environmental protection and promoting community welfare.

1. **“Guardianship of Childhood and Growth with Love” Program.** The Group organised the “Guardianship of Childhood and Growth with Love” public welfare program to address the practical needs of left-behind children and the elementary school for children of migrants. We purchased sports and school supplies and winter costumes for the children’s performances in the art troupes, and hired professional basketball coaches and chorus teachers to provide guidance.
2. **“Building Dreams for Children” Charity Campaign.** The Group donated football supplies and rehabilitation training equipment to more than 60 autistic children, and organised fun games and football charity activities to help more autistic children return to school physically and psychologically.
3. **“Youth Football Dream” Charity Campaign in Djibouti.** The Group, together with the Ministry of Education & Professional Training of Djibouti, Djiboutian Football Federation and Boulaos School, organised the “Youth Football Dream” campaign, in which the Group donated sporting goods and provided professional skills training to selected young players.
4. **“Shi Jian” Student Assistance Campaign.** The Group launched a charity campaign titled “Shi Jian” (拾間) in 2022. In the past two years, the Group has set up two “Shi Jian Libraries” in Mingde Primary School in Anyi County, Nanchang, and Xintan Primary and Secondary School in Quyuan Town, Yichang, Hubei. We donated more than 2,000 books and several pieces of sports equipment to those schools, and organised public welfare classes. In aggregate, the campaign has benefited nearly 400 students.
5. **Public Environmental Event “Protecting the Mother River”.** The Group carried out the public environmental event titled “Dian Lake Protection Action”. We organised a total of three activities to maintain environmental sanitation along the Dian Lake and disseminate environmental protection knowledge. The cumulative length of volunteer service reached 300 hours, and 0.8 tons of garbage were cleaned up, contributing to the sustainable development of the beautiful Dian Lake.

In addition, Sinotrans actively organised and participated in various community public welfare activities in 2023. The Company contributed to a harmonious and beautiful community by conducting diverse public welfare events such as the community public welfare event “Voluntary Participation in Environmental Improvement in Spring”, and the charity campaign “Used Clothes Collection to Convey Care and Love”, the “Clean Home” volunteer service campaign, the “Civilised Traffic Volunteers” publicity and education volunteer campaign and “Community Building – Warmth in the New Year” public welfare activities to respect and love the elderly.

Chapter 6 Environment and Social Responsibility

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

Applicable Not applicable

Poverty alleviation and Rural revitalization projects	Quantity/content
Total investment (RMB million)	13
Including: Capital (RMB million)	13
Material conversion (RMB million)	0
Number of beneficiaries (person)	50,000
Assistance forms (such as industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)	One industrial assistance project, and 2 livelihood assistance projects.

Specific instructions

Applicable Not applicable

During the Reporting Period, the Group took the China Merchants Charitable Foundation as a professional and unified public welfare platform, and focused on supporting counties such as Qichun of Hubei, Yecheng of Xinjiang and Qingyuan of Jiangxi to promote rural revitalisation in an all-round way in terms of industry leadership and public service improvement.

1. Assistance Projects in Qichun of Hubei

- (1) Revitalizing rural industries in Qichun of Hubei: The Group supported Qichun county to create a rural revitalisation demonstration zone. Firstly, we supported Qichun Henglu Village to build four new modern and standardised greenhouses with an area of approximately 23,000 square metres, which improved the planting efficiency. Secondly, we supported the construction of a high-tech agricultural tourism integration demonstration base covering an area of approximately 3,098 square metres. Function of the base is dominated by high-tech planting and supplemented by research. The base mainly comprises glass greenhouse, summer fan water curtain facilities, winter electric heating cannons, and research and learning reporting hall, etc. With the project, the county focused its efforts on becoming a modern digital agricultural base and optimised the creation of the Henglu vegetable brand. The project was completed in December 2023 and vegetables have been planted in the base.

Chapter 6 Environment and Social Responsibility

- (2) Village officials and leader training project in Qichun of Hubei: We supported Qichun to further develop the ideas of grass-roots officials, learn new knowledge and exchange new experience, and carry out rural revitalisation training. The Company established a rural development fund for trainees, supported 210 rural leaders and e-commerce talents to visit Zhejiang and Hubei to learn about rural revitalisation experience, and encouraged rural leaders to start businesses and drive the public to increase income.
- (3) Social service project in Qichun of Hubei: We supported four local social organisations to carry out social services in six rural revitalisation demonstration sites, including services for the left-behind elderly, women and children, training for grassroots cadres, and cultural activities in villages.

2. Assistance in villages under “Making Visit, Delivering Benefits and Gathering Morale (訪惠聚)” (“Fang Hui Ju”) program in Xinjiang

We supported the Fang Hui Ju program by assisting villages to revitalise their industries and implementing projects to improve people’s wellbeing. Firstly, we supported the transformation of village clinic in Boxireke Township (9) by provision of basic medical equipment. Secondly, we supported the villages in Tieti Township (8) to implement the beautiful village project by rectifying canals, and further optimising the irrigation system of farmland water conservancy to build beautiful and liveable villages. The project is still underway.

3. Assistance project in Qingyuan of Jiangxi

- (1) Healthcare enhancement project in Qingyuan of Jiangxi: The project is to enhance the medical emergency and medical service capacity of township health centres in Qingyuan District, mainly including the donation of five ambulances to remote township health centres, as well as the support for the renovation of two township health centres in the district, and provision of relevant medical equipment for them.
- (2) Teacher capacity enhancement project in Qingyuan of Jiangxi: We supported 110 outstanding principals, backbone teachers of primary and secondary schools and kindergarten principals in Qingyuan District to receive training and learning in developed educational regions, helping them to rapidly enhance their capacity.

In addition, the Company actively expanded channels for pro-consumption assistance by customizing products under 27° Farm (27°農) brand to assist farmers and products under Qiai Health brand. Consumptions to aid poverty alleviation amounted to RMB7.55 million in 2023.

Chapter 7 Significant Matters

I. EXERCISE OF COMMITMENTS

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

Applicable Not applicable

Commitment background	Commitment type	Commitment party	Summary of the commitment	Time and term of the commitment	Is there a term for fulfilment	Is there timely and strict fulfilment
Commitments related to material asset restructuring	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 7 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 laws, regulations 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 transactions in accordance with a fair and reasonable market price, and shall fulfil the related-party transaction decision-making process and information disclosure obligation; the covenantor shall not prejudice the legitimate interests of the Company and other non-related shareholders through related-party transactions. The covenantor undertakes to procure corporates under its control (except the Company) to comply with the aforementioned commitment.
- Note 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 share option 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.

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).

Chapter 7 Significant Matters

- 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.cn) on 15 January 2019.

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

Meet Not Meet Not applicable

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

Applicable Not applicable

Chapter 7 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. BOARD'S EXPLANATIONS ON "NON-STANDARD OPINION AUDIT REPORT" OF ACCOUNTING FIRMS

Applicable Not applicable

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

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

Applicable Not applicable

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: as at 1 January 2023, the affected amounts of the deferred income tax assets and the deferred income tax liabilities were RMB27,279,691.22 and RMB2,728,432.28, respectively, and the affected amount of the net profit for 2022 was RMB3,638,860.19.

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

Applicable Not applicable

(III) Communication with Former Accounting Firms

Applicable Not applicable

(IV) Approval procedures and other instructions

Applicable Not applicable

Chapter 7 Significant Matters

VI. APPOINTMENT AND DISMISSAL OF AUDITORS

Unit: RMB

Current appointment

Name of the domestic accounting firm	ShineWing Certified Public Accountants LLP
Remuneration for the domestic accounting firm	9,700,000.00
Term of audit by the domestic accounting firm	6
Name of signing public certified accountant of the domestic accounting firm	Dong Qinchuan, Xu Youbin
Term of signing public certified accountant of the domestic accounting firm	4

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

Description of the appointment and dismissal of auditors

Applicable Not applicable

- On 12 May 2023, the 2022 annual general meeting was convened, at which the proposal in relation to the re-appointment of external auditor for 2023 was considered and approved, which agreed to re-appoint ShineWing Certified Public Accountants LLP as the auditor of the Company for financial reports and internal control for the year 2023, with a term of office until the conclusion of the 2023 annual general meeting of the Company. The total audit fee is RMB11.20 million, among which the audit fees for financial reports and internal control are RMB9.70 million and RMB1.50 million, respectively. The Company has not changed auditors in the past three years.
- In 2023, audit fees amounted to RMB11.20 million (RMB10.57 million tax excluded). The audit fees mainly include audit of annual financial report, review of interim financial report and audit of internal control. Other non-audit service fees paid to public accounts amounted to RMB6,781.9 thousand (tax excluded). Other non-audit service fees mainly include due diligence services for overseas and domestic acquisitions, auditor's letter on profit forecast under the SEHK Listing Rules and so on.

Explanation on the situation of appointment a new auditor during the audit period

Applicable Not applicable

Explanation of audit fees decreasing by more than 20% (including 20%) compared to the previous year

Applicable Not applicable

Chapter 7 Significant Matters

VII. THE SITUATION OF FACING THE RISK OF DELISTING

(I) Reasons for the Delisting Risk Warning

Applicable Not applicable

(II) Measures Taken by the Company

Applicable Not applicable

(III) Situation and Reasons for Termination of Listing

Applicable Not applicable

VIII. MATTERS RELATED TO BANKRUPTCY AND REORGANIZATION

Applicable Not applicable

IX. MAJOR LITIGATION AND ARBITRATION MATTERS

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

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

Applicable Not applicable

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

Applicable Not applicable

XII. CONNECTED TRANSACTIONS, MAJOR RELATED PARTY TRANSACTIONS

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

Significant related party transactions of the Group for the year ended 31 December 2023 are disclosed in Note X under “Chapter 11 Financial Report” of this Report. Save as disclosed in the section below, such related party transactions set out in the abovementioned Note X are not the transactions falling under the definition of “connected transaction” or “continuing connected transaction” in Chapter 14A of the SEHK Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the SEHK Listing Rules for the continuing connected transactions and connected transactions mentioned in the section below.

Chapter 7 Significant Matters

1. Continuing Connected Transactions

The continuing connected transactions of the Group for the year ended 31 December 2023 are as follows:

Revenue/Expenses	Note	2023 RMB
Transactions with China Merchants Group		
Provision of transportation and logistics services	Note 1	914,909,829.71
Receiving of transportation and logistics services		1,775,339,924.80
Right-of-use assets (for those leases of which the lease term exceeds one year) of the Group as the lessee for properties and storage facilities (inclusive of the equipment therein)		667,403,214.93
Other payments (including rent for those leases of which the lease term is no more than one year) of the Group as the lessee for properties and storage facilities (inclusive of the equipment therein)		46,584,767.30
Total rent payments of the Group as the lessor for properties and storage facilities (inclusive of the equipment therein)		15,033,167.87
Right-of-use assets (for those leases of which the lease term exceeds one year) of the Group as the lessee for containers and other equipment		1,612,556.83
Other payments (including rent for those leases of which the lease term is no more than one year) of the Group as the lessee for containers and other equipment		1,432,353.05
Total rent payments of the Group as the lessor for containers and other equipment		69,144,808.34
Transaction with Daojiahui Technology Company		
Purchase of office supplies and equipment	Note 2	71,779,066.11
Receiving services from Finance Company		
Maximum daily outstanding balance of deposits placed by the Group with the Finance Company (excluding loan proceeds advanced by the Finance Company)	Note 3	4,710,591,543.21
Maximum daily outstanding balance of loans granted by the Finance Company to the Group (including accrued interests and handling charges)		409,653,300.13
Total expenses payable by the Group with respect to other financial services		296,881.53
Transactions with Sinotrans Shandong Hongzhi		
Provision of transportation and logistics services	Note 4	153,837,143.51
Receiving of transportation and logistics services		145,145,149.17
Transactions with Y2T		
Provision of transportation and logistics services	Note 5	1,325,551,168.44
Receiving of transportation and logistics services		1,219,353,510.07
Receiving of technical service		9,755,660.39
Transactions with Qingdao Jinyun Air		
Provision of transportation and logistics services	Note 6	44,957,025.16
Receiving of transportation and logistics services		13,492,261.91
Transactions with Sinotrans Changjiang		
Provision of logistics services	Note 7	445,808,741.87
Receiving of logistics services		456,148,909.65
Total rent payments of the Group as the lessor for properties and storage facilities (inclusive of the equipment therein)		13,112,321.26
Transactions with Jiangsu Shipping Agency		
Provision of logistics services	Note 8	37,026,119.03
Receiving of logistics services		55,852,330.34

Chapter 7 Significant Matters

Note 1: The reason why the transactions with China Merchants Group are deemed as connected transactions is that China Merchants is the actual controller of the Company. On 28 October 2020, the Company entered into the Master Services Agreement and Master Lease Agreement with China Merchants to govern the provision and receiving of transportation and logistics services (including freight forwarding services, shipping agency, storage and terminal services, trucking transportation, express services and shipping transportation and other logistics services) and (i) the lease of properties and storage facilities (inclusive of the equipment therein), and (ii) the lease of containers and other equipment between the Group and China Merchants and its associates, the terms of which are from 1 January 2021 to 31 December 2023. On 26 October 2023, the Company has renewed the above two agreements with China Merchants and updated the annual caps, the terms of which are from 1 January 2024 to 31 December 2026. The annual caps for transactions under the agreements are as follows:

Categories	Unit: Million Currency: RMB					
	2021	2022	2023	2024	2025	2026
Provision of transportation and logistics services	2,500	3,250	4,225	2,500	3,250	4,225
Receiving of transportation and logistics services	3,500	4,550	5,915	3,500	4,550	5,915
Right-of-use assets (for those leases of which the lease term exceeds one year) of the Group as the lessee for properties and storage facilities (inclusive of the equipment therein)	2,500	2,750	3,025	2,500	2,875	3,306
Other payments (including rent for those leases of which the lease term is no more than one year) of the Group as the lessee for properties and storage facilities (inclusive of the equipment therein)	120	132	145.2	200	230	265
Total rent payments of the Group as the lessor for properties and storage facilities (inclusive of the equipment therein)	40	46	52.9	40	46	53
Right-of-use assets (for those leases of which the lease term exceeds one year) of the Group as the lessee for containers and other equipment	60	66	72.6	60	69	79
Other payments (including rent for those leases of which the lease term is no more than one year) of the Group as the lessee for containers and other equipment	5	6	7.2	8	9	10
Total rent payments of the Group as the lessor for containers and other equipment	200.0	230.0	264.5	200.0	230.0	265.0

Note 2: The reason why the transaction with China Merchants (Shenzhen) Daojiahui Technology Co., Ltd.* (深圳招商到家匯科技有限公司, hereinafter referred to as "Daojiahui Technology Company") is deemed as a connected transaction is that Daojiahui Technology Company is a subsidiary of China Merchants. On 27 March 2023, the Company renewed the Master Purchase Agreement with Daojiahui Technology Company, pursuant to which, the Group may purchase the office supplies and equipment from Daojiahui Technology Company through the China Merchants Daojiahui (the online shopping platform) for the period from 1 January 2023 to 31 December 2025. According to the agreement, the total amount of office supplies and equipment purchased by the Group from Daojiahui Technology Company shall not exceed RMB120 million in 2023, RMB144 million in 2024 and RMB172.8 million in 2025, respectively.

Chapter 7 Significant Matters

Note 3: The reason why the transaction with the Finance Company is deemed as a connected transaction is that the Finance Company is held as to 51% and 49% by China Merchants and Sinotrans & CSC, respectively. On 28 October 2020, the Company renewed the Financial Services Agreement with the Finance Company, the term of which is from 1 January 2021 to 31 December 2023, to govern the financial services provided by Finance Companies to the Group, including deposit services, loan services and other financial services. The annual cap for transactions under the agreement is: maximum daily outstanding balance of deposits placed by the Group with the Finance Company (excluding loan proceeds advanced by the Finance Company) is RMB5 billion, the maximum daily outstanding balance of loans granted by the Finance Company to the Group (including accrued interests and handling charges) shall not exceed RMB10 billion, and the maximum total expenses payable by the Group with respect to other financial services shall not exceed RMB20 million for each of the three years ended 31 December 2023. On 26 October 2023, the Company has renewed the above agreement with Finance Company and updated the annual caps, the term of which is from 1 January 2024 to 31 December 2026. From 2024 to 2026, the maximum daily outstanding balance of deposits placed by the Group with the Finance Company (excluding loan proceeds advanced by the Finance Company) is RMB6 billion. The annual cap for loans and other financial service fees will remain unchanged from the previous agreement.

Note 4: The reason why the transactions with Sinotrans Shandong Hongzhi Logistics Co. Ltd* (山東中外運弘志物流有限公司, hereinafter referred to as "Sinotrans Shandong Hongzhi"), are deemed as connected transactions is that Sinotrans Shandong Hongzhi is held as to more than 10% equity interests by the subsidiaries of Sinotrans & CSC. On 28 October 2020, the Company entered into the Master Services Agreement with Sinotrans Shandong Hongzhi to govern the provision and receiving of transportation and logistics services (including freight forwarding services, shipping agency, storage and terminal services, trucking transportation, express services and shipping transportation and other logistics services), the term of which is from 1 January 2021 to 31 December 2023. On 26 October 2023, the Company has renewed the above agreement with Sinotrans Shandong Hongzhi and updated the annual caps, the term of which is from 1 January 2024 to 31 December 2026. The annual caps for transactions under the agreements are as follows:

Categories	Unit: Million Currency: RMB					
	2021	2022	2023	2024	2025	2026
Provision of transportation and logistics services	250	325	390	300	345	397
Receiving of transportation and logistics services	250	280	319	300	345	397

Chapter 7 Significant Matters

Note 5: The reason why the transactions with Y2T Technology Co., Ltd. (運易通科技有限公司, hereinafter referred to as “Y2T”, with its subsidiaries are collectively referred to as “Y2T Group”), a connected non-wholly owned subsidiary of the Company, are deemed as connected transactions is that Y2T is held as to more than 10% equity interests by the subsidiaries of China Merchants. On 30 December 2020, the Company entered into the Purchase and Sales Framework Agreement with Y2T, pursuant to which, the Group will receive system development and operation maintenance services, logistics and related services provided by Y2T Group and will provide logistics and related services to Y2T Group for a period from 1 January 2021 to 31 December 2023. On 24 August 2021, the Company entered into a supplemental agreement to the Purchase and Sales Framework Agreement with Y2T, adjusting the annual caps for the logistics and related services between the Group and Y2T Group. On 26 October 2023, the Company has renewed the above agreement with Y2T and updated the annual caps, the term of which is from 1 January 2024 to 31 December 2026. The annual caps for transactions under the agreements are as follows:

Categories	Unit: Million Currency: RMB					
	2021	2022	2023	2024	2025	2026
Provision of transportation and logistics services	700	1,200	1,400	2,000	2,400	2,880
Receiving of transportation and logistics services	1,000	1,400	1,400	600	720	864
Receiving of technical service	40	50	60	20	40	60

Note 6: The reason why the transactions with Qingdao Jinyun Air Cargo Freight Forwarding Co., Ltd.* (青島金運航空貨運代理有限公司, hereinafter referred to as “Qingdao Jinyun Air”), are deemed as connected transactions is that Qingdao Jinyun Air is held as to more than 10% equity interests by the subsidiaries of Sinotrans & CSC. On 15 June 2022, the Company entered into the Master Services Agreement with Qingdao Jinyun Air to govern the provision and receiving of transportation and logistics services (including freight forwarding services, shipping agency, storage and terminal services, trucking transportation, express services and shipping transportation and other logistics services), the term of which is from 1 January 2022 to 31 December 2024. The annual caps for transactions under the agreement are as follows: the cap for the provision of transportation and logistics services by the Group for Qingdao Jinyun Air and its associates shall not exceed RMB60 million, RMB72 million and RMB86.4 million for each of the years 2022, 2023 and 2024, respectively; the cap for the receipt of transportation and logistics services by the Group from Qingdao Jinyun Air and its associates shall not exceed RMB80 million, RMB96 million and RMB115.2 million for each of the years 2022, 2023 and 2024, respectively.

Note 7: The reason why the transactions with Sinotrans Changjiang Co., Ltd.* (中國外運長江有限公司 hereinafter referred to as “Sinotrans Changjiang”, with its subsidiaries are collectively referred to as “Sinotrans Changjiang Group”), are deemed as connected transactions is that Sinotrans Changjiang is held as to more than 10% equity interests by the subsidiaries of Sinotrans & CSC. On 18 May 2023, the Company entered into the Sinotrans Changjiang Master Services Agreement and Master Lease Agreement with Sinotrans Changjiang, the terms of which are from 1 January 2023 to 31 December 2025. The annual caps for transactions under the agreements are as follows:

Categories	Unit: Million Currency: RMB		
	2023	2024	2025
Provision of transportation and logistics services	900	990	1,089
Receiving of transportation and logistics services	600	660	726
Total rent payments of the Group as the lessor for properties and storage facilities (inclusive of the equipment therein)	40	50	62.5

Chapter 7 Significant Matters


Note 8 : The reason why the transactions with Jiangsu Sinotrans Shipping Agency Co., Ltd.* (江蘇中外運船務代理有限公司, hereinafter referred to as “Jiangsu Shipping Agency”, with its subsidiaries are collectively referred to as “Jiangsu Shipping Agency Group”), are deemed as connected transactions is that Sinotrans Changjiang is held as to more than 10% equity interests by the subsidiaries of Sinotrans & CSC. On 18 May 2023, the Company entered into the Jiangsu Shipping Agency Master Services Agreement with Jiangsu Shipping Agency, the term of which is from 1 January 2023 to 31 December 2025. The annual caps for transactions under the agreements are as follows:

Categories	Unit: Million Currency: RMB		
	2023	2024	2025
Provision of transportation and logistics services	50	55	60.5
Receiving of transportation and logistics services	80	88	96.8

- (1) For details of the abovementioned continuing connected transactions, please refer to the relevant announcements on the signing date of each agreement and the relevant circulars dated 20 November 2020 and 24 November 2023, respectively, all of which were published by the Company on the website of SEHK (www.hkexnews.hk). The Company has complied with the disclosure requirements under Chapter 14A of the SEHK Listing Rules in respect of such transactions. In order to comply with the relevant requirements of the SEHK Listing Rules, except such transactions with Daojiahui Technology Company, Y2T, Qingdao Jinyun Air, Sinotrans Changjiang and Jiangsu Shipping Agency did not reach the standard that requires to be considered at a shareholders’ general meeting, the annual caps of the other continuing connected transactions abovementioned for each of the years have been approved by independent Shareholders at the extraordinary general meetings convened on 22 December 2020 and 15 December 2023, respectively.
- (2) The independent non-executive Directors of the Company have reviewed the continuing connected transactions and confirmed that the transaction agreements were:
 - (a) entered into by members of the Group in the ordinary and usual course of business;
 - (b) (i) on normal commercial terms; or (ii) on terms no less favorable to the Company than those available to (or from) independent third parties; or (iii) if there are no appropriate comparables for the independent non-executive Directors to confirm items b(i) or b(ii) above, then on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
 - (c) entered into in accordance with the relevant agreements governing them.

Chapter 7

Significant Matters

- (3) The auditor of the Company was engaged to conduct a limited assurance engagement on the Group's continuing connected transactions in accordance with the China Standard on Other Assurance Engagements No. 3101, Assurance Engagements Other Than Audits or Reviews of Historical financial Information issued by the Ministry of Finance of the People's Republic of China and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unmodified letter containing their findings and conclusions in respect of the continuing connected transactions by the Group above in accordance with Rule 14A.56 of the SEHK Listing Rules, where:
- (a) nothing has come to the auditors' attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors.
 - (b) for transactions involving the provision of goods or services by the Group, nothing has come to the auditors' attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company.
 - (c) nothing has come to the auditors' attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
 - (d) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditors' attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.
- 

Chapter 7 Significant Matters

2. **Other connected transaction disclosed**

On 18 May 2023, the Company and 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, hereinafter referred to as Shanghai Changjiang Shipping) and China Yangtze River Shipping Co., Ltd.* (中國揚子江輪船股份有限公司, hereinafter referred to as Yangtze River Shipping), 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. At the same day, Sinotrans Eastern Co., Ltd.* (中國外運華東有限公司, hereinafter referred to as Sinotrans Eastern), Chongqing Sinotrans Bulk Shipping Co., Ltd.* (重慶中外運散貨運輸有限公司, hereinafter referred to as Chongqing Bulk Shipping), Hubei Sinotrans Bulk Shipping Co., Ltd.* (湖北中外運散貨運輸有限公司, hereinafter referred to as Hubei Bulk Shipping) and 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, hereinafter referred to as 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. Shanghai Changjiang Shipping, Yangtze River Shipping and CSC Cargo are subsidiaries of China Merchants, the ultimate controlling Shareholder, therefore, each of them is a connected person of the Company, thus the entering into of the Capital Increase Agreements constitutes the connected transactions for the Company under Chapter 14A of the Listing Rules.

In September 2023, the above-mentioned connected transactions have completed the industrial and commercial registration of changes. Therefore, the Company and Shanghai Changjiang Shipping holds 89% and 11% equity interests in Sinotrans Changjiang respectively; Yangtze River Shipping has become a wholly-owned subsidiary of Sinotrans Changjiang. Sinotrans Eastern and Shanghai Changjiang Shipping holds 13% and 87% equity interests in CSC Cargo respectively; Chongqing Bulk Shipping and Hubei Bulk Shipping has ceased to be subsidiaries of the Company; the Company still holds 51% equity interests in Jiangsu Shipping Agency through Sinotrans Changjiang.

For details, please refer to the announcements disclosed by the Company on the website of the SEHK (www.hkexnews.hk) on 18 May 2023 and 21 September 2023.

Chapter 7 Significant Matters

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

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

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

Applicable Not applicable

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

Applicable Not applicable

- 1) On 28 October 2020, the Company renewed the Master Services Agreement with China Merchants, the term of which is from 1 January 2021 to 31 December 2023. According to the agreement, the annual caps of the amount of transportation and logistics services provided by the Group to China Merchants Group are RMB2,500 million, RMB3,250 million and RMB4,225 million in 2021, 2022 and 2023, respectively; the annual caps of the amount of transportation and logistics services received by the Group from China Merchant Group are RMB3,500 million, RMB4,550 million and RMB5,915 million in 2021, 2022 and 2023, respectively. For the year ended 31 December 2023, the transportation and logistics services provided by the Group to China Merchants Group amounted to RMB915 million, while the transportation and logistics services received from China Merchants Group was RMB1,775 million.
- 2) On 28 October 2020, the Company entered into a Master Lease Agreement with China Merchants, the term of which is from 1 January 2021 to 31 December 2023. The annual caps and the actual amount incurred during the Reporting Period are as follows:

Unit: Ten Thousand Currency: RMB

Categories	Annual cap of 2021	Annual cap of 2022	Annual cap of 2023	Actual amount of 2023
The lease of properties and storage facilities as the lessee from the related party	57,000	62,700	68,970	66,740
The lease of properties and storage facilities as the lessor to the related party	4,000	4,600	5,290	1,503
The lease of containers and other equipment as the lessee from the related party	1,500	1,700	1,930	304
The lease of containers and other equipment as the lessor to the related party	20,000	23,000	26,450	6,914

Chapter 7 Significant Matters

- 3) On 28 October 2020, the Board considered and approved the resolution on continuing related party transactions with China Merchants Bank from 2021 to 2023, and the cap of deposit balance is RMB4,000 million and the cap of loan balance is RMB5,000 million. In 2023, the Group's cap of deposit balance and loan balance at China Merchants Bank were RMB196 million and RMB280 million, respectively.
- 4) On 28 October 2020, the Company entered into a Daily Related Party Transaction Framework Agreement with joint ventures, such as DHL-Sinotrans International Air Courier Ltd. (中外運－敦豪國際航空快件有限公司, hereinafter referred to as DHL-Sinotrans), the term of which is from 1 January 2021 to 31 December 2023. The annual caps and the actual amount incurred during the Reporting Period are as follows:

Unit: Ten Thousand Currency: RMB

Categories	Related Joint ventures	Annual cap of 2021	Annual cap of 2022	Annual cap of 2023	Actual amount of 2023
Provide services to related parties (The Company provides logistics services for related parties)	DHL-Sinotrans	16,000	19,000	22,500	5,395.48
Accept services provided by related parties (Related parties provide logistics services to the Company)	DHL-Sinotrans	27,000	32,500	39,000	5,810.38

The above-mentioned daily related party transactions have been reviewed and approved by the Company's Extraordinary General Meeting on 22 December 2020. For details, please refer to relevant announcements dated 28 October 2020 and 22 December 2020 published by the Company on the websites of SSE (www.sse.com.cn) and SEHK (www.hkexnews.hk), respectively. In addition, considering that the ongoing related party transactions in items 1) to 3) expired on 31 December 2023, as needed, the Company renewed the agreements or updated the annual caps with relevant parties on 26 October 2023, and the resolutions were approved by the extraordinary general meeting held on 15 December 2023. For details, please refer to announcements dated 26 October 2023 and 15 December 2023, respectively 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 7 Significant Matters

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

3. Material Related Party Transactions involving Joint External Investments

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

4. Claims and Liabilities with Related Parties

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

Applicable Not applicable

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

Applicable Not applicable

Chapter 7 Significant Matters

(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	4,825,192,916.43	-485,696,855.02	4,339,496,061.41	1,449,907,817.54	-318,846,399.15	1,131,061,418.39
Joint ventures and associates	748,994,433.23	-178,813,271.67	570,181,161.56	1,074,173,992.96	-508,794,878.41	565,379,114.55
Total	5,574,187,349.66	-664,510,126.69	4,909,677,222.97	2,524,081,810.50	-827,641,277.56	1,696,440,532.94
Reasons for related claims and debts	Proceeds in dealings with related companies.					
The impact of related claims and debts on the Company	Related claims and debts are conducted based on the time agreed under the contract or agreement in accordance with the financial settlement process and have no material effect on the operation results and financial position of the Company.					

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

Applicable Not applicable

On 28 October 2020, the Company entered into a Financial Services Agreement with the Finance Company, the term of which is from 1 January 2021 to 31 December 2023. According to the agreement, the maximum daily outstanding balance of the deposit placed by the Group with the Finance Company, the maximum daily outstanding balance of the loan (including accrued interest and handling fees) granted by the Finance Company to the Group and other financial service fees per year at the Finance Company shall not exceed RMB5 billion, RMB10 billion, and RMB20 million, respectively. For the year ended 31 December 2023, the Group's maximum daily deposit balance at Finance Company and outstanding loan balance granted by the Finance Company to the Group were RMB4,711 million and RMB410 million, respectively, and the total fees of other financial service was RMB296.9 thousand. On 26 October 2023, the Company renewed the above agreement with Finance Company and updated the abovementioned annual caps, the term of which is from 1 January 2024 to 31 December 2026. Pursuant to the agreement, the maximum daily outstanding balance (excluding the loan granted by Finance Company) of the deposit placed by the Group with Finance Company shall not exceed RMB6 billion per year from 2024 to 2026, and annual caps on the maximum daily loan (including accrued interest and handling fees) granted by Finance Company to the Group and other financial service fees remain unchanged as compared to those of previous period. The abovementioned daily related party transaction has been reviewed and approved by the Company's Extraordinary General Meetings on 22 December 2020 and 15 December 2023, respectively. For details, please refer to relevant announcements dated 28 October 2020, 22 December 2020, 26 October 2023 and 15 December 2023 published by the Company on the websites of SSE (www.sse.com.cn) and SEHK (www.hkexnews.hk), respectively.

Chapter 7 Significant Matters

(1) Deposit business

Applicable Not applicable

Unit: RMB

Related party	Related relationship	The cap of daily outstanding deposit balance	Deposit interest rate range	Balances at the beginning of the period	Amount of the transaction of the period		Balances at the end of the period
					Total deposits of the period	Total withdrawals of the period	
China Merchant's Finance Co., Limited	Other company controlled by the same parent company and ultimate controlling party	5,000,000,000.00	1.495%-3.8%	4,710,689,120.03	129,227,356,044.41	129,714,648,059.26	4,223,397,105.18
Total	/	/	/	4,710,689,120.03	129,227,356,044.41	129,714,648,059.26	4,223,397,105.18

(2) Loan business

Applicable Not applicable

Unit: RMB

Related party	Related relationship	The cap of daily outstanding deposit balance	Loan interest rate range	Balances at the beginning of the period	Amount of the transaction of the period		Balances at the end of the period
					Total loans of the period	Total repayments of the period	
China Merchant's Finance Co., Limited	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	271,434,818.12	378,622,606.08	243,248,577.09
Total	/	/	/	350,436,365.05	271,434,818.12	378,622,606.08	243,248,577.09

Chapter 7 Significant Matters

(3) *Credit business or other financial business*

Applicable Not applicable

Related party	Related relationship	Business type	Total	Unit: RMB
				Actual amount
Finance Company	Other company controlled by the same parent company and ultimate controlling party	Comprehensive credit	8,000,000,000.00	243,248,577.09

(4) *Other explanation*

Applicable Not applicable

(III) Others

Applicable Not applicable

XIII. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trusteeship, Contracting and Leasing

1. Trusteeship

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

Chapter 7 Significant Matters

(II) Guarantees

Applicable Not applicable

Unit: 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)							Counter Guarantee situation	Guarantee provided to the related parties	Related relationships
					Guarantee beginning date	Guarantee maturity date	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Is the guarantee overdue	Guarantee overdue amount			
Sinotrans South China Company Limited	Wholly-owned subsidiary	Shenzhen Haixing Harbor Development Co., Ltd.	459,418,502.52	1 July 2019	1 July 2019	1 July 2037	Financing guarantee/ Joint liability guarantee	Nil	No	No	-	No	Yes	Associate
Total guaranteed amount during the Reporting Period (excluding guarantees provided to subsidiaries)														-
Balance of total guarantees as at the end of the Reporting Period (A) (excluding guarantees provided to subsidiaries)														459,418,502.52
Total guaranteed amount to subsidiaries during the Reporting Period														560,000,000.00
Total guaranteed balance to subsidiaries as at the end of the Reporting Period (B)														2,062,779,724.01
Total guaranteed amount (A+B)														2,512,198,226.53
Total guaranteed amount as a percentage of the net asset value of the Company (%)														6.26
Of which:														
Guaranteed amount provided for shareholders, actual controller and their related parties (C)														-
Debt guaranteed amount provided directly or indirectly to parties with debt-to-asset ratio exceeding 70% (D)														240,063,765.45
Total guaranteed amount in excess of 50% of net asset value (E)														-
Total guaranteed amount of the above three items (C+D+E)														240,063,765.45
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 31 December 2023, the total credit guarantees was RMB5.287 billion.

Chapter 7 Significant Matters

(III) Entrustment of Asset Management

1. Entrusted wealth management

Applicable Not applicable

2. Entrusted Loan

Applicable Not applicable

3. Other circumstances

Applicable Not applicable

(IV) Other Material Contracts

Applicable Not applicable

XIV. EXPLANATION OF PROGRESS IN THE USE OF RAISED FUNDS

Applicable Not applicable

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

Applicable Not applicable



Chapter 8

Changes in Shareholding and Particulars of Shareholders

I. CHANGES IN SHAREHOLDING OF SHARES

(I) Changes in Shares

1. Statement of Changes in Shares

Unit: Share

	Before the change		Increase/Decrease of the change (+, -)				After the change		
	Number	Percentage (%)	Issuance of new shares	Bonus Share	Conversion of common reserve fund		Sub-total	Number	Percentage (%)
					Others				
I. Restricted shares	0	0						0	0
II. Tradable shares	7,355,104,875	100			-60,888,000	-60,888,000		7,294,216,875	100
without restrictions									
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			-60,888,000	-60,888,000		7,294,216,875	100

2. Share Capital Structure

Class of Shares	31 December 2022		31 December 2023	
	Number of Shares (shares)	Percentage (%)	Number of Shares (shares)	Percentage (%)
A Shares	5,255,916,875	71.46	5,255,916,875	72.06
H Shares	2,099,188,000	28.54	2,038,300,000	27.94
Total	7,355,104,875	100.00	7,294,216,875	100.00

Chapter 8

Changes in Shareholding and Particulars of Shareholders

3. *Description of Share Changes*

Applicable Not applicable

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).

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

Applicable Not applicable

During the Reporting Period, as the Company cancelled 60,888,000 repurchased H shares, the Company's earnings per share increased by RMB0.0047 in the latest year, and its net assets per share increased by RMB0.0002 in the latest period.

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

Applicable Not applicable

(II) Changes in Restricted Shares

Applicable Not applicable

II. SECURITY ISSUANCE AND LISTING

(I) Security Issuance during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

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

(III) Existing Internal Staff Shares

Applicable Not applicable

Chapter 8

Changes in Shareholding and Particulars of Shareholders

III. SHAREHOLDERS AND ACTUAL CONTROLLERS

(I) Total Number of Shareholders

Total number of ordinary Shareholders at the end of the Reporting Period (shareholders)	44,169
Of which: Total number of A Shares Shareholders	44,043
Total number of H Shares Shareholders	126
Total number of ordinary Shareholders at the end of last month before the date of the Annual Report (shareholders)	42,809
Of which: Total number of A Shares Shareholders	42,683
Total number of H Shares Shareholders	126
Total number of preferred Shareholders with restored voting rights at the end of the Reporting Period (shareholders)	/
Total number of preferred Shareholders with restored voting rights at the end of last month before the date of the Annual Report (shareholders)	/

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

Unit: Share

Name of Shareholders (Full Name)	Shareholding of the Top 10 Shareholders (Excluding Shares Lent through Refinancing)						
	Increase or Decrease during the Reporting Period	Number of Shares Held at the End of the Reporting Period	Percentage (%)	Number of Restricted Shares	Pledged, Marking or Frozen Status	Shares of Status	Nature of Shareholders
Sinotrans & CSC Holdings Co., Ltd.	0	2,472,216,200	33.89	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	-61,269,900	2,000,575,499	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)	35,963,587	146,475,043	2.01	0	Nil	0	Overseas legal person
China Life Insurance Co., Ltd. Traditional General Insurance Products 005L CT001 SH (中國人壽保險股份有限公司－傳統－普通保險產品－005L CT001滬)	135,769,099	135,769,099	1.86	0	Nil	0	Unknown
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)	56,210,920	56,210,920	0.77	0	Nil	0	Unknown
China Life Insurance Company Limited – Dividends – Individual Dividends – 005L – FH002 Shanghai (中國人壽保險股份有限公司－分紅－個人分紅－005L – FH002滬)	42,753,375	52,286,016	0.72	0	Nil	0	Unknown
DEUTSCHE POST BETEILIGUNGEN HOLDING	0	35,616,000	0.49	0	Unknown	Unknown	Overseas legal person
Chen Jingjian	-484,900	14,800,000	0.20	0	Nil	0	Domestic natural person
National Social Security Fund 501 Portfolio (全國社保基金五零一組合)	14,591,382	14,591,382	0.20	0	Nil	0	Unknown

Chapter 8

Changes in Shareholding and Particulars of Shareholders

Shareholding of the Top 10 Holders of Unrestricted Shares

Name of shareholders	Number of shares unlock-up	Class and number of shares	
		Class	Number
Sinotrans & CSC Holdings Co., Ltd.	2,472,216,200	Ordinary shares denominated in RMB	2,472,216,200
HKSCC NOMINEES LIMITED	2,000,575,499	Foreign shares listed overseas	2,000,575,499
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)	146,475,043	Ordinary shares denominated in RMB	146,475,043
China Life Insurance Co., Ltd. Traditional General Insurance Products 005L CT001 SH (中國人壽保險股份有限公司—傳統— 普通保險產品—005L CT001滙)	135,769,099	Ordinary shares denominated in RMB	135,769,099
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)	56,210,920	Ordinary shares denominated in RMB	56,210,920
China Life Insurance Company Limited – Dividends – Individual Dividends – 005L – FH002 Shanghai (中國人壽保險股份有限 公司—分紅—個人分紅—005L—FH002滙)	52,286,016	Ordinary shares denominated in RMB	52,286,016
DEUTSCHE POST BETEILIGUNGEN HOLDING	35,616,000	Foreign shares listed overseas	35,616,000
Chen Jingjian	14,800,000	Ordinary shares denominated in RMB	14,800,000
National Social Security Fund 501 Portfolio (全國社保基金五零一 組合)	14,591,382	Ordinary shares denominated in RMB	14,591,382
Explanations of the repurchase of special accounts among the top 10 shareholders		As at the end of the Reporting Period, the number of shares held in the Sinotrans Special Securities Account for Repurchase (中國外運股份有限公司回購專用證券帳戶) was 49,280,000 A Shares, accounting for approximately 0.68% 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	

Top Ten Shareholders' Participation in Refinancing and Securities Lending Business

Applicable Not applicable

Changes in Top Ten Shareholders from the Previous Period

Applicable Not applicable

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

Applicable Not applicable

Chapter 8

Changes in Shareholding and Particulars of Shareholders

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

As at 31 December 2023, so far as the Directors of the Company were aware, the following parties (other than Directors, Supervisors and chief executives) had interests and short positions in the Shares of the Company which were required to be disclosed to the Company and Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO, or to be recorded in the register kept by the Company pursuant to Section 336 of SFO.

Name	Corporate interests	Class of Shares	Percentage in total issued Share capital	Percentage in issued H Share capital
China Merchants (Note 1)	4,072,813,639(L)	A Shares	55.84%	-
	192,478,000(L)	H Shares	2.64%	9.44%
Pandanus Associates Inc. (Note 2)	224,146,000(L)	H Shares	3.07%	11.00%
LSV ASSET MANAGEMENT (Note 3)	171,317,800(L)	H Shares	2.35%	8.40%
Brown Brothers Harriman & Co.	164,020,190(L)	H Shares	2.25%	8.05%
(Note 4)	164,020,190(P)	H Shares	2.25%	8.05%

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

- (1) As at 31 December 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 106,683,000 H Shares (long position) through Sinotrans & CSC, (its direct wholly owned subsidiary) and Sinotrans (Hong Kong) Holdings Limited (its indirect wholly owned subsidiary), respectively, and indirectly held 85,795,000 H Shares (long position) through China Merchants Investment Development (Hong Kong) Limited (its direct wholly owned subsidiary).
- (2) According to the Disclosure of Interests Form submitted by Pandanus Associates Inc. on the website of Hong Kong Stock Exchange, 224,146,000 H Shares (long position) are interests of corporations controlled by substantial shareholders, of which 33,727,000 H Shares (long position) are reported as 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.

Save as disclosed above, as at 31 December 2023, so far as the Directors were aware, there was no other parties (other than Directors, Supervisors or chief executives) who had any interests and short positions in the Shares of the Company which would fall to be recorded in the register kept by the Company pursuant to Section 336 of SFO and disclosed to the Company and Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO.

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

Applicable Not applicable

Chapter 8

Changes in Shareholding and Particulars of Shareholders

IV. CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling shareholder

1. Corporation

Applicable Not applicable

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

2. Natural person

Applicable Not applicable

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

Applicable Not applicable

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

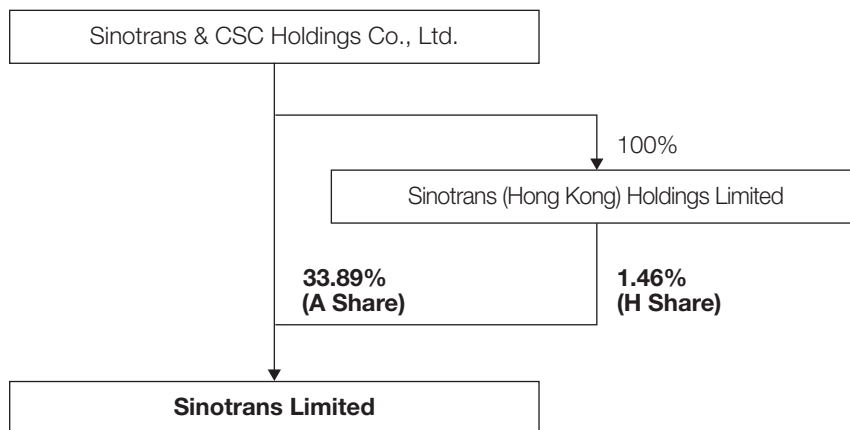
Applicable Not applicable

Chapter 8

Changes in Shareholding and Particulars of Shareholders

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

Applicable Not applicable



Note: During the Reporting Period, Sinotrans Shipping Inc., a wholly-owned subsidiary of Sinotrans & CSC, has disposed of 500,000 H shares of the Company held by it, accounting for 0.01% of the total share capital of the Company at the end of the Reporting Period.

Chapter 8

Changes in Shareholding and Particulars of Shareholders

(II) Actual Controllers

1. Corporation

Applicable Not applicable

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

Chapter 8

Changes in Shareholding and Particulars of Shareholders

Shareholding of other controlling and shareholding companies listed domestically and overseas during the Reporting Period	<p>Holding 74.35% equity in China Merchants Land Limited, 71.76% equity in China Merchants Port Holdings Co., Ltd., 69.15% equity in Liao Ning Port Co., Ltd., 67.82% equity in China Merchants Expressway Network & Technology Holdings Co., Ltd., 63.02% equity in China Merchants Port Group Co., Ltd., 58.47% equity in China Merchants Shekou Industrial Zone Holdings Co.,Ltd., 54.02% equity in China Merchants Energy Shipping Co., Ltd., 51.16% equity in China Merchants Property Operation & Service Co., Ltd., 49.00% equity in Best Mart 360 Holdings Limited, 44.17% equity in China Merchants Securities Co.,Ltd, 29.97% equity in China Merchants Bank Co., Ltd., 29.94% equity in Anhui Expressway Company Limited, 28.05% equity in Shanghai International Port (Group) Co., Ltd., 27.97% equity in Nanjing Tanker Corporation, 27.59% equity in China Merchants China Direct Investments Limited, 24.88% equity in Sichuan Expressway Company Limited, 24.49% equity in China International Marine Containers (Group) Co., Ltd., 23.08% equity in Ningbo Zhoushan Port Co., Ltd., 19.08% equity in Jinzhou Port Co., Ltd., 17.75% equity in Fujian Expressway Development Co., Ltd., 16.52% equity in Heilongjiang Transport Development Co., Ltd., 16.32% equity in Hubei Chutian Smart Communication Co., Ltd., 16.19% equity in Shandong Hi-Speed Company Limited, 15.43% equity in Henan Zhongyuan Expressway Co., Ltd., 14.04% equity in Jilin Expressway Co., Ltd., 13.86% equity in Guangxi Wuzhou Communications Co., Ltd., 12.36% equity in China Greatwall Securities Co., Ltd., 11.69% equity in Jiangsu Expressway Company Limited, 9.59% equity in Shanxi Road & Bridge Co., Ltd., 8.70% equity in Qilu Expressway Company Limited, 8.12% equity in Shenzhen Expressway Company Limited, 8.04% equity in Modern Investment Co., Ltd., 6.83% equity in Antong Holdings Co., Ltd., 6.07% equity in Zhejiang Expressway Co., Ltd., 5.99% equity in Pangang Group Vanadium & Titanium Resources Co., Ltd, 3.88% equity in S.F. Holding Co., Ltd., 2.36% equity in Qingdao Port International Co, Ltd..</p>
Other circumstances	Nil

Chapter 8

Changes in Shareholding and Particulars of Shareholders

2. Natural person

Applicable Not applicable

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

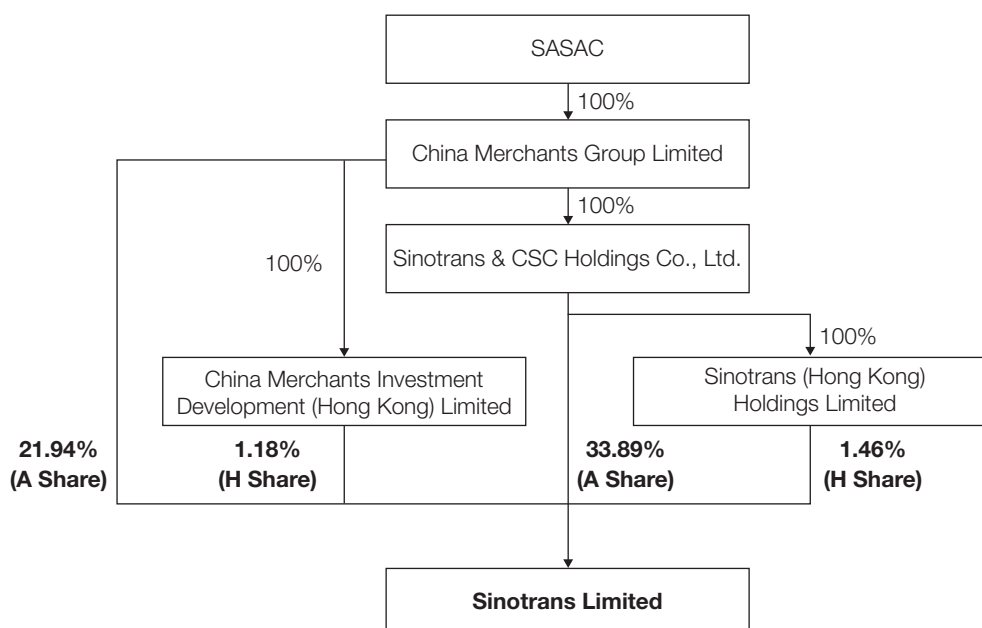
Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable



Note: During the Reporting Period, Sinotrans Shipping Inc., a wholly-owned subsidiary of Sinotrans & CSC, has disposed of 500,000 H shares of the Company held by it, accounting for 0.01% of the total share capital of the Company at the end of the Reporting Period.

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

Applicable Not applicable

Chapter 8

Changes in Shareholding and Particulars of Shareholders

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

VII. DETAILS ON RESTRICTION ON SHAREHOLDING REDUCTION

Applicable Not applicable

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

Applicable Not applicable



Chapter 9 Particulars of Preferred Shares

Applicable Not applicable



Chapter 10

Particulars of Bonds

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

Applicable Not applicable

(I) Enterprise Bonds

Applicable Not applicable

(II) Corporate Bonds

Applicable Not applicable

1. Basic Information of Corporate Bonds

Unit: Hundred million Currency: RMB

Name of bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of bond	Interest rate (%)	Manner of payment of principal and interest	Transaction site	Investor 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 issuer will adjust the option of coupon rate and the investor's option to sell back at the end of the third year.

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

Applicable Not applicable

Overdue bonds unredeemed

Applicable Not applicable

Interest payment of bonds during the Reporting Period

Applicable Not applicable

Name of bond	Explanation of interest payment
Sinotrans Limited 2021 Corporate Bonds Public Issued to Professional Investors (First Tranche)	On 26 July 2023, the interest of RMB63 million for 2023 was paid on time

Chapter 10 Particulars of Bonds

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

Applicable Not applicable

3. Intermediaries Providing Services for Bond Issuance and Maturity Business

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

The change of the above intermediaries

Applicable Not applicable

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

Applicable Not applicable

Unit: Hundred million Currency: RMB

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

Chapter 10 Particulars of Bonds

The progress and operation efficiency of proceeds for construction projects

Applicable Not applicable

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

Applicable Not applicable

Other explanations

Applicable Not applicable

5. **Adjustment of Credit Rating Results**

Applicable Not applicable

Other explanations

Applicable Not applicable

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

Applicable Not applicable

Status	Implementation	Change	Situation after the change	Reasons for the change	Whether the change has been approved by the authority	The impact of the change on the rights and interests of bond investors
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

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

Chapter 10 Particulars of Bonds

7. Explanation of Other Situations of Corporate Bonds

Applicable Not applicable

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

Applicable Not applicable

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

Unit: Hundred million Currency: RMB

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

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

Applicable Not applicable

Overdue bonds unredeemed

Applicable Not applicable

Interest payment of bonds during the Reporting Period

Applicable Not applicable

Name of bond	Explanation of interest payment
--------------	---------------------------------

Sinotrans Limited First Tranche of Medium-term Notes in 2021	On 9 June 2023, the interest of RMB70 million for 2023 was paid on time
--	---

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

Applicable Not applicable

Chapter 10 Particulars of Bonds

3. Intermediaries Providing Services for Bond Issuance and Maturity Business

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

The change of the above intermediaries

Applicable Not applicable

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

Applicable Not applicable

Unit: Hundred million Currency: RMB

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

The progress and operation efficiency of proceeds for construction projects

Applicable Not applicable

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

Applicable Not applicable

Chapter 10 Particulars of Bonds

Other explanations

Applicable Not applicable

5. **Adjustment of Credit Rating Results**

Applicable Not applicable

Other explanations

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

Chapter 10

Particulars of Bonds

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Main indicators	2023	2022	<i>Unit: RMB</i>
			Increase/ decrease over the corresponding period of 2022 (%)
Net profit net of non-recurring gains or losses attributable to shareholders of the Company	3,456,640,086.47	3,534,748,366.84	-2.21
Current ratio	1.23	1.35	-8.89
Quick ratio	1.23	1.35	-8.89
Debt asset ratio (%)	47.13	52.96	Decreased by 5.82 percentage points
EBITDA to total debt ratio	0.67	0.51	31.37
Interest coverage ratio	11.56	11.84	-2.36
Cash interest coverage ratio	14.39	17.31	-16.87
EBITDA interest coverage ratio	16.51	16.95	-2.60
Loan repayment ratio (%)	100.00	100.00	0
Interest payment ratio (%)	100.00	100.00	0

The change in the EBITDA to total debt ratio is due to a significant decline in the size of debts as a result of the active optimization of the debt structure during the year.

II. PARTICULARS OF CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

Chapter 11

Financial Report

AUDITOR'S REPORT

XYZH/2024BJAA5B0163

To all shareholders of Sinotrans Limited:

1. OPINION

We have audited the financial statements of Sinotrans Limited (hereinafter referred to as Sinotrans), which comprise the consolidated and the Company's statements of financial positions as of 31 December 2023, the consolidated and the Company's statements of profit or loss and other comprehensive income, the consolidated and the Company's statements of cash flows, the consolidated and the Company's statements of changes in shareholders' equity for the year 2023, and the related notes to the financial statements.

In our opinion, the attached financial statements were prepared in accordance with Accounting Standards for Business Enterprises in all material respects, and they presented fairly the consolidated and the Company's financial positions of Sinotrans as of 31 December 2023, and the consolidated and the Company's financial performance and cash flows for the year 2023.

2. BASIS FOR OPINION

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

3. KEY AUDIT MATTERS

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

Chapter 11 Financial Report

3. KEY AUDIT MATTERS (CONTINUED)

Goodwill Impairment

Key Audit Matters

As at 31 December 2023, the book value of goodwill in Sinotrans' consolidated financial statements was Chinese RMB2,041,548,400.08 (Note IX. 20), which mainly included seven companies, including KLG EUROPE EERSEL B.V., acquired on 1 January 2020. Management is required to test goodwill for impairment annually. In performing the goodwill impairment test, management determines whether an impairment loss needs to be recognised by comparing the recoverable amount of the relevant asset group to which goodwill is allocated with the book value of that asset group and goodwill.

Predicting the recoverable amount of the relevant asset group involves forecasting the present value of future cash flows of the asset group, which requires management to make significant assumptions and judgments and may result in management bias, particularly with respect to the growth rate, profitability, discount rate, and the delineation of the forecast period from the stabilization period. Because of the complexity of the goodwill impairment testing process, which also involves significant assumptions and judgments by management, we consider goodwill impairment as a key audit matter.

Response in Audit

The audit procedures we performed included, but were not limited to:

1. Understanding, assessing and testing management's key internal control relevant to goodwill impairment testing;
2. Evaluating the independence, professional competence, and objectivity of the external evaluators engaged by management;
3. Obtaining a valuation report from the external evaluator engaged by management for the purpose of goodwill impairment testing;
 - (1) Review the reasonableness of management's classification of the asset groups comprising goodwill, whether there have been changes since the date of purchase or since the previous goodwill impairment test, and the reasonableness thereof;
 - (2) Assess the appropriateness of the evaluation methodology used by management and external evaluators with reference to industry practice;
 - (3) Compare the actual operating performance of the relevant asset group for the current year with forecast information for prior years to evaluate the accuracy of management's past forecasts and ask management the reasons for any significant differences identified, and consider whether the relevant factors are adjusted in the goodwill impairment test in the current year;
 - (4) Review the reasonableness of future operating budgets formulated and approved by management, with reference to the understanding of the relevant industry and macroeconomic situation and the relevant business plans formulated by management;
 - (5) Evaluate the reasonableness of the key assumptions and judgments used by management in performing the goodwill impairment test and the changes in key assumptions and judgments since the date of purchase or the previous goodwill impairment test;
 - (6) Review the accuracy of the relevant calculation process.
4. Reviewing the adequacy of relevant disclosures in the financial statements.

Chapter 11 Financial Report

4. OTHER INFORMATION

Sinotrans management (hereinafter referred to as the Management) is responsible for other information. Other information includes the information covered in Sinotrans' Annual Report 2023, but excludes the financial statements and our auditor's report.

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

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

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

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

The Management shall be responsible for the preparation of financial statements in accordance with the Accounting Standards for Business Enterprises to achieve fair presentation; and for designing, implementing and maintaining necessary internal control so that there is no material misstatement due to fraud or error in the financial statements.

In the preparation of the financial statements, the Management is responsible for assessing Sinotrans' ability to continue as a going concern, disclosing matters related to going concern (if applicable) and applying the going concern assumption unless the Management plans to liquidate Sinotrans or cease operations, or otherwise realistic choice.

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

Chapter 11

Financial Report

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

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

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

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

Chapter 11 Financial Report

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

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

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

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

**ShineWing Certified Public
Accountants LLP**

Chinese Certified Public
Accountant: Dong Qinchuan

(Engagement
partner)

Chinese Certified Public
Accountant: Xu Youbin

Beijing, China

22 March 2024

Chapter 11

Consolidated Statement of Financial Position

Item	Note	Unit: RMB	
		31 December 2023	31 December 2022
Current assets			
Cash and bank balances	IX.1	13,964,177,974.41	16,539,222,182.14
Including: Deposits with finance companies	IX.1	4,223,397,105.18	4,710,689,120.03
Financial assets held for trading	IX.2	520,189.78	664,096.67
Derivative financial assets			
Bills receivable	IX.3	119,812,566.60	88,529,670.89
Accounts receivable	IX.4	12,327,492,866.76	13,413,688,264.84
Receivables financing	IX.5	457,564,278.87	483,045,632.76
Prepayments	IX.6	4,771,381,928.43	5,758,287,715.80
Centralized management of receivables			
Other receivables	IX.7	2,460,313,672.46	1,966,690,404.38
Including: Dividends receivable	IX.7	37,507,529.28	38,223,072.98
Inventories	IX.8	58,682,194.17	74,334,275.04
Including: Raw materials	IX.8	34,096,660.67	38,516,918.74
Goods in stock (finished goods)	IX.8	8,795,312.74	18,893,842.91
Contract assets			
Assets held for sale			
Non-current assets due within one year	IX.9	15,120,000.00	13,957,417.55
Other current assets	IX.10	446,308,469.68	426,584,068.67
Total current assets		34,621,374,141.16	38,765,003,728.74
Non-current assets			
Debt investments	IX.11		36,495,000.00
Other debt investments			
Long-term receivables			
Long-term equity investments	IX.12	9,137,465,343.85	8,530,841,465.16
Other equity instrument investments	IX.13	415,223,441.98	30,576,728.20
Other non-current financial assets	IX.14	976,841,095.30	708,417,806.54
Investment properties	IX.15	2,885,653,066.58	2,273,458,834.63
Fixed assets	IX.16	14,754,217,864.73	14,959,101,371.11
Including: Original value of fixed assets		25,633,338,374.60	25,041,697,053.91
Accumulated depreciation		10,525,479,415.57	9,716,681,497.33
Provision for impairment of fixed assets		353,784,787.29	365,965,317.54
Construction in progress	IX.17	824,783,662.00	795,865,087.48
Right-of-use assets	IX.18	2,992,846,534.37	2,918,886,244.73
Intangible assets	IX.19	6,225,037,576.87	6,264,422,311.76
Development expenditure	IX.71	165,869,779.23	76,572,692.86
Goodwill	IX.20	2,041,548,400.08	2,208,012,523.24
Long-term prepaid expense	IX.21	248,669,625.21	254,895,122.83
Deferred tax assets	IX.22	275,619,584.39	252,807,288.97
Other non-current assets	IX.23	321,472,116.06	427,083,331.88
Total non-current assets		41,265,248,090.65	39,737,435,809.39
Total assets		75,886,622,231.81	78,502,439,538.13

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 of accounting work

Ding Guilin
Person-in-charge of Accounting Department

Chapter 11

Consolidated Statement of Financial Position

Item	Note	31 December 2023	31 December 2022
<i>Unit: RMB</i>			
Current liabilities			
Short-term borrowings	IX.26	610,217,777.09	582,764,215.31
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable	IX.27	80,827,292.06	72,837,290.13
Accounts payable	IX.28	12,370,364,373.41	14,010,824,203.49
Advances from customers			
Contract liabilities	IX.29	4,256,879,722.73	4,302,481,747.05
Employee remuneration payable	IX.30	2,360,635,022.87	2,296,796,648.54
Including: Wages payable	IX.30	2,193,082,670.25	2,033,550,684.49
Welfare payable	IX.30	484,252.42	560,271.59
# Including: Employee bonus and welfare fund			
Taxes and dues payable	IX.31	534,249,488.81	491,533,899.68
Including: Taxes payable	IX.31	518,066,634.78	479,136,207.06
Other payables	IX.32	2,318,749,515.89	3,358,135,640.84
Including: Dividends payable	IX.32	69,477,271.80	94,429,787.93
Liabilities held for sell			
Non-current liabilities due within one year	IX.33	5,211,189,002.62	3,226,984,448.63
Other current liabilities	IX.34	294,338,994.75	299,982,820.63
Total current liabilities		28,037,451,190.23	28,642,340,914.30
Non-current liabilities			
Long-term borrowings	IX.35	2,355,004,648.70	5,347,701,871.99
Bonds payable	IX.36	1,999,383,890.41	3,997,705,534.28
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	IX.37	2,497,732,805.59	2,404,995,304.96
Long-term payables	IX.38	23,525,000.00	164,017,516.89
Long-term employee remuneration payable	IX.39	4,552,603.60	4,777,037.93
Estimated liabilities	IX.40	151,935,993.70	140,013,113.63
Deferred income	IX.41	406,187,032.26	412,166,773.28
Deferred tax liabilities	IX.22	238,991,734.02	193,835,071.39
Other non-current liabilities	IX.42	52,576,521.50	265,180,547.74
Total non-current liabilities		7,729,890,229.78	12,930,392,772.09
Total liabilities		35,767,341,420.01	41,572,733,686.39

Chapter 11

Consolidated Statement of Financial Position

Item	Note	Unit: RMB	
		31 December 2023	31 December 2022
Shareholders' equity			
Share capital	IX.43	7,294,216,875.00	7,355,104,875.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	IX.44	6,637,791,041.06	6,330,425,617.24
Less: Treasury shares	IX.45	193,951,597.00	300,752,201.55
Other comprehensive income	IX.46	-30,890,925.81	-199,252,303.93
Including: Translation difference of the financial statements in foreign currency		-260,132,731.36	-276,599,306.13
Special reserves	IX.47	129,860,229.97	103,576,423.01
Surplus reserves	IX.48	2,076,495,475.54	1,704,231,858.65
Including: Statutory surplus reserves		2,076,495,475.54	1,704,231,858.65
Discretionary surplus reserves			
Undistributed profits	IX.49	21,888,204,114.36	19,811,097,472.17
Total equity attributable to shareholders of the Company		37,801,725,213.12	34,804,431,740.59
Non-controlling interests		2,317,555,598.68	2,125,274,111.15
Total shareholders' equity		40,119,280,811.80	36,929,705,851.74
Total liabilities and shareholders' equity		75,886,622,231.81	78,502,439,538.13

The notes form an integral part of the financial statements

Chapter 11

Statement of Financial Position of the Company

Item	Note	31 December 2023	31 December 2022
<i>Unit: RMB</i>			
Current assets			
Cash and bank balances	XVII.1	6,690,061,399.84	8,120,863,202.41
Including: Deposits with finance companies	XVII.1	1,417,855,600.70	2,201,635,218.54
Financial assets held for trading			
Derivative financial assets			
Bills receivable	XVII.2		24,600,513.95
Accounts receivable	XVII.3	1,040,841,279.70	1,016,488,583.06
Receivables financing	XVII.4	21,949,473.78	22,897,160.22
Prepayments		124,077,585.97	111,633,365.81
Centralized management of receivables			
Other receivables	XVII.5	13,048,259,857.92	9,382,312,455.65
Including: Dividends receivable	XVII.5	63,165,640.92	26,872,094.63
Inventories		26,075.94	143,233.41
Including: Raw materials			
Goods in stock (finished goods)			
Contract assets			
Assets held for sell			
Non-current assets due within one year		290,893,907.68	171,727,000.00
Other current assets		62,839,295.40	45,949,648.88
Total current assets		21,278,948,876.23	18,896,615,163.39
Non-current assets			
Debt investments		1,328,745,776.06	1,648,157,948.90
Other debt investments			
Long-term receivables			
Long-term equity investments	XVII.6	19,389,379,005.63	19,130,262,500.34
Other equity instrument investments			
Other non-current financial assets		1,694,082,287.67	1,396,430,798.11
Investment properties		9,156,627.30	9,638,845.69
Fixed assets		22,500,390.43	27,335,459.48
Including: Original value of fixed assets		132,785,860.90	132,259,123.60
Accumulated depreciation		110,349,407.35	104,923,664.12
Provision for impairment of fixed assets			
Construction in progress		2,716,371.97	2,211,947.18
Right-of-use assets		453,718,510.79	479,667,042.38
Intangible assets		198,212,534.13	199,118,942.16
Development expenditure		118,680,218.80	35,946,386.95
Goodwill			
Long-term prepaid expense		4,246,460.24	614,251.11
Deferred tax assets			
Other non-current assets			
Total non-current assets		23,221,438,183.02	22,929,384,122.30
Total assets		44,500,387,059.25	41,825,999,285.69

The notes form an integral part of the financial statements

Chapter 11

Statement of Financial Position of the Company

Item	Note	31 December 2023	31 December 2022
<i>Unit: RMB</i>			
Current liabilities			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payable		795,078,988.67	566,765,123.91
Advances from customers			
Contract liabilities		89,920,552.60	88,582,991.37
Employee remuneration payable		167,368,542.35	150,347,029.85
Including: Wages payable		142,603,893.48	125,606,179.77
Welfare payable			
# Including: Employee bonus and welfare fund			
Taxes and dues payable		2,049,024.62	8,089,685.72
Including: Taxes payable		1,450,823.47	7,492,288.29
Other payables		12,211,849,430.47	11,674,210,505.93
Including: Dividends payable			
Liabilities held for sell			
Non-current liabilities due within one year		2,088,614,977.91	85,112,884.06
Other current liabilities			24,600,513.95
Total current liabilities		15,354,881,516.62	12,597,708,734.79
Non-current liabilities			
Long-term borrowings	XVII.7	67,000,000.00	95,500,000.00
Bonds payable	XVII.8	1,999,383,890.41	3,997,705,534.28
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		499,763,782.21	522,178,808.64
Long-term payables			
Long-term employee remuneration payable			
Estimated liabilities		1,731,676.33	
Deferred income		9,000,000.00	
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		2,576,879,348.95	4,615,384,342.92
Total liabilities		17,931,760,865.57	17,213,093,077.71

Chapter 11

Statement of Financial Position of the Company

Item	Note	31 December 2023	31 December 2022
<i>Unit: RMB</i>			
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.9	10,713,308,264.02	10,756,312,325.64
Less: Treasury shares		193,951,597.00	300,752,201.55
Other comprehensive income		-14,059,679.72	-14,142,716.87
Including: Translation difference of the financial statements in foreign currency			
Special reserves		6,336,078.00	3,884,096.95
Surplus reserves		2,076,495,475.54	1,704,231,858.65
Including: Statutory surplus reserves		2,076,495,475.54	1,704,231,858.65
Discretionary surplus reserves			
Undistributed profits	XVII.10	6,686,280,777.84	5,108,267,970.16
Total shareholders' equity		26,568,626,193.68	24,612,906,207.98
Total liabilities and shareholders' equity		44,500,387,059.25	41,825,999,285.69

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Profit or Loss and other Comprehensive Income

Item	Note	Unit: RMB	
		Year ended 31 December 2023	Year ended 31 December 2022
I. Total operating income	IX.50	101,704,562,839.01	109,293,500,929.37
Including: Operating income	IX.50	101,704,562,839.01	109,293,500,929.37
II. Total operating cost		101,113,263,349.61	108,061,845,621.73
Including: Operating costs	IX.50	95,891,214,057.80	103,197,188,523.29
Tax and surcharges	IX.51	274,266,920.76	258,107,940.40
Selling expenses	IX.52	1,075,970,269.71	1,066,754,688.74
Administrative expenses	IX.53	3,379,544,140.33	3,394,081,731.00
Research and development expenses	IX.54	233,188,701.16	196,139,497.55
Finance costs	IX.55	259,079,259.85	-50,426,759.25
Including: Interest expenses	IX.55	519,566,444.65	480,048,437.63
Interest income	IX.55	277,642,089.18	180,952,727.67
Net exchange losses (net gains denoted by "-")	IX.55	-18,389,980.10	-378,953,328.40
Add: Other income	IX.56	2,454,573,767.35	1,490,093,627.56
Investment income (loss denoted by "-")	IX.57	2,326,314,659.31	2,579,213,187.59
Including: Share of results of associates and joint ventures		2,269,632,479.77	2,387,117,705.42
Income from derecognition of financial assets measured at amortised cost		-19,768,357.31	-25,020,271.36
Hedging income (loss denoted by "-")			
Gain from changes in fair value (loss denoted by "-")	IX.58	266,881,768.34	-104,938,658.96
Credit impairment loss (loss denoted by "-")	IX.59	-24,460,688.67	-27,889,339.77
Impairment of assets (loss denoted by "-")	IX.60	-327,425,516.77	-116,115,432.22
Income from disposal of assets (loss denoted by "-")	IX.61	186,256,006.62	195,907,134.64
III. Operating profit (loss denoted by "-")		5,473,439,485.58	5,247,925,826.48
Add: Non-operating income	IX.62	103,198,529.84	66,382,835.82
Including: Government grants	IX.63	13,905,620.67	19,637,457.11
Less: Non-operating expenses	IX.64	66,395,830.72	70,822,937.26
IV. Total profit (total loss denoted by "-")		5,510,242,184.70	5,243,485,725.04
Less: Income tax expenses	IX.65	1,057,554,294.88	967,538,928.55
V. Net profit (net loss denoted by "-")		4,452,687,889.82	4,275,946,796.49
(I) Classified by attribution of ownership			
1. Net profit attributable to shareholders of the Company (net loss denoted by "-")		4,221,842,492.59	4,079,192,956.09
2. Profit or loss attributable to non-controlling interests (net loss denoted by "-")		230,845,397.23	196,753,840.40
(II) Classified by the continuity of operations			
1. Net profit from continuing operations (net loss denoted by "-")		4,452,687,889.82	4,275,946,796.49
2. Net profit from discontinued operations (net loss denoted by "-")			

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Profit or Loss and other Comprehensive Income

Item	Note	<i>Unit: RMB</i>	
		Year ended 31 December 2023	Year ended 31 December 2022
VI. Other comprehensive income, net of tax		149,202,714.51	135,799,973.07
Other comprehensive income attributable to shareholders of the Company, net of tax	IX.46	168,361,378.12	116,600,053.68
(I) Other comprehensive income not to be subsequently reclassified to profit or loss	IX.46	-6,969,802.52	-1,384,606.56
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	IX.46	83,037.15	
3. Changes in fair value of other equity instrument investments	IX.46	-7,052,839.67	-1,384,606.56
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.46	175,331,180.64	117,984,660.24
1. Other comprehensive income to be reclassified to profit or loss under the equity method	IX.46	158,864,605.87	67,497,260.82
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets			
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.46	16,466,574.77	50,487,399.42
7. Others			
Other comprehensive income attributable to non-controlling interests, net of tax	IX.46	-19,158,663.61	19,199,919.39
VII. Total comprehensive income		4,601,890,604.33	4,411,746,769.56
Total comprehensive income attributable to shareholders of the Company		4,390,203,870.71	4,195,793,009.77
Total comprehensive income attributable to non-controlling interests		211,686,733.62	215,953,759.79
VIII. Earnings per share:			
Basic earnings per share	IX.66	0.5827	0.5549
Diluted earnings per share	IX.66	0.5822	0.5549

The notes form an integral part of the financial statements

Chapter 11

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

Item	Note	Unit: RMB	
		Year ended 31 December 2023	Year ended 31 December 2022
I. Operating income	XVII.11	5,537,711,251.18	5,229,632,307.90
Less: Operating costs	XVII.11	5,193,394,102.80	4,938,271,235.41
Tax and surcharges		491,813.86	570,133.33
Selling expenses		71,439,971.00	87,330,151.41
Administrative expenses		373,488,221.18	383,834,892.79
Research and development expenses		180,311,883.34	294,127,648.16
Finance costs	XVII.12	-19,923,778.56	-106,998,913.65
Including: Interest expenses	XVII.12	304,333,643.16	242,000,800.14
Interest income	XVII.12	322,313,711.93	269,524,302.74
Net exchange losses (net gains denoted by “-”)	XVII.12	-5,352,187.59	-82,324,638.95
Add: Other income		467,484.43	956,182.04
Investment income (loss denoted by “-”)	XVII.13	3,663,397,931.04	3,337,488,274.37
Including: Share of results of associates and joint ventures	XVII.13	1,859,650,164.75	1,979,464,003.36
Income from derecognition of financial assets measured at amortised cost			
Hedging income (loss denoted by “-”)			
Gain from changes in fair value (loss denoted by “-”)		317,808,265.86	
Credit impairment loss (loss denoted by “-”)		4,580,540.99	-5,973,791.90
Impairment of assets (loss denoted by “-”)			
Income from disposal of assets (loss denoted by “-”)		14,889.11	-3,932.43
II. Operating profit (loss denoted by “-”)		3,724,778,148.99	2,964,963,892.53
Add: Non-operating income		5,101,180.79	36,978.67
Including: Government grants		5,000,000.00	13,200.00
Less: Non-operating expenses		5,760,236.83	387,522.37
III. Total profit (total loss denoted by “-”)		3,724,119,092.95	2,964,613,348.83
Less: Income tax expenses		1,482,924.01	2,387,140.46
IV. Net profit (net loss denoted by “-”)		3,722,636,168.94	2,962,226,208.37
Net profit from continuing operations (net loss denoted by “-”)		3,722,636,168.94	2,962,226,208.37
Net profit from discontinued operations (net loss denoted by “-”)			

Chapter 11

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

Item	Note	Year ended 31 December 2023	Unit: RMB Year ended 31 December 2022
V. Other comprehensive income, net of tax		83,037.15	
(I) Other comprehensive income not to be subsequently reclassified to profit or loss		83,037.15	
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		83,037.15	
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			
4. Credit loss impairment of other debt investments			
5. Cash flow hedge reserve (effective portion of gains or losses from cash flow hedges)			
6. Translation difference of the financial statements in foreign currency			
7. Others			
VI. Total comprehensive income		3,722,719,206.09	2,962,226,208.37

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Cash Flows

Item	Note	Unit: RMB	
		Year ended 31 December 2023	Year ended 31 December 2022
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		108,265,972,702.34	115,176,163,706.13
Tax rebate received		162,418,374.63	82,051,488.00
Cash received from other operating activities	IX.68	2,924,004,468.88	3,158,008,325.55
Sub-total of cash inflows from operating activities		111,352,395,545.85	118,416,223,519.68
Cash paid for goods and services		95,086,310,268.59	102,298,114,614.29
Cash paid to and on behalf of employees		7,829,530,650.61	7,614,030,217.73
Cash paid for taxes and dues		2,172,440,992.29	1,958,213,568.01
Cash paid for other operating activities	IX.68	2,426,992,884.08	1,300,453,042.00
Sub-total of cash outflows from operating activities		107,515,274,795.57	113,170,811,442.03
Net cash flows from operating activities	IX.68	3,837,120,750.28	5,245,412,077.65
II. Cash flows from investment activities:			
Cash received from disposal of investments		7,458,343.96	9,558,003.37
Cash received from investment income		2,200,746,349.09	2,351,280,576.74
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		388,192,348.70	275,606,112.78
Net cash received from disposal of subsidiaries and other operating units	IX.68		197,209,205.34
Cash received from other investment activities	IX.68	42,498,274.85	13,109,170.38
Sub-total of cash inflows from investment activities		2,638,895,316.60	2,846,763,068.61
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,611,008,060.19	1,560,319,895.25
Cash paid for investments		313,746,097.78	85,169,183.30
Net cash paid for acquisition of subsidiaries and other operating units	IX.68	484,608,440.05	186,293,644.60
Cash paid for other investment activities	IX.68	19,508,312.05	
Sub-total of cash outflows from investment activities		2,428,870,910.07	1,831,782,723.15
Net cash flows from investment activities		210,024,406.53	1,014,980,345.46

Chapter 11

Consolidated Statement of Cash Flows

Item	Note	Year ended 31 December 2023	Unit: RMB Year ended 31 December 2022
III. Cash flows from financing activities:			
Cash received from capital contributions		96,116,729.15	78,445,625.25
Including: Cash received by subsidiaries from capital contributions of non-controlling interests		96,116,729.15	78,445,625.25
Cash received from borrowings		1,122,996,754.38	2,377,422,629.65
Cash received from other financing activities	IX.68		116,000,000.00
Sub-total of cash inflows from financing activities		1,219,113,483.53	2,571,868,254.90
Cash paid for repayment of debts		4,331,241,112.08	3,243,564,402.47
Cash paid for distribution of dividends, profits or settlement of interest	IX.68	2,372,612,182.22	2,619,892,412.66
Including: Dividends and profits paid by the subsidiaries to non-controlling interests	IX.68	231,473,846.97	156,857,736.15
Cash paid for other financing activities	IX.68	1,220,076,306.79	1,307,325,175.54
Sub-total of cash outflows from financing activities		7,923,929,601.09	7,170,781,990.67
Net cash flows from financing activities		-6,704,816,117.56	-4,598,913,735.77
IV. Effect of foreign exchange rate changes		73,568,947.31	435,709,731.19
V. Net increase in cash and cash equivalents	IX.69	-2,584,102,013.44	2,097,188,418.53
Add: Balance of cash and cash equivalents at the beginning of the year	IX.69	16,405,563,975.61	14,308,375,557.08
VI. Balance of cash and cash equivalents at the end of the year	IX.69	13,821,461,962.17	16,405,563,975.61

The notes form an integral part of the financial statements

Chapter 11

Statement of Cash Flows of the Company

Item	Note	Unit: RMB	
		Year ended 31 December 2023	Year ended 31 December 2022
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		5,523,205,179.03	4,822,081,010.48
Tax rebate received			
Cash received from other operating activities		261,593,160.45	190,940,888.20
Sub-total of cash inflows from operating activities		5,784,798,339.48	5,013,021,898.68
Cash paid for goods and services		5,010,246,548.90	4,971,134,048.97
Cash paid to and on behalf of employees		297,646,659.24	279,014,976.45
Cash paid for taxes and dues		1,391,403.64	3,514,857.00
Cash paid for other operating activities		431,186,262.50	405,958,342.44
Sub-total of cash outflows from operating activities		5,740,470,874.28	5,659,622,224.86
Net cash flows from operating activities	XVII.14	44,327,465.20	-646,600,326.18
II. Cash flows from investment activities:			
Cash received from disposal of investments			
Cash received from investment income		3,705,803,728.94	3,520,349,843.52
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		134,431.41	48,172.24
Net cash received from disposal of subsidiaries and other operating units			
Cash received from other investment activities		461,748,425.34	171,915,607.10
Sub-total of cash inflows from investment activities		4,167,686,585.69	3,692,313,622.86
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		136,551,302.15	94,883,530.34
Cash paid for investments		305,998,864.09	90,008,552.00
Net cash paid for acquisition of subsidiaries and other operating units			
Cash paid for other investment activities		3,556,130,857.76	587,720,582.67
Sub-total of cash outflows from investment activities		3,998,681,024.00	772,612,665.01
Net cash flows from investment activities		169,005,561.69	2,919,700,957.85

Chapter 11

Statement of Cash Flows of the Company

Item	Note	Year ended 31 December 2023	Unit: RMB Year ended 31 December 2022
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings			1,500,000,000.00
Cash received from other financing activities		534,274,890.36	1,673,021,617.24
Sub-total of cash inflows from financing activities		534,274,890.36	3,173,021,617.24
Sub-total of cash outflows from financing activities			
Cash paid for repayment of debts		28,500,000.00	1,507,125,000.00
Cash paid for distribution of dividends, profits or settlement of interest		1,908,120,845.82	2,307,361,385.90
Cash paid for other financing activities		192,208,645.64	434,605,923.57
Sub-total of cash outflows from financing activities		2,128,829,491.46	4,249,092,309.47
Net cash flows from financing activities		-1,594,554,601.10	-1,076,070,692.23
IV. Effect of foreign exchange rate changes		24,483,879.69	158,021,710.47
V. Net increase in cash and cash equivalents	XVII.14	-1,356,737,694.52	1,355,051,649.91
Add: Balance of cash and cash equivalents at the beginning of the year	XVII.14	8,035,397,765.29	6,680,346,115.38
VI. Balance of cash and cash equivalents at the end of the year	XVII.14	6,678,660,070.77	8,035,397,765.29

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Changes in Equity

Unit: RMB

Item	Year ended 31 December 2023													
	Equity attributable to shareholders of the Company													
	Other equity instruments			Less:			Including:			Total shareholders' equity				
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Treasury shares	Other comprehensive income	Translation difference of the financial statements in foreign currency	Special reserves		Surplus reserves	Undistributed profits	Sub-total	Non-controlling interests
I. Closing balance of the prior year	7,855,104,875.00				6,064,291,769.76	300,752,201.55	-199,683,187.02	-277,030,189.22	103,265,377.89	1,704,231,656.65	20,135,567,944.29	34,866,026,437.02	2,002,417,559.97	36,886,443,996.99
Add: Changes in accounting policies														
Correction of prior errors														
Others					266,133,847.48		430,883.09	430,883.09	311,045.12		-362,423,411.30	-85,547,635.61	122,258,231.42	36,710,585.81
II. Balance at the beginning of current year	7,855,104,875.00				6,330,425,617.24	300,752,201.55	-199,252,303.93	-276,599,306.13	103,576,423.01	1,704,231,656.65	19,811,097,472.17	34,804,431,740.59	2,125,274,111.15	36,929,705,861.74
III. Increases/decreases in current year	-60,888,000.00				307,365,423.82	-106,800,804.55	188,361,378.12	16,466,574.77	26,283,806.96	372,263,616.89	2,077,106,642.19	2,997,263,472.53	192,281,487.53	3,188,574,960.06
(decreases denoted by "-")														
(I) Total comprehensive income							188,361,378.12	16,466,574.77			4,221,842,482.59	4,390,203,870.71	211,686,733.62	4,601,890,604.33
(II) Capital contributed and reduced by shareholders					390,063,311.65	26,775,283.28						363,278,028.37	186,418,888.99	539,696,917.36
1. Ordinary shares contributed by shareholders													64,762,163.59	64,762,163.59
2. Capital invested by holders of other equity instruments														
3. Amount of share-based payments included in shareholders' equity														
4. Others					29,869,006.09							29,869,006.09	178,565.33	30,047,571.42
(III) Appropriation and use of special reserves														
1. Appropriation of special reserves									26,283,806.96					26,283,806.96
2. Use of special reserves						26,775,283.28			106,624,863.93					111,399,147.27
					350,184,305.56				-80,341,076.97					-84,374,580.23

Chapter 11

Consolidated Statement of Changes in Equity

Unit: RMB

Item	Year ended 31 December 2023												
	Equity attributable to shareholders of the Company												
	Share capital	Preferred shares	Other equity instruments	Capital reserves	Less: Treasury shares	Other comprehensive income	Including: Translation difference of the financial statements in foreign currency	Special reserves	Surplus reserves	Undistributed profits	Sub-total	Non-controlling interests	Total shareholders' equity
(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													
(V) Internal transfers of shareholders' equity													
1. Share capital transferred from capital reserves	-60,888,000.00			-72,887,887.83	-133,575,887.83								
2. Share capital transferred from surplus reserves													
3. Recovery of losses by surplus reserves													
4. Transfer of changes in defined benefit plans into retained earnings													
5. Transfer of other comprehensive income into retained earnings													
6. Others													
IV. Balance at the end of current year	7,294,216,875.00	-60,888,000.00		6,637,791,041.06	193,951,597.00	-30,890,925.81	-260,132,731.36	129,860,229.97	2,076,495,475.54	21,888,204,114.36	37,801,725,213.12	2,317,555,599.68	40,119,280,811.80

The notes form an integral part of the financial statements

Chapter 11 Consolidated Statement of Changes in Equity

Unit: RMB

Item	Year ended 31 December 2022													
	Equity attributable to shareholders of the Company												Total shareholders' equity	
	Share capital	Preferred shares	Other equity instruments	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Including: Transition difference of the financial statements in foreign currency	Special reserves	Surplus reserves	Undistributed profits	Sub-total		Non-controlling interests
I. Closing balance of the prior year	7,400,803,875.00			6,075,192,371.14	251,403,229.48	-315,591,219.89	-326,825,567.83	82,385,924.09	1,408,009,237.81	18,448,178,520.91	20,058,312.25	33,058,978,705.06	1,949,084,451.84	35,048,063,160.90
Add: Changes in accounting policies														
Correction of prior errors														
Others														
II. Balance at the beginning of current year	7,400,803,875.00			6,075,192,371.14	251,403,229.48	-315,591,219.89	-326,825,567.83	82,385,924.09	1,408,009,237.81	18,448,178,520.91	20,058,312.25	33,058,978,705.06	1,949,084,451.84	35,048,063,160.90
III. Increases/decreases in current year	-45,689,000.00			3,830,017.62	300,752,201.55	116,600,053.68	50,487,399.42	21,329,887.43	296,222,820.84	1,702,085,044.00	1,793,616,422.02	63,230,524.64	1,856,946,946.66	
(decreases denoted by "-")														
(i) Total comprehensive income														
(ii) Capital contributed and reduced by shareholders														
1. Ordinary shares contributed by shareholders														
2. Capital invested by holders of other equity instruments														
3. Amount of share-based payments included in shareholders' equity														
4. Others														
(iii) Appropriation and use of special reserves														
1. Appropriation of special reserves														
2. Use of special reserves														
	30,075,833.62			30,075,833.62								30,075,833.62	40,244.11	30,116,077.73
	17,228,673.54			17,228,673.54	389,925,691.09							-372,697,017.55	-43,871,927.35	-416,368,944.90
								21,329,887.43				21,329,887.43	-83,115.16	21,246,772.27
								103,682,921.52				103,682,921.52	2,898,500.40	106,521,421.92
								-82,353,034.09				-82,353,034.09	-2,921,615.56	-85,274,649.65

Chapter 11

Consolidated Statement of Changes in Equity

Unit: RMB

Item	Equity attributable to shareholders of the Company										Total shareholders' equity				
	Share capital	Preferred shares	Other equity instruments	Others	Capital reserves	Treasury shares	Less: comprehensive income	Other	Including: Transition difference of the financial statements in foreign currency	Special reserves		Surplus reserves	Undistributed profits	Sub-total	Non-controlling interests
(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) Internal transfers of shareholders' equity															
1. Share capital transferred from capital reserves															
2. Share capital transferred from surplus reserves															
3. Recovery of losses by surplus reserves															
4. Transfer of changes in defined benefit plans into retained earnings															
5. Transfer of other comprehensive income into retained earnings															
6. Others															
IV. Balance at the end of current year															

The notes form an integral part of the financial statements

Chapter 11

Statement of Changes in Equity of the Company

Unit: RMB

Item	Year ended 31 December 2023					Including: Translation difference of the financial statements in foreign currency	Total shareholders' equity				
	Share capital	Preferred shares	Other equity instruments Perpetual bonds	Others	Capital reserves			Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves
I. Closing balance of the prior year	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
Add: Changes in accounting policies											
Correction of prior errors											
Others											
II. Balance at the beginning of current year	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 year	-60,888,000.00				-43,004,061.62	-106,800,804.55	88,037.15	2,451,981.05	372,283,616.89	1,578,012,807.88	1,955,719,965.70
(decreases denoted by "-")											
(I) Total comprehensive income							88,037.15				
(II) Capital contributed and reduced by shareholders					29,683,826.21	26,775,283.28				3,722,636,168.94	3,722,719,206.09
1. Ordinary shares contributed by shareholders											2,908,542.93
2. Capital invested by holders of other equity instruments											
3. Amount of share-based payments included in shareholders' equity					30,047,571.42						30,047,571.42
4. Others					-363,745.21	26,775,283.28					-27,139,028.49
(III) Appropriation and use of special reserves								2,451,981.05			2,451,981.05
1. Appropriation of special reserves								3,899,151.17			3,899,151.17
2. Use of special reserves								-1,547,170.12			-1,547,170.12

Chapter 11

Statement of Changes in Equity of the Company

Unit: RMB

Item	Year ended 31 December 2023						Including: Translation difference of the financial statements in foreign currency	Total shareholders' equity				
	Share capital	Preferred shares	Other equity instruments Perpetual bonds	Others	Capital reserves	Less: Treasury shares			Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits
(V) Profit distribution												
1. Appropriation of surplus reserves												
Including: Statutory surplus reserves												
Discretionary surplus reserves												
2. Distribution to shareholders												
3. Others												
(VI) Internal transfers of shareholders' equity												
1. Share capital transferred from capital reserves	-60,888,000.00				-72,887,887.83	-133,575,887.83						
2. Share capital transferred from surplus reserves												
3. Recovery of losses by surplus reserves												
4. Transfer of changes in defined benefit plans into retained earnings												
5. Transfer of other comprehensive income into retained earnings												
6. Others												
IV. Balance at the end of current year	7,294,216,875.00				-72,887,887.83	-133,575,887.83		6,336,078.00	2,076,495,475.54	6,686,280,777.94		26,568,626,193.68

The notes form an integral part of the financial statements

Chapter 11

Statement of Changes in Equity of the Company

Unit: RMB

Item	Year ended 31 December 2022										Total shareholders' equity	
	Share capital	Preferred shares	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		Undistributed profits
I. Closing balance of the prior year	7,400,803,875.00				10,767,113,557.38		-14,551,804.06	-409,087.19	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 year	7,400,803,875.00				10,767,113,557.38		-14,551,804.06	-409,087.19	3,992,511.38	1,408,009,237.81	4,523,264,509.75	24,088,631,887.46
III. Increases/decreases in current year	-45,689,000.00				-10,801,231.94	300,752,201.55	409,087.19	409,087.19	-108,414.43	296,222,820.84	585,009,460.41	524,274,320.52
(Decreases denoted by "-")												
(I) Total comprehensive income											2,962,226,208.37	2,962,226,208.37
(II) Capital contributed and reduced by shareholders	-45,689,000.00				-10,801,231.94	300,752,201.55						-357,252,453.49
1. Ordinary shares contributed by shareholders	-45,689,000.00				-45,474,489.54							-89,173,489.54
2. Capital invested by holders of other equity instruments												
3. Amount of share-based payments included in shareholders' equity					30,116,077.73							30,116,077.73
4. Others					2,557,179.87	300,752,201.55						-296,195,021.68
(III) Appropriation and use of special reserves												
1. Appropriation of special reserves									-108,414.43			-108,414.43
2. Use of special reserves									3,121,353.03			3,121,353.03
									-3,229,767.46			-3,229,767.46

Chapter 11

Statement of Changes in Equity of the Company

Unit: RMB

Item	Year ended 31 December 2022						Including: Translation difference of the financial statements in foreign currency	Total shareholders' equity		
	Share capital	Preferred shares	Other equity instruments: Perpetual bonds	Others	Capital reserves	Less: Treasury shares			Other comprehensive income	Surplus reserves
(VI) Profit distribution						409,087.19	409,087.19	296,222,620.84	-2,377,222,747.96	-2,080,591,039.93
1. Appropriation of surplus reserves								296,222,620.84	-2,377,222,747.96	-2,080,591,039.93
Including: Statutory surplus reserves								296,222,620.84	-2,377,222,747.96	-2,080,591,039.93
Discretionary surplus reserves								296,222,620.84	-2,377,222,747.96	-2,080,591,039.93
2. Distribution to shareholders										
3. Others										
(VII) Internal transfers of shareholders' equity						409,087.19	409,087.19			-409,087.19
1. Share capital transferred from capital reserves										
2. Share capital transferred from surplus reserves										
3. Recovery of losses by surplus reserves										
4. Transfer of changes in defined benefit plans into retained earnings										
5. Transfer of other comprehensive income into retained earnings										
6. Others										
IV Balance at the end of current year	7,355,104,875.00			10,756,312,325.64	300,752,201.55	-14,142,716.87	3,884,096.95	1,704,231,853.65	5,108,267,970.16	24,612,906,207.98

The notes form an integral part of the financial statements

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 “PRC”) on 20 November 2002, initiated by China National Foreign Trade Transportation (Group) Corporation (hereinafter referred to as “China Foreign Transportation Group Company”).

According to the Approval on the Conversion of Sinotrans Limited into an Overseas Fund-raising Company (GJMQG [2002] No.870) issued by the State Economy and Trade Commission and the Disclosure on the Issuance of Overseas Listed Foreign Capital Shares by Sinotrans Limited (ZJGHZ [2002] No.35) issued by the China Securities Regulatory Commission (hereinafter referred to as “CSRC”), the Company shall issue no more than 1,787,407,050 overseas listed foreign capital shares (including 233,140,050 over-allotment shares) and convert to an overseas fund-raising company in November 2002. In February 2003, the Company completed its initial public offering on the Stock Exchange of Hong Kong.

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

On 29 December 2015, after the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter referred to as “SASAC”) reported to the State Council and was approved by the State Council, SINOTRANS & CSC and China Merchants Group (hereinafter referred to as “China Merchants”) implemented a strategic restructuring. SINOTRANS & CSC merged into China Merchants as a whole through free transfer and became its wholly-owned subsidiary. The Company has therefore become a listed subsidiary of China Merchants.

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 meeting of H-share class shareholders in 2018, which approved the issuance of A shares by the Company to all the shareholders of Sinoair (excluding the Company) in exchange for the shares of Sinoair held by it. On 1 November 2018, the China Securities Regulatory Commission issued a Reply on the Approval of the Application of Sinotrans Limited for consolidation by Merger of Sinotrans Air Transportation Development Co., Ltd. (ZJXK [2018] No. 1772), approving the issuance by the Company of 1,351,637,231 shares for the consolidation by the merger of Sinoair. On 10 January 2019, the Company completed the issuance of A shares, and it was officially listed on the Shanghai Stock Exchange (hereinafter referred to as “SSE”) on 18 January 2019.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION OF THE COMPANY (CONTINUED)

The registered address of the Company: 1101, 11th Floor, 101, Building No. 10, No. 5 Anding Road, Chaoyang District, Beijing, China Legal representative: Wang Xiufeng.

The Company and its subsidiary (hereinafter referred to as “the Group”) are principally engaged in the provision of specialized logistics, agency and related businesses and e-commerce businesses. Among them, specialized logistics includes contract logistics, project logistics, chemical logistics, cold chain logistics and other specialized logistics services; agency and related businesses mainly include services such as ocean freight agencies, air freight agencies, railway agencies, shipping agencies and depot station services; e-commerce businesses include cross-border e-commerce logistics, logistics e-commerce platform and logistics equipment sharing platform.

The Group’s principal businesses are located within the PRC with its head office in Beijing, which is the same as its registered office.

II. BASIS FOR THE PREPARATION

The Group has evaluated its ability to continue as a going concern for the 12 months from 31 December 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 on a going concern and accrual basis and are prepared in accordance with the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter referred to as “Accounting Standards for Business Enterprises”), and the relevant disclosures required by the Rules for compiling Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2023 Revision) of CSRC and relevant provisions, the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities (the “Listing Rules”) on the Hong Kong Stock Exchange, and based on the accounting policies and accounting estimates as described in the Note “IV. Significant Accounting Policies and Accounting Estimates”.

III. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements prepared by the Group in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and parent company’s financial position for the Group as of 31 December 2023; as well as the consolidated and the Company’s operating results and cash flows for the year 2023.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY

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. OPERATING CYCLE

The Group’s normal operating cycle is shorter than 12 months, and the Group uses 12 months as the liquidity classification standard for assets and liabilities.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

3. FUNCTIONAL CURRENCY

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

4. 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 values at the end of each reporting period. Where an asset is impaired, the corresponding impairment shall be made in accordance with the applicable standard.

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

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

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

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

5. METHODS FOR DETERMINING MATERIALITY CRITERIA AND BASIS FOR SELECTION

Matters involving judgements on materiality criteria determined by the Group on the basis of the materiality principle in the preparation and disclosure of financial reports are set out below:

Item	Materiality Criteria
Material receivables with individual credit loss provisions	A summary disclosure of the Group's accounts receivable and other receivables for which provision for credit losses has been made individually at the end of the year, with the names of the organizations disclosed when an individual carrying amount in accounts receivable exceeds RMB5 million and an individual carrying amount in other receivables exceeds RMB1 million (non-related parties are represented by serial numbers).
Receivables for which the amount of provision for credit loss recovered or reversed during the period is material	The Group summarizes and discloses the provision for credit losses on accounts receivable and other receivables recovered or reversed during the year, with credit loss provisions for accounts receivables and other receivables whose individual amount exceeds RMB500,000 reversed to the names of the disclosed entities (non-related parties are represented by serial numbers).
Material receivables write-offs in current year	The Group summarizes and discloses write-offs of accounts receivable and other receivables, with the names of the organizations disclosed for the write-offs of accounts receivable and other receivables when their amounts in a single transaction exceed RMB500,000 (non-related parties are represented by serial numbers).
Material prepayments/accounts receivable/other receivables aged over one year	When prepayments/accounts receivable/other receivables to individual suppliers aged over one year are greater than RMB5 million, the Group discloses them as material prepayments/accounts receivable/other receivables aged over one year (non-related parties are represented by serial numbers).
Material constructions in progress	The Group discloses construction in progress projects as material if any one of the opening balance, the closing balance and the amount transferred to fixed assets during the year is greater than RMB100 million.
Material goodwill	When the proportion of the year-end book value (if the impairment has been made in the current year, use the book value before provision the impairment) more than 1% of the total consolidated assets of the Group, the Group will disclose its impairment test process in detail as an important goodwill.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

5. METHODS FOR DETERMINING MATERIALITY CRITERIA AND BASIS FOR SELECTION (Continued)

Item	Materiality Criteria
Material non-wholly owned subsidiaries	The Group discloses non-wholly owned subsidiaries as material non-wholly owned subsidiaries if any one of the operating revenue, total profit and total assets of the non-wholly owned subsidiaries account for more than 5%, of the Group's consolidated amount.
Material capitalised research and development projects	The Group discloses capitalised research and development projects as material capitalised research and development projects if any one of the opening balance, the closing balance and the amount transferred to intangible assets during the year is greater than RMB10 million.
Material associates/joint ventures	The Group discloses associates/joint ventures as material associates/joint ventures when the investment income based on the equity method for the year exceeds 5 per cent of the Group's consolidated total profit or when the carrying amount of the investment at the end of the year exceeds 1 per cent of the Group's consolidated total assets.
Material cash received/paid in relation to investing activities	In addition to cash from investing activities other than that already disclosed in cash received/paid in respect of other investing activities, net cash received/paid on disposal/acquisition of subsidiaries and other operating units, the Group discloses it as material cash received/paid in relation to investing activities if the cash in an individual investment activity is greater than \$100 million.
Material pending litigations, arbitrations and cargo damage disputes	The group discloses pending litigations, arbitrations and cargo damage disputes as material pending litigations, arbitrations and cargo damage disputes if the involved amounts are greater than RMB10 million.
Material overseas operating entities	The Group discloses overseas operating entities as material overseas operating entities if any one of the operating revenue, total profit and total assets of the overseas operating entities accounts for more than 5%, of the Group's consolidated amount.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

6. BUSINESS COMBINATION

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

6.1 Business combination involving entities under common control

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

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

Costs that are directly attributable to the business combination are charged to current profits and losses when incurred.

6.2 Business combination not involving entities under common control

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

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

7. GOODWILL

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

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

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

Any impairment loss for goodwill is recognised directly in the current profits and losses. An impairment loss recognised for goodwill is not reversed in subsequent periods.

8. THE JUDGEMENT CRITERIA FOR CONTROL AND THE PREPARATION METHODOLOGY OF CONSOLIDATED FINANCIAL STATEMENTS

8.1 Judgement criteria for control

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

The Group will consider the following factors (including but not limited to) when assessing control:

- (1) The purpose and design of the investee.
- (2) What the relevant activities of the investee are and how decisions are made in relation to those activities.
- (3) Whether the rights obtained by the Group give the Group the current ability to dominate relevant activities.
- (4) Whether the Group is exposed to the risk of or has the right to, variable returns as a result of its involvement in the underlying activities of the investee.
- (5) Whether the Group has the ability to influence the amount of the return by using its power over the investee.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

8. THE JUDGEMENT CRITERIA FOR CONTROL AND THE PREPARATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8.2 Preparation method of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. The consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ends when the Group loses control of the subsidiary.

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

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

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

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

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

8. THE JUDGEMENT CRITERIA FOR CONTROL AND THE PREPARATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8.2 Preparation method of consolidated financial statements (Continued)

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

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

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

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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

9. JOINT ARRANGEMENT

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

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

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

10. CASH AND CASH EQUIVALENTS

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

11. 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

11. FINANCIAL INSTRUMENTS (Continued)

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

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 expense to each accounting period.

The effective interest rate is the rate used to discount the estimated future cash flows of a financial asset or financial liability through its expected life to the book balance of the financial asset or the amortised cost of the financial liability. In determining the effective interest rate, the expected cash flows are estimated with reference to 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).

11.1 Classification and measurement of financial assets

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

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

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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. FINANCIAL INSTRUMENTS (Continued)

11.1 Classification and measurement of financial assets (Continued)

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

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

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

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

11. FINANCIAL INSTRUMENTS (Continued)

11.1 Classification and measurement of financial assets (Continued)

11.1.1 Financial assets at amortised cost

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

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

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

11.1.2 Financial assets at fair value through other comprehensive income

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. FINANCIAL INSTRUMENTS (Continued)

11.1 Classification and measurement of financial assets (Continued)

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

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

11.1.3 Financial assets at fair value through profit or loss

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

11.2 Impairment of financial instruments

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

11. FINANCIAL INSTRUMENTS (Continued)

11.2 Impairment of financial instruments (Continued)

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

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

11.2.1 Significant increase in credit risk

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. FINANCIAL INSTRUMENTS (Continued)

11.2 Impairment of financial instruments (Continued)

11.2.1 Significant increase in credit risk (Continued)

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

- (1) Whether there is a significant change in the internal price index caused by the change of credit risk;
- (2) If an existing financial instrument is originated or issued as a new financial instrument at the end of the reporting period, whether the interest rate or other terms of the financial instrument have changed significantly (such as more stringent contract terms, increased collateral or security or higher yield, etc.);
- (3) Whether the external market indicators of the credit risk of the same financial instrument or similar financial instrument with the same expected duration have changed significantly. These indicators include credit spreads, the price of credit default swaps for borrowers, the length and extent to which the fair value of financial assets is less than its amortised cost, and other market information related to borrowers (such as the price changes of borrowers' debt instruments or equity instruments);
- (4) Whether the external credit rating of the financial instruments there is any significant change in the actual or expected;
- (5) Whether the actual or expected internal credit rating of the debtor is downgraded;
- (6) Adverse changes in business, financial or economic conditions that are expected to result in a significant change in the ability of the debtor to meet its obligations;
- (7) Whether the actual or expected operating results of the debtor have changed significantly;
- (8) Whether the credit risk of other financial instruments issued by the same debtor increases significantly;
- (9) Whether there has been a significant adverse change in the regulatory, economic or technological environment of the debtor;
- (10) Whether there has been a significant change in the value of the collateral or the quality of the collateral or credit enhancement provided by a third party as collateral for a debt. These changes are expected to reduce the debtor's financial incentive to repay the debt within the time limit specified in the contract or affect the probability of default;
- (11) Whether there is a significant change in the borrower's economic motivation to repay the loan within the agreed term;

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

11. FINANCIAL INSTRUMENTS (Continued)

11.2 Impairment of financial instruments (Continued)

11.2.1 Significant increase in credit risk (Continued)

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

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

11.2.2 Credit-impaired financial assets

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

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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. FINANCIAL INSTRUMENTS (Continued)

11.2 Impairment of financial instruments (Continued)

11.2.2 Credit-impaired financial assets (Continued)

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

11.2.3 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 receivables such as notes receivable, receivables financing, accounts receivable, other receivables, and debt investments. The Group divides financial instruments into different groups based on common risk characteristics. Common credit risk characteristics adopted by the Group include: type of financial instrument, credit risk rating, type of collateral, initial recognition date, remaining contract term, industry in which the debtor is located, geographical location of the debtor, value of collateral relative to financial assets, etc. When receivables are involved in disputes or litigations, or when the debtors are in operating difficulties, reorganisation or bankruptcy, the Group accrues credit losses on an individual basis.

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

11. FINANCIAL INSTRUMENTS (Continued)

11.2 Impairment of financial instruments (Continued)

11.2.4 Specific recognition criteria and accrual method for credit losses on major receivables

Item	Accrual method	Types of portfolio	Basis/criteria for portfolio determination	Criteria/explanations for accrual
Notes receivable	Accrual on an individual basis	—	When notes receivable are involved in disputes or litigations, or when the debtor is in operating difficulties, reorganisation or bankruptcy, the Group accrues credit losses on an individual basis.	Individual recognition
	Accrual by portfolio	Commercial acceptance portfolio	The commercial acceptances held by the Group are mainly from customers with good credit and have maintained long-term and stable co-operation with the Group, which have similar credit risk characteristics.	0%. All of the notes receivable held by the Group have a maturity of less than 360 days. The Group considers that the notes receivable held by the Group are not subject to significant credit risk and will not incur significant losses due to default (the notes receivables are expected to be recovered in full), and the Group has not made any provision for credit losses based on materiality considerations.
Receivables financing	Accrual by portfolio	Bankers' acceptance portfolio	The acceptors of bankers' acceptances held by the Group at fair value through other comprehensive income are mainly large commercial banks and listed commercial banks with high credit ratings and similar credit risk characteristics.	

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. FINANCIAL INSTRUMENTS (Continued)

11.2 Impairment of financial instruments (Continued)

11.2.4 Specific recognition criteria and accrual method for credit losses on major receivables (Continued)

Item	Accrual method	Types of portfolio	Basis/criteria for portfolio determination	Criteria/explanations for accrual
Accounts receivable	Accrual on an individual basis	—	When accounts receivables are involved in disputes or litigations, or when the debtor is in operating difficulties, reorganisation or bankruptcy, the Group accrues credit losses on an individual basis.	Individual recognition
	Accrual by portfolio	Low-risk portfolio	The receivables in the Group's low-risk portfolio are mainly receivables from related parties, joint ventures, associates and their subsidiaries within the scope of China Merchants' consolidated statements of operations, etc., which have similar credit risk characteristics.	0%. The above organizations have low credit risk and the Group has not accrued for credit losses based on materiality considerations. If the credit risk of the above organisations deteriorates, the Group adjusts them to the ageing group or accounts receivable with credit losses accrued on an individual basis.
		Ageing portfolio	The Group's ageing portfolio consists of receivables other than low-risk portfolio items and items with credit losses accrued on an individual basis, the ageing of which reflects their credit risk characteristics.	1.45% within 1 year; 41.68% for 1 to 2 years; 88.26% for 2 to 3 years; and 100% over 3 years. The ageing is based on transaction dates and the expected credit loss rates determined by the forward-looking adjustments to the age-based migration rates and historical loss rates represent a reasonable estimate of the expected credit losses. The Group evaluates the expected credit loss rate of the ageing portfolio of receivables annually and does not adjust the rate when the evaluation result is lower than the accrued rate of the previous year, and increases the rate when the evaluation result is higher than the accrued rate of the previous year.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

11. FINANCIAL INSTRUMENTS (Continued)

11.2 Impairment of financial instruments (Continued)

11.2.4 Specific recognition criteria and accrual method for credit losses on major receivables (Continued)

Item	Accrual method	Types of portfolio	Basis/criteria for portfolio determination	Criteria/explanations for accrual
Other receivables	Accrual on an individual basis (phase III)	—	When other receivables are involved in disputes or litigations, or when the debtor is in operating difficulties, reorganisation or bankruptcy, the Group accrues credit losses on an individual basis.	Individual recognition
	Accrual by portfolio (phase I and phase II)	Low-risk portfolio (phase I)	Other receivables in the Group's low-risk portfolio are mainly receivables from government entities, related entities within the scope of China Merchants' consolidated statements of operations, joint ventures, associates and their subsidiaries, etc., as well as deposits, guarantees, reserves and advances, which have similar credit risk characteristics.	0%. The above categories of payments have low credit risk and the Group has not accrued for credit losses based on materiality considerations. If the credit risk of the debtors involved in the above receivable categories deteriorates, the Group adjusts them to other receivables with credit loss provisions, either in the ageing portfolio or individually.
		Ageing portfolios within 1 year (phase I)	The Group's aged portfolio of other receivables is other receivables except for low-risk portfolio items and items with credit loss accrued on an individual basis, the ageing of which reflects their credit risk characteristics.	3.90%. Ageing is determined on the basis of the date of incurrence, and the Group evaluates the expected credit loss rate of other receivables in the ageing portfolio annually, with no adjustment when the evaluation result is lower than the previous year's accrual criteria, and increases the accrual rate when the evaluation result is higher than the previous year's accrual criteria.
		Ageing portfolios more than 1 year (phase II)		32.51% for 1 to 2 years; 57.40% for 2 to 3 years; 100% for over 3 years. The ageing is determined on the basis of the date of incurrence. The Group assesses the expected credit loss ratio of other receivables in the ageing portfolio annually and does not adjust the ratio when the assessment result is lower than the previous year's accrual criteria, and increases the accrual ratio when the assessment result is higher than the previous year's accrual criteria.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. FINANCIAL INSTRUMENTS (Continued)

11.2 Impairment of financial instruments (Continued)

11.2.5 Write-off of financial assets

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

11.3 Transfer of financial assets

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

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

11. FINANCIAL INSTRUMENTS (Continued)

11.3 Transfer of financial assets (Continued)

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

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

11.4 Classification of financial liabilities and equity instruments

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

11.4.1 Classification, recognition and measurement of financial liabilities

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

11.4.1.1 Financial liabilities at fair value through profit or loss

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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. FINANCIAL INSTRUMENTS (Continued)

11.4 Classification of financial liabilities and equity instruments (Continued)

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

11.4.1.1 Financial liabilities at fair value through profit or loss (Continued)

The financial liabilities meet one of the following conditions, indicating that the purpose of the financial liabilities of the Group is transactional:

- The purpose of undertaking related financial liabilities is mainly for recent repurchases;
- At the time of initial recognition, relevant financial liabilities were part of a centrally managed identifiable financial instrument portfolio, and there was objective evidence that a short-term profit model actually exists in the near future;
- Related financial liabilities are derivatives. The exceptions are derivatives that meet the definition of financial guarantee contracts and derivatives that are designated as effective hedging instruments.

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

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

For financial liabilities designated at fair value through profit or loss, changes in the fair value of such financial liabilities arising from changes in the Group's own credit risk are recognised in other comprehensive income and changes in other fair values are recognised in the current profits and losses. On derecognition of the financial liability, the cumulative change in fair value attributable to changes in own credit risk previously recognised in other comprehensive income is transferred to retained earnings. Dividends or interest expenses related to these financial liabilities are recognised in the current profits and losses. If the treatment of the effects of changes in the own credit risk of such financial liabilities as described above would cause or enlarge an accounting mismatch in profit or loss, the Group recognises the entire gain or loss on such financial liabilities (including the amount of the effect of changes in own credit risk) in the current profits and losses.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

11. FINANCIAL INSTRUMENTS (Continued)

11.4 Classification of financial liabilities and equity instruments (Continued)

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

11.4.1.1 Financial liabilities at fair value through profit or loss (Continued)

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

11.4.1.2 Other financial liabilities

Other financial liabilities, except those arising from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the financial liabilities formed by the transferred financial assets, shall be classified as financial liabilities measured at amortised costs and shall be subsequently measured at amortised costs. The profits or losses generated by derecognition or amortisation shall be recorded into the current profits and losses.

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

11.4.1.2.1 Financial guarantee contract

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. FINANCIAL INSTRUMENTS (Continued)

11.4 Classification of financial liabilities and equity instruments (Continued)

11.4.2 *Derecognition of financial liabilities*

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

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

11.4.3 *Equity instruments*

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

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

11.5 Derivative instruments and embedded derivative instruments

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

11. FINANCIAL INSTRUMENTS (Continued)

11.5 Derivative instruments and embedded derivative instruments (Continued)

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

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

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

11.6 Offset of financial assets and financial liabilities

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

11.7 Compound instruments

Convertible bonds issued by the Group that contain both a liability and a conversion option to convert the liability into its equity 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. FINANCIAL INSTRUMENTS (Continued)

11.7 Compound instruments (Continued)

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

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

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

12. INVENTORIES

12.1 Inventories category, valuation method for shipments, inventories system, amortization method for low value consumables and packaging materials

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

When inventories are despatched, the actual cost of inventories despatched is determined mainly using the first-in-first-out method and the month-end lump-sum weighted average method.

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

Consumables are expensed by the one-off amortisation method.

12.2 Recognition criteria and provision method for inventories depreciation reserve

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

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The net realisable value of inventories is determined based on the concrete evidence obtained, with reference to the purpose of holding inventory and the impact of events after the end of the reporting period.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

12. INVENTORIES (Continued)

12.2 Recognition criteria and provision method for inventories depreciation reserve (Continued)

The inventories held by the Group mainly consists of vehicle and ship fuel oil, spare parts, packaging materials and others, used in the process of providing transportation and logistics services. Low unit price and small gross amount, which is not significant to the Group. At the end of the year, for inventories that is still in normal use and has normal functionality, the Group does not withdraw provision for the inventories decline; for inventories that has exceeded its useful life or is damaged, the Group withdraw provision for the inventories decline on a batch or individual inventory item basis.

When the circumstances that previously caused inventories to be written down below cost no longer exist and the net realisable value is higher than the book value, the original amount of the write-down is reversed and charged to the current profits and losses.

13. LONG-TERM EQUITY INVESTMENT

13.1 Determination basis for joint control and significant influence

Control refers to the investor has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power of the investee to influence the amount of returns. Joint control refers to the joint control over an arrangement according to relevant agreements, and the related activities of the arrangement can only be decided after the consensus of the parties sharing the control. Significant influence refers to the power to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the determination of these policies with other parties. In determining whether it is possible to exercise control over or exert significant influence over the invested entities, it has taken into account the potential voting right factors such as the current convertible bonds of the investee unit and the current executable warrants held by the investor and other parties.

13.2 Determination of initial investment cost

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

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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

13. LONG-TERM EQUITY INVESTMENT (Continued)

13.2 Determination of initial investment cost (Continued)

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

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

13.3 Subsequent measurement and profit or loss recognition method

13.3.1 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 can control the Group.

The long-term equity investment accounted for cost method is measured by the initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. The current investment income is recognised according to the cash dividend or profit distributions declared by the invested entity.

13.3.2 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 assets held for sale, the Group's investment in associates and joint ventures is accounted for using the equity method. Associates refer to invested entities to which the Group can exert a significant influence, and a joint venture is a joint venture arrangement in which the Group has only the right to the net assets of the arrangement.

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

13. LONG-TERM EQUITY INVESTMENT (Continued)

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

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

When adopting equity method accounting, the investment income and other comprehensive income shall be recognised respectively according to the share of net profit or loss and other comprehensive income of the invested unit. The book value of long-term equity investment shall be adjusted accordingly. The book value of long-term equity investment shall be reduced accordingly by calculating the share of the profit distribution or cash dividend declared by investee. The book value of long-term equity investment shall be adjusted and included in capital reserve for other changes in the owner's equity of investee rather than net profit or loss, other comprehensive income and profit distribution. When recognising the share of the net profit and loss of the investee, the net profit of investee shall be adjusted and recognised on the basis of the fair value of the identifiable assets of the invested unit at the acquisition date. If the accounting policies and periods adopted by the invested unit are inconsistent with those of the Group, the financial statements of the investee shall be adjusted in accordance with the accounting policies of the Group and the accounting period of the Group, and the investment income and other comprehensive income shall be recognised accordingly. Unrealised profit or loss resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised profit or loss resulting from the Group's transactions with its investee which represent impairment losses on the transferred assets are not eliminated.

When it is recognised that the net loss of the invested unit shall be shared, the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment of the invested unit shall be written down to zero. In addition, if the Group has the obligation to bear additional losses to the investee entity, it shall recognise the estimated liabilities according to the expected obligations and record them into the current investment loss. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

13. LONG-TERM EQUITY INVESTMENT (Continued)

13.4 Disposal of long-term equity investment

At the time of the disposal of long-term equity investments, the difference between its book value and the actual price obtained shall be recorded in the current profits and losses. For long-term equity investment accounted for using the equity method, the remaining shares after disposal are still accounted for using the equity method. Other comprehensive income recognised by the equity method is accounted for on the same basis as the assets or liabilities directly disposed of by the investee, and is carried forward proportionately to the current profits and losses; owner's equity is carried forward proportionately to the current profits and losses. For long-term equity investments accounted for using the cost method, if the remaining equity after disposal is still accounted for using the cost method, other comprehensive income recognised due to the use of the equity method before gaining control over the investee is accounted for on the same basis as the relevant assets or liabilities directly disposed of by the investee, and is carried forward proportionately to the current profits and losses; the net assets of the investee recognised due to the use of the equity method are excluded from the equity method. Changes in net profit or loss, other comprehensive income, and equity other than profit distributions are carried forward on a pro-rata basis to the current profits and losses.

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

13. LONG-TERM EQUITY INVESTMENT (Continued)

13.4 Disposal of long-term equity investment (Continued)

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

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

14. INVESTMENT PROPERTIES

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

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

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

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

The difference in the disposal income of the sale, transfer, scrap, or destruction of the investment properties after deducting their book value and relevant taxes and fees shall be recorded in the current profits and losses.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

15. FIXED ASSETS AND DEPRECIATIONS

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

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

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

Category	Useful life (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
House buildings	5-30	5.00	3.17-19.00
Port and terminal facilities	20-40	5.00	2.38-4.75
Automotive and marine	5-25	5.00	3.80-19.00
Machinery and equipment, furniture, appliances and other equipment	5-20	5.00	4.75-19.00

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

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

16. CONSTRUCTION IN PROGRESS

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

The Group's constructions in progress mainly consist of newly built or renovated logistics centres, logistics zones, piers, warehouses and large-scale logistics equipment, and the specific criteria and points in time for their conversion to fixed assets are set out below:

Categories	Specific criteria and points in time for their conversion to fixed assets
logistics centres, logistics zones, piers, warehouses	The earlier of the completion of construction and passing of mandatory acceptance, and the beginning of actual use
large-scale logistics equipment	The earlier of the completion of installation and passing of testing, and the beginning of actual use

17. INTANGIBLE ASSETS

17.1 Intangible assets

The intangible assets of the Group include land use rights, software, customer relations, etc.

Intangible assets are initially measured at cost. Since the intangible assets with limited-service life are available for use, the original value minus the accumulated amount of impairment reserve are amortised by the straight-line method in phases during their expected service life. Intangible assets with uncertain service life shall not be amortised.

The basis and estimates of the useful lives of major intangible assets are set out below:

Categories	Items	Useful life (year)	Basis
Intangible assets with definite useful lives	Land use rights	20-99	Determined on the basis of the remaining useful life recorded in the land use right certificate at the acquisition date of the land
	Softwares	5	Determined on the basis of actual usage and updating of the Group's softwares with reference to market practice
	Customer relations	9 - 10	Determined on the basis of the expected number of years of earnings from the customer relationship in the purchase price apportionment report issued by the valuation agency

At the end of the year, the useful life and amortisation method of intangible assets shall be reviewed and adjusted if necessary.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

17. INTANGIBLE ASSETS (Continued)

17.2 Research and development expenditures

The Group's research and development projects are mainly various business, management and data systems related to its principal businesses. The scope of research and development expenditure is mainly attributable to commissioned external research and development expenditure and the remuneration expenditure of the Group's full-time research and development staff.

The Group takes the completion of feasibility studies, the budget and plan preparation for development, internal formal project approval of research and development projects and the beginning of substantial development activities as the criteria for distinguishing the research stage from the development stage.

Expenditure incurred during the research stage is recognised in profit or loss when incurred.

Expenditures during the development stage are recognised as intangible assets if both of the following conditions are met, and expenditures during the development stage that do not meet the following conditions are recognised in the current profits and losses:

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

17. INTANGIBLE ASSETS (Continued)

17.2 Research and development expenditures (Continued)

If it is not possible to distinguish between research stage expenditures and development stage expenditures, all research and development expenditures incurred are recognised in the current profits and losses. The cost of intangible assets resulting from internal development activities includes only the total amount of expenditure incurred from the point at which the capitalisation condition is met until the intangible asset reaches its intended use. No adjustment is made to the expenditure that has been expensed to profit or loss before the capitalisation condition is met for the same intangible asset in the development process.

18. 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.

19. IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

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

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

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

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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

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

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

20. 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 fulfil the relevant current obligations, with reference to 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.

21. EMPLOYEE REMUNERATIONS

Employee remunerations refers to the remuneration or compensation in various forms provided by the Group to obtain 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

21. EMPLOYEE REMUNERATIONS (Continued)

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.

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

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

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

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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

21. EMPLOYEE REMUNERATIONS (Continued)

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

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

22. 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 grant date, with a corresponding increase in capital reserve.

23. 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. When the par rate of a bond is close to the effective interest rate and the amount of premium or discount is small, the Group uses the simplified method to amortise the amount of premium or discount equally over the life of the bond.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

24. 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. When determining the transaction price, the Group considers the impact of variable consideration, significant financing components in the contract, non-cash consideration, and customer consideration payable.

The Group's contracts (agreements, orders, etc.) with its customers usually specify the content and price of the services, which may consist of a single logistics step or involve multiple logistics steps. When multiple logistics steps are involved, the Group considers whether to treat them as a single performance obligation with reference to factors such as the degree of interconnectedness and dependence of the various logistics steps.

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, with reference to 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).

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

24. REVENUE RECOGNITION (Continued)

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.

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.

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: (1) The customer acquires and consumes the economic benefits from the Group's performance as the Group performs; (2) The customer is able to control the goods under construction in the Group's performance; (3) 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's logistics, e-commerce, and agency and its related businesses based on the identity of the principally liable person usually are point-to-point logistic services to clients; customers obtain and consume the economic interests brought by the performance at the same time of the Group's performance. 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 Group recognises revenue for its agency and related businesses carried out in the role of an agent when the relevant agency act is completed.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

24. 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. For agency and related businesses, the Group determines whether it is the primary liable person or an agent by considering primarily whether it has assumed corresponding risks and responsibilities. If the Group is the primary liable person, revenue is recognised on the basis of the total consideration received or receivable; otherwise, the Group is an agent and recognises revenue on the basis of the amount of commission or fee to which it expects to be entitled, which is determined either on the basis of the net amount of the total consideration received or receivable after deducting the price due to other related parties or on the basis of an established amount or percentage of the commission, among other things.

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. 11. 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.

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.

The cost of performing a contract

Costs incurred by the Group to perform a contract, which is outside the scope of 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.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

25. 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 or offset related costs 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

26. BORROWING COSTS

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

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

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

27. INCOME TAXES

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

27.1 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.

27.2 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.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

27. INCOME TAXES (Continued)

27.2 Deferred tax assets and deferred tax liabilities (Continued)

Generally, all temporary differences are recognised for related deferred income tax purposes. However, for deductible temporary differences, the Group recognises a related deferred tax asset to the extent that it is more likely than not that the Group will be able to realize the taxable income used to offset the deductible temporary differences. In addition, related deferred income tax assets or liabilities are not recognised for temporary differences that relate to the initial recognition of goodwill and to the initial recognition of assets or liabilities arising from transactions that are not business combinations, when they occur, do not affect accounting profit and taxable income (or deductible losses) and do not result in equal 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.

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

27. INCOME TAXES (Continued)

27.3 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 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.

28. FOREIGN CURRENCY OPERATIONS AND TRANSLATION OF FOREIGN CURRENCY STATEMENTS

28.1 Foreign currency operations

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

At the balance sheet date, monetary items denominated in foreign currencies are translated into those in functional currency using the spot exchange rate at that date, and exchange differences resulting from differences between the spot exchange rate at that date and the spot exchange rate at initial recognition or at the previous balance sheet date, except (1) Exchange differences on foreign currency special borrowings eligible for capitalisation are capitalised to the cost of the related assets during the capitalisation period; (2) Exchange differences on hedging instruments that are hedged to avert the foreign exchange risk 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, except for those arising from changes in book balance other than the amortised cost, which is 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 "Translation difference of the financial statements in foreign currency" under 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 functional currency amount translated at the spot exchange rate at the date of the transaction. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate at the date the fair value is determined, and the difference between the functional 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 other comprehensive income.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

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

28.2 Translation of foreign currency statements

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 statement of financial position are translated at the spot exchange rate at the balance sheet date; equity items are translated at the spot exchange rate at the time of occurrence; all items in the statement of profit or loss and other comprehensive income and those items reflecting the occurrence of profit distribution are translated at the exchange rate approximate to 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 exchange rate approximate to 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”.

Closing balances of the prior year and prior year actuals are presented in accordance with the amounts translated from the prior year’s financial statements.

Upon the disposal of the Group’s entire shareholder’s equity in a foreign operation or the loss of control over the foreign operation due to the disposal of a portion of the equity investment or otherwise, the translation differences of the financial statements in foreign currency that are shown under other comprehensive income in the statement of financial position and that are related to that foreign operation and attributable to the shareholders’ equity of the Company are transferred in full to profit or loss for the period of disposal.

Where the disposal of a portion of an equity investment or otherwise results in a reduction in the proportion of equity interest held in a foreign operation but without loss of control over the foreign operation, the translation differences of the financial statements in foreign currency 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 disposed of is part of the equity in an associate or joint venture, the translation differences of the financial statements in foreign currency related to that foreign operation are transferred to profit or loss for the period of disposal in proportion to the disposal of the foreign operation.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

29. 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.

29.1 The Group as lessee

29.1.1 Separation of leases

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

29.1.2 Right-of-use asset

With the exception of short-term leases and leases of low-value assets, the Group recognises right-of-use assets for leases at the start date of the lease term. The start date of the lease term 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 amount of the lease liability.
- Lease payments made on or before the start date of the lease term, less the amount of lease incentives already enjoyed, if any.
- Initial direct costs incurred by the Group.
- The Group's costs are expected to be incurred from dismantling and removing the leased asset, rehabilitating the site where the leased asset is located, or restoring the leased asset to the condition agreed under the terms of the lease.

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 it is reasonably certain that the Group will obtain ownership of a leased asset 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.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

29. LEASES (Continued)

29.1 The Group as lessee (Continued)

29.1.3 Lease liabilities

Except for short-term leases and leases of low-value assets, the Group initially measures the lease liability at the start date 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 interest rate implicit in the lease as the discount rate and, where the interest rate implicit in the lease 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, including:

- Fixed payments and substantive fixed payments, net of amounts related to lease incentives if lease incentives exist.
- Variable lease payments that depend on an index or rate.
- The exercise price of the purchase option if the Group reasonably determines that the purchase option will be exercised.
- The amount to be paid to exercise the lease termination option if the lease term reflects that 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 start date of the lease term. 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

29. LEASES (Continued)

29.1 The Group as lessee (Continued)

29.1.3 Lease liabilities (Continued)

After the lease term starts, the Group remeasures 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 appraisal result of the purchase option, the Group remeasures the lease liability at the present value of the changed lease payments and the revised discount rate;
- Where there is a change in the amount expected to be payable based on the residual value of guarantees or in the index or rate used to determine the lease payments, the Group remeasures the lease liability at the present value of the changed lease payments and the original discount rate. Where changes in the lease payments result from changes in floating interest rates, the revised discount rate is used.

29.1.4 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.

29.1.5 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 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 the Group reapportions the consideration for the changed contract at the effective date of the lease modification, redetermines the lease term, and remeasures the lease liability at the present value of the modified lease payments and the revised discount rate.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

29. LEASES (Continued)

29.1 The Group as lessee (Continued)

29.1.5 Lease modification (Continued)

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

29.2 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 lease term, 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 capitalised and amortised over the lease term on the same basis as rental income recognition and are recognised in the current profits and losses.

29.2.1 Separation of leases

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

29.2.2 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.

29.2.3 The Group records operating lease business as a lessor

During each period over 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 capitalised as incurred and are amortised over the lease term on the same basis as rental income recognition and charged to profit or loss for the corresponding period.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in lease receipts are charged to profit or loss for the period when they are incurred.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

29. LEASES (Continued)

29.2 The Group as lessor (Continued)

29.2.4 The Group records finance lease business as a lessor

At the start date 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 lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the start date of the lease term, discounted at the interest rate implicit in the lease.

Lease receipts represent amounts that the Group shall receive from lessees in connection with the assignment of the right to use a leased asset during the lease term, including:

- Fixed payments and substantive fixed payments are to be paid by the lessees less the amount related to lease incentives, if lease incentives exist.
- 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.
- The amount to be paid by the lessee to exercise the 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 receipts that are index- or rate-dependent are determined at initial measurement based on an index or rate at the start date of the lease term. Variable lease receipts that are not included in the net lease investment measurement are charged to profit or loss for the period when they are incurred.

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

29.2.5 Sublease

The Group, as a sublease lessor, accounts for the original lease and sublease contracts 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.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

29. LEASES (Continued)

29.2 The Group as lessor (Continued)

29.2.6 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 in advance or receivable 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 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 lease investment before 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 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

29. LEASES (Continued)

29.3 Sale and leaseback transactions

29.3.1 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 meanwhile 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 asset transfer is a sale, the Group measures the right-of-use asset resulting from the sale and leaseback based on 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.

29.3.2 The Group as buyer and lessor

Where the asset transfer 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 amount of the transfer proceeds, 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 asset transfer 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.

30. NON-CURRENT ASSETS OR DISPOSAL GROUPS HELD FOR SALE

30.1 Recognition criteria and accounting treatment methods for non-current assets or disposal groups classified as 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 or disposal groups held for sale at the lower of their book value or fair value less selling expenses. If the book value is higher than the fair value less selling expenses, the book value is written down to the fair value less selling expenses, and the amount of the write-down is recognised as an impairment of assets in the current profits and losses. An impairment provision is also made for held-for-sale assets. 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 impairment amounts of the assets recognised after classification as held for sale, and the reversed amount is recognised in the current profits and losses.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

30. NON-CURRENT ASSETS OR DISPOSAL GROUPS HELD FOR SALE (Continued)

30.1 Recognition criteria and accounting treatment methods for non-current assets or disposal groups classified as held for sale (Continued)

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

Equity investments in associates or joint ventures are classified in whole or in part as held-for-sale assets, 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.

30.2 Recognition criteria and presentation method for discontinued operations

Discontinued operations refer to the separately identifiable components of the Group that meet one of the following conditions and have been disposed of or classified as held for sale:

- (1) The component represents either a separate major line of business or a geographical area of operations.
- (2) The component is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.
- (3) The component is a subsidiary acquired exclusively with a view to resale.

The profit and loss of discontinued operations are presented separately from the profit and loss of continuing operations in the statement of comprehensive income. The impairment losses and reversal amounts of discontinued operations, as well as other operating and disposal gains and losses, are presented as discontinued operations. For the discontinued operations presented in the current period, the Group re-presents the information originally presented as the profit and loss of continuing operations in the current financial statements as the profit and loss of discontinued operations for the comparable accounting period.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

31. 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] jointly issued by the Ministry of Finance and the Ministry of Emergency Management on 13 December 2022, the Group extracts safety production costs which will be credited to the cost of relevant products or current profits and losses, and at the same time be transferred to the special reserve. When the extracted safety production costs are used as expenses, they are directly deducted from the special reserve. When the extracted 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 cost of the fixed assets is deducted from the special reserve, and the same amount of accumulated depreciation is recognised. Such fixed assets are not depreciated in subsequent periods.

32. 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 substantially all the risks and rewards of ownership of the relevant financial asset have been transferred, the corresponding financial asset is derecognised. If substantially all the risks and rewards of ownership of the relevant financial asset have not been transferred but have been retained, the financial asset is not derecognised. If substantially all the risks and rewards of ownership of the relevant financial asset have been neither 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 the financial asset meets the criteria for derecognition of the whole financial asset, the difference between the consideration received for the transfer and the corresponding book value is 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 is apportioned between the part that is derecognised and the part that is not derecognised based on the relative fair value of each part, and the part that is derecognised is treated based on the apportioned book value and with reference to the overall transfer treatment. If the conditions for derecognition are not met, the consideration received is recognised as a financial liability.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

33. 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 asset, 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 asset, 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 plus the relevant tax payable is used as the initial measurement amount of the exchange-in 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 asset, the book value of the exchange-out asset plus the relevant tax payable is used as the initial measurement amount of the exchange-in asset; for the exchange-out asset, no gain or loss is recognised upon derecognition.

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

Where multiple assets are exchanged simultaneously in a non-monetary asset exchange that is measured at fair value, the net amount of the total fair value of the exchange-out assets less the fair value of the exchange-in financial assets is apportioned according to the relative proportion of the fair value of each exchange-in asset other than the exchange-in financial assets, and the amount apportioned to each exchange-in asset plus the relevant tax payable is initially measured as the cost of each exchange-in asset. If 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 tax payable are initially measured as 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 according to the relative proportion of the fair value of each exchange-in asset, and the amount apportioned plus the relevant tax 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 according to the relative proportion or other reasonable proportion of the original book value of each exchange-in asset.

Where multiple assets are given up simultaneously in a non-monetary asset exchange 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 the 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 according 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 the non-monetary asset exchange is measured at book value, no gain or loss is recognised on the derecognition of each exchange-out asset.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

34. DEBT RESTRUCTURING

34.1 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 by the Group 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.

For a debt restructuring in the form of modifying other terms, the restructured debt shall be recognised and measured by the Group in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and *Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments*.

If a debt restructuring is carried out by using multiple assets to pay off debts or by means of 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.

34.2 Recording debt restructuring obligations as a creditor

For debt restructuring through the use of assets to settle debts or the conversion of debts into equity instruments, the Group recognizes the relevant assets when they meet their definition and recognition criteria.

For a 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 creditors' rights and other costs directly attributable to the assets, such as taxes, transportation costs, handling charges, insurance premiums, etc., incurred to enable the assets to reach their current position and state. The cost of an investment in an associate or joint venture includes the fair value of the abandoned creditors' rights and other costs directly attributable to the asset, such as taxes. The cost of investment properties includes the fair value of the abandoned creditors' 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 creditors' rights and other costs directly attributable to the asset, such as taxes, transportation costs, handling charges, installation costs, and professional services fees, incurred before making the asset available for intended use. The cost of a biological asset includes the fair value of the abandoned creditors' 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 the abandoned creditors' rights and other costs that are directly attributable to the asset such as taxes, incurred before making the asset available for the intended use. The difference between the fair value and the book value of the abandoned creditors' rights should be recognised in the current profits and losses.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

34. DEBT RESTRUCTURING (Continued)

34.2 Recording debt restructuring obligations as a creditor (Continued)

When a debt restructuring that converts debt into an equity instrument results in the Group converting creditor's rights 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 abandoned creditors' rights and other costs directly attributable to the asset, such as taxes. The difference between the fair value and the book value of the abandoned creditors' rights is recognised in the current profits and losses.

For a debt restructuring in the form of modifying other terms, the creditor's rights restructured shall be recognised and measured by the Group in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*.

If a debt restructuring is carried out by using multiple assets to pay off debts or by means of a combination, firstly, the transferred financial assets and creditor's rights restructured are recognised and measured in accordance with the *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 creditors' rights after deducting the recognised amounts of the transferred financial assets and the creditor's rights restructured 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 creditors' rights is recognised in the current profits and losses.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

V. CRITICAL JUDGMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES

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 judgments, estimates, and assumptions are reviewed by the Group regularly. The effects are recognised in the period in which an estimate is revised if the revision to the accounting estimate 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 balance sheet date, 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 future periods are as follows:

1.1 Derecognition of transfers of financial assets

The Group transfers financial assets in the normal course of business through conventional transactions, asset securitisation or other methods. The Group is required to make significant judgments and estimates in the process of determining whether or not all of the transferred financial assets can be derecognised.

Where the Group transfers financial assets to a special purpose vehicle through a structured transaction, the Group analyses and assesses whether the relationship with the special purpose vehicle substantially demonstrates that the Group has control over the special purpose vehicle and therefore consolidation is required. The judgment of consolidation will determine whether the derecognition analysis should be performed at the level of the consolidation entity, or at the level of the single entity from which the financial assets are transferred.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

V. CRITICAL JUDGMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES (CONTINUED)

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

1.1 Derecognition of transfers of financial assets (Continued)

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

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

1.2 Recognition of expected credit losses

Significant increase in credit risk: In assessing 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 portfolio or the reclassification of assets into an existing portfolio to better reflect the similar credit risk characteristics of such assets.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

V. CRITICAL JUDGMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES (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 expected credit losses on financial assets. The Group determines the most applicable model for each class of financial assets and the assumptions used to determine these models through judgment, including those assumptions 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 based on historical data, assumptions, and expectations of future conditions.

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

1.3 Goodwill impairment

As at 31 December 2023, the book value of goodwill was RMB2,041,548,400.08. 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 portfolio and to estimate the future cash flow of the asset group or asset group portfolio. At the same time, it is necessary to determine a pre-tax interest rate that appropriately reflects the time value of money in the current market and asset-specific risks. All these matters involve the judgment of the management.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

V. CRITICAL JUDGMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES (CONTINUED)

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

1.4 Recognition of deferred income tax

The Group recognises deferred tax assets for all unused deductible temporary differences and deductible losses to the extent of the sufficient taxable income used to deduct deductible temporary differences and deductible losses that are likely to be obtained in the future. This requires the management of the Group to use a large number of judgments to estimate the time and amount of future taxable income, and to determine the amount of deferred tax assets that should be recognised by taking into account tax planning strategies.

The Group operates in many countries and regions and withdraws 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 tax liabilities in accordance with the requirements of relevant state agencies, the Group's development strategy, and the distribution plan of retained earnings of subsidiaries, associates, and joint ventures, as well as the provisions of the relevant tariff law. If the actual distribution of future profits exceeds expectations, the corresponding deferred tax liabilities will be recognised and recorded in profits and losses at the earlier of the change of the distribution plan and the announcement of profit distribution.

1.5 Impairment of long-term equity investments

As at 31 December 2023, the book value of the Group's investment in associates amounted to RMB5,058,019,352.84 (1 January 2023: RMB4,447,134,308.91); the book value of the Group's investment in joint ventures as at 31 December 2023 amounted to RMB4,079,445,991.01 (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 values reflect the assumptions that market participants use to price related assets or liabilities.

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

V. CRITICAL JUDGMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES (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 estimated 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 and 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 asset group 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 discounted using a discount rate. The 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 judgments to determine the lease term of the lease contract. The assessment of whether it is reasonably certain that the Group will exercise this option affects the length of the lease term, which in turn has a significant impact on the amount of the 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 considered to be highly unlikely to result in an outflow of economic benefits, are disclosed in Note XII. The management uses judgments to determine whether provisions should be made for related legal disputes or whether they should be disclosed as contingent liabilities.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 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 an enterprise's 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 financial statements for the current year in accordance with the above requirements. The relevant provisions of the Interpretation 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 have exerted the following effect on the Group and the Company:

Effect on the Group:

Consolidated statement of financial position

Item	1 January 2022			1 January 2023		
	Before adjustment	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment
Assets	—	—	—	—	—	—
Deferred tax assets	259,684,586.35	27,960,530.45	287,645,116.80	225,527,597.75	27,279,691.22	252,807,288.97
Liabilities	—	—	—	—	—	—
Deferred tax liabilities	179,851,893.45	7,048,131.70	186,900,025.15	191,106,639.11	2,728,432.28	193,835,071.39
Shareholders' equity	—	—	—	—	—	—
Undistributed profits	18,088,954,115.92	20,058,312.25	18,109,012,428.17	19,787,144,532.99	23,952,939.18	19,811,097,472.17
Non-controlling interests	2,061,189,500.01	854,086.50	2,062,043,586.51	2,124,675,791.39	598,319.76	2,125,274,111.15

Note: The above table presents only the Group's statement items (excluding total line items) affected by the aforementioned changes in accounting policies. The amounts before adjustment have included those retrospectively adjusted for the current year's business combinations of Beijing Sinotrans Automobile Transportation Company (hereinafter referred to as "Beijing Automobile Transportation"), LONG TREND TRANSPORTATION LIMITED (hereinafter referred to as "LONG TREND COMPANY"), and China Yangtze River Shipping Co., Ltd. (hereinafter referred to as "Yangtze River Company") under common control.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 EFFECTS (Continued)

Consolidated statement of profit or loss and other comprehensive income

Item	Before adjustment	FY 2022	
		Adjustment	After adjustment
Less: Income tax expenses	971,177,788.74	-3,638,860.19	967,538,928.55
Net profit attributable to shareholders of the Company (net loss denoted by "-")	4,075,298,329.16	3,894,626.93	4,079,192,956.09
Profit or loss attributable to non-controlling interests (net loss denoted by "-")	197,009,607.14	-255,766.74	196,753,840.40
Net profit from continuing operations (net loss denoted by "-")	4,272,307,936.30	3,638,860.19	4,275,946,796.49

Note: The above table presents only the Group's statement items (excluding total line items) affected by the aforementioned changes in accounting policies. The amounts before adjustment have included those retrospectively adjusted for the current year's business combinations of Beijing Automobile Transportation, LONG TREND COMPANY, and Yangtze River Company under common control.

Effect 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 recognised because the Company's management determined that sufficient taxable income would not be available to offset the deductible losses in future periods. In retrospectively recognising deferred tax assets that arise from 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 the Interpretation of Accounting Standards for Business Enterprises 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 recognising 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 policies had no impact on the Company's statements of financial position as of 1 January 2022 and 1 January 2023 and the statement of profit or loss and other comprehensive income for the year 2022.

2. CHANGES IN ACCOUNTING ESTIMATES AND EFFECTS

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

3. CORRECTION OF PRIOR ERRORS AND IMPACT

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

4. OTHER ADJUSTMENTS

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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VII. TAXES

1. MAIN TAX CATEGORIES AND RATES

Tax categories	Tax bases	Tax rates
Value-added tax	Taxable value-added amount (the balance of the output tax less deductible input tax)	0%, 3%, 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 area of the land occupied	0.6-30 RMB/m ²
Enterprise income tax (Note)	Taxable income	0-38%

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

Country or region	Applicable income tax rate
Hong Kong, China	16.50%
Japan	38%
South Korea	20.90%
Belarus	18%
Netherlands	25.80%

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 of the Ministry of Finance, the State Taxation Administration and National Development and Reform Commission on the Continuation of Enterprise Income Tax Policy for Western Development (the Ministry of Finance Announcement No. 23 of 2020), from 1 January 2021 to 31 December 2030, the enterprises established in Western China whose main business is the industrial projects specified in the Catalogue of Encouraging Industries in Western China and whose main business revenue accounts for more than 60% of the total revenue of the enterprises may pay their enterprise income tax at the reduced tax rate of 15%. During the reporting period, some branches and subsidiaries of the Group located in Western China enjoyed a preferential income tax rate of 15%.
- (2) According to the regulations of the Announcement on Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises (the Ministry of Finance and the State Taxation Administration Announcement No. 13 of 2022) and the Announcement of the Ministry of Finance and the State Taxation Administration 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), and the Announcement of the Ministry of Finance and the State Taxation Administration on Tax Policies to Further Support the Development of Small and Micro Enterprises and Individual Businesses (the Ministry of Finance and the State Taxation Administration Announcement No. 12 of 2023), from 1 January 2022 to 31 December 2027, the portion exceeding RMB1 million but not exceeding RMB3 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 the enterprise income tax at a rate of 20%; from 1 January 2023 to 31 December 2027, the portion not exceeding RMB1 million of the annual taxable income of small and micro-profit enterprises is included in the taxable income at a reduced percentage of 25% and subject to the enterprise 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 aforementioned 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 of the People's Republic of China, any dividends, bonuses, and other equity investment gains between resident enterprises are exempted from the enterprise income tax. The Group is exempted from the enterprise income tax on dividends, bonuses and other equity investment gains between resident enterprises.
- (4) In accordance with 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 "China Merchants Great Stone") are exempted from the enterprise income tax.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VII. TAXES (CONTINUED)

2. SIGNIFICANT 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) (the State Taxation Administration Announcement [2015] No. 40) on the application of special tax treatment, during the reporting period, the Group met 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 Ministry of Finance and 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 the VAT.
- (2) According to the Interim Measures for the Administration of Value-added Tax Collection on the Provision of Real Estate Operation and Lease Services by Taxpayers, general taxpayers may choose to apply the simplified tax method to the leasing of their properties acquired before 30 April 2016 and calculate the tax payable at a tax rate of 5%. During the reporting period, the Group's real estate leasing business that met the aforesaid conditions was subject to the value-added tax at a rate of 5%.
- (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 the VAT. The aviation ground services, port and terminal services, freight and passenger yard services, salvage and rescue services, loading and unloading services provided by taxpayers to foreign units engaged in international transportation and Hong Kong, Macao, and Taiwan transportation business are logistics auxiliary services consumed entirely outside China when they stop at China's airports, terminals, stations, airspace, inland waterways and sea areas. Subsidiaries of the Group engaged in the above business are entitled to this tax benefit.
- (4) According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies to Deepen the VAT Reform (the Ministry of Finance, the State Taxation Administration and the General Administration of Customs Announcement No. 39 of 2019) and the Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Policies on VAT Reduction and Exemption for VAT Small-Scale Taxpayers (the Ministry of Finance and the State Taxation Administration Announcement No. 1 of 2023), from 1 January 2023 to 31 December 2023, taxpayers in the productive services industry 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

VII. TAXES (CONTINUED)

2. SIGNIFICANT TAX PREFERENCES AND APPROVALS (Continued)

2.3 Other taxes

- (1) According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Relevant Tax Policies to Further Support the Development of Small and Micro Enterprises and Individual Businesses (Announcement No. 12 of the Ministry of Finance and the State Administration of Taxation), from January 1, 2023 to December 31, 2027, the resource tax (excluding water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding securities transaction stamp duty), cultivated land occupation tax and education surcharge, local education surcharge will be halved for small-scale VAT taxpayers, small low-profit enterprises and individual businesses. Some subsidiaries of the Group enjoyed the above-mentioned 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 (the Ministry of Finance and the State Taxation Administration Announcement No. 5 of 2023), 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.
- (3) According to the Notice of the Ministry of Finance and the State Taxation Administration on Continuing the Implementation of Preferential Policies on the Property Tax and Urban Land Use Tax for Agricultural Products Wholesale Markets and Agricultural Trade Markets (Cai Shui [2019] No. 12) and the Announcement on Extending the Period for the Implementation of Some Preferential Tax Policies (the Ministry of Finance and the State Taxation Administration Announcement No. 4 of 2022), from 1 January 2019 to 31 December 2023, the property tax and urban land use tax are provisionally exempted for the properties and land (including those owned and leased, the same below) specifically used for the operations of agricultural products in the agricultural products wholesale markets and agricultural trade markets. If at the same time, the properties and land are used for the operations of other products in the agricultural products wholesale markets and agricultural trade markets, the levy and exemption of the property tax and urban land use tax is determined based on the ratio of the area for trading other products to the area for trading agricultural products. Certain subsidiaries of the Group were entitled to the above tax incentives during the reporting period.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

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

No.	Name	Grade	Enterprise type	Place of registration	Main business location	Nature of business	Paid-in capital	Total shareholding ratio of the Group (%)	Total voting ratio of the Group (%)	Acquisition method	Remark
1	Sinotrans South China Co., Ltd.	2nd	1	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Freight forwarding, logistics and storage and terminal services	1,349,668,931.90	100.00	100.00	1	—
2	Sinotrans Eastern Company Limited	2nd	1	Shanghai	Shanghai	Freight forwarding, logistics and storage and terminal services	1,120,503,439.18	100.00	100.00	1	—
3	Sinotrans Air Transport Development Co., Ltd.	2nd	1	Beijing	Beijing	Air freight forwarding and courier services	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	969,665,712.00	89.00	89.00	1	—
5	Sinotrans Central China Co., Ltd.	2nd	1	Qingdao, Shandong Province	Qingdao, Shandong Province	Freight forwarding, logistics and storage and terminal services	645,339,941.77	100.00	100.00	1	—
6	Sinotrans Chemical International Logistics Co., Ltd.	2nd	1	Shanghai	Shanghai	Integrated logistics	339,554,483.66	59.20	59.20	1	—
7	Sinotrans Fujian Co., Ltd.	2nd	1	Xiamen, Fujian Province	Xiamen, Fujian Province	Freight forwarding, storage and terminal services and others	223,257,965.92	100.00	100.00	1	—
8	Trade Sky International Limited	2nd	3	HKSAR	Xiamen, Fujian Province	Transportation	171,374,160.00	100.00	100.00	1	—
9	Sinotrans North China Co., Ltd.	2nd	1	Tianjin	Tianjin	Freight forwarding	140,193,047.50	100.00	100.00	1	—
10	Sinotrans Hubei Company Limited	2nd	1	Wuhan, Hubei Province	Wuhan, Hubei Province	Freight forwarding and logistics	120,000,000.00	100.00	100.00	1	—
11	Sinotrans Heavy-lift Logistics Co., Ltd.	2nd	1	Jinan, Shandong Province	Jinan, Shandong Province	Lifting and transportation	103,600,000.00	100.00	100.00	3	—
12	Wide Shine Development Limited	2nd	3	HKSAR	HKSAR	Container leasing	79,287,945.35	100.00	100.00	2	—
13	Sinotrans Northeast Co. Ltd	2nd	1	Dalian, Liaoning Province	Dalian, Liaoning Province	Freight forwarding and logistics	150,000,000.00	100.00	100.00	1	—
14	China Marine Shipping Agency Co., Ltd.	2nd	1	Beijing	Beijing	Freight forwarding	30,000,000.00	100.00	100.00	1	—
15	Sinotrans Chongqing Co., Ltd.	2nd	1	Chongqing	Chongqing	Freight forwarding	60,869,000.00	100.00	100.00	1	—
16	Sinotrans Brazil Logistics Co., Ltd.	2nd	3	Brazil	Brazil	Integrated logistics	2,065,554.43	100.00	100.00	1	—
17	Sinotrans (HK) Logistics Limited	2nd	3	HKSAR	HKSAR	Freight forwarding and logistics	530,557.66	100.00	100.00	2	—
18	Sanawat Al-Khier Company For General Trading And Marine Services	2nd	3	Iraq	Iraq	Integrated logistics	292,842.00	100.00	100.00	1	—

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 YEAR (Continued)

No.	Name	Enterprise Grade	Enterprise type	Place of registration	Main business location	Nature of business	Paid-in capital	Total shareholding ratio of the Group (%)	Total voting ratio of the Group (%)	Acquisition method	Remark
19	Sinotrans Logistics Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	1,346,761,911.29	100.00	100.00	2	—
20	Sinotrans Innovative Technology Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Integrated logistics	100,000,000.00	100.00	100.00	1	—
21	Sinotrans Cold Chain Logistics Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	66,000,000.00	100.00	100.00	1	—
22	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Belarus	Logistics	701,410,000.00	42.00	100.00	1	—
23	Sinotrans Logistics Investment Holdings Co., Ltd.	2nd	1	Beijing	Beijing	Logistics	433,110,000.00	100.00	100.00	2	—
24	SE LOGISTICS HOLDING B.V.	2nd	3	Netherlands	Netherlands	Logistics	7,780.50	100.00	100.00	3	—
25	Sinotrans Overseas Development Co., Ltd.	2nd	3	HKSAR	HKSAR	Freight forwarding	10,611.78	100.00	100.00	1	—

Note: (1) 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.

Description of the discrepancy between the shareholding ratio held in subsidiaries and the voting ratio: 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 Co., Ltd., (hereinafter referred to as “Sinotrans Logistics Ltd.”) with shareholdings of 58% and 42% respectively. Under the Equity Escrow Agreement of China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd. entered into between the Company and China Merchants Yingkai, China Merchants Yingkai entrusted the Company with the exercise of voting rights corresponding to 58% of the shares in its sole discretion, and the Group was able to dominate the relevant activities of China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd. and enjoy variable returns, and therefore included it in the scope of consolidation.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. BUSINESS COMBINATIONS UNDER COMMON CONTROL

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

Name of the combined party	Proportion of equity acquired in business combination	Basis for forming a business combination under common control	Combination date	Basis for determining the combination date	Revenue of the combined party from the beginning of the combination year to the combination date	Net profit of the combined party from the beginning of the combination year to the combination date	Revenue of the combined party for the comparative period	Net profit of the combined party for the comparative period
Beijing Sinotrans Automobile Transportation Company	100%	Note 1	1 January 2023	Note 1	-	-	376,672.56	-487,453.99
LONG TREND TRANSPORTATION LIMITED	100%	Note 2	1 July 2023	Note 2	496,499.36	-57,168.18	462,517.65	-858,498.91
China Yangtze River Shipping Co., Ltd.	100%	Note 3	1 July 2023	Note 3	261,596,256.02	30,379,414.97	475,938,284.14	33,199,292.70

Note 1: 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.

Note 2: SINOTRANS (HK) LOGISTICS LIMITED (hereinafter referred to as "SINOTRANS (HK) HOLDINGS"), a subsidiary of the Group, entered into the State-owned Property Rights Transfer Agreement with Sinotrans (Shenzhen) Co., Ltd. and SINOTRANS GUANGDONG (HK) LIMITED in June 2023 to acquire 100% equity interest in LONG TREND COMPANY at RMB3,204,101.12. SINOTRANS (HK) HOLDINGS and LONG TREND COMPANY 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 July 2023, SINOTRANS (HK) HOLDINGS, Sinotrans (Shenzhen) Co., Ltd. and SINOTRANS GUANGDONG (HK) LIMITED had completed the necessary procedures for the handover of the property, and the date of the combination was determined to be 1 July 2023.

Note 3: In order to foster the synergy of container transportation operations in the Yangtze River Basin and to harness complementary strengths, the Group implemented business integration with China Yangtze Shipping Group Co., Ltd. Sinotrans Changjiang Co., Ltd. (hereinafter referred to as "Sinotrans Changjiang Company"), a wholly-owned subsidiary of the Group, acquired 100% equity interest in Yangtze River Company held by Shanghai Changjiang Shipping Corporation (hereinafter referred to as "Changjiang Shipping Corporation") which is the entity operating China Yangtze Shipping Group Co., Ltd.'s container transportation business in the Yangtze River Basin, by way of capital increase and share expansion (increasing the paid-in capital of RMB106,663,228 and accounting for 11% of the paid-in capital of Sinotrans Changjiang Company after the transaction). Upon the completion of the transaction, Changjiang Shipping Corporation held 11% equity interest in Sinotrans Changjiang Company, and the Group's shareholding in Sinotrans Changjiang Company changed to 89%. Sinotrans Changjiang Company and Yangtze River Company 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 July 2023, the parties to the transaction had completed the approval of the transaction, the signing of the agreement, and the necessary procedures for the handover of the property, and the date of the combination was determined to be 1 July 2023.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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	LONG TREND TRANSPORTATION LIMITED	China Yangtze River Shipping Co., Ltd.
- Cash	936,000.00	3,204,101.12	-
- Book value of non-cash assets	-	-	137,408,373.19 (Note)
- Par value of equity securities issued	-	-	-
- Contingent consideration	-	-	-
Total consolidated costs	936,000.00	3,204,101.12	137,408,373.19

Note: As described in Note VIII. 2. (1), Sinotrans Changjiang Company, a wholly-owned subsidiary of the Group, acquired 100% equity interest in Yangtze River Company held by Changjiang Shipping Corporation by way of capital increase and share expansion. Changjiang Shipping Corporation held an 11% equity interest in Sinotrans Changjiang Company after the completion of the capital increase. In light of this, the consolidated costs of the Group were presented at 11% of its share of net assets of Sinotrans Changjiang Company at the combination date.

The Group's business combination transaction described above did not involve contingent consideration arrangements.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

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

Item	Beijing Sinotrans Automobile Transportation Company		LONG TREND TRANSPORTATION LIMITED		China Yangtze River Shipping Co., Ltd.	
	The combination date	The end of the prior year	The combination date	The end of the prior year	The combination date	The end of the prior year
Assets:	7,541,512.85	7,541,512.85	3,965,323.42	4,248,158.25	637,293,559.29	637,654,650.09
Cash and bank balances	4,198,807.34	4,198,807.34	3,620,126.70	4,125,527.24	175,513,550.05	222,003,819.86
Including: Deposits with finance companies	3,198,807.34	3,198,807.34	-	-	128,700,739.75	141,904,816.06
Accounts receivable	-	-	190,771.44	116,678.74	99,474,569.27	65,790,302.49
Receivables financing	-	-	-	-	10,462,008.79	6,198,432.17
Prepayments	-	-	-	-	4,218,772.34	8,607,083.41
Other receivables	42,460.49	42,460.49	149,362.85	-	125,660,878.26	104,862,018.07
Inventories	-	-	-	-	8,856,521.16	8,873,014.87
Other current assets	5,395.64	5,395.64	-	-	3,997,410.40	4,585,999.30
Other equity instrument investments	-	-	-	-	3,403,291.97	3,403,291.97
Fixed assets	3,294,849.38	3,294,849.38	5,062.43	5,952.27	199,940,599.84	207,090,948.10
Right-of-use assets	-	-	-	-	3,042,229.20	3,380,254.74
Intangible assets	-	-	-	-	2,649,075.00	2,793,570.00
Deferred tax assets	-	-	-	-	74,653.01	65,915.11

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

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

Item	Beijing Sinotrans Automobile Transportation Company		LONG TREND TRANSPORTATION LIMITED		China Yangtze River Shipping Co., Ltd.	
	The combination date	The end of the prior year	The combination date	The end of the prior year	The combination date	The end of the prior year
Liabilities:	7,820,694.33	7,820,694.33	1,114,128.51	1,412,002.16	406,158,886.98	603,446,032.16
Accounts payable	-	-	-	-	78,128,448.89	139,482,924.17
Contract liabilities	-	-	2,290.25	-	2,764,456.21	2,362,989.07
Employee benefits payable	287,643.97	287,643.97	93,410.43	323,261.21	9,520,392.74	30,228,204.66
Taxes and dues payable	-	-	-	-	6,549,214.71	4,387,086.04
Other payables	7,533,050.36	7,533,050.36	1,018,427.83	1,088,740.95	294,253,752.86	411,324,181.54
Non-current liabilities due within one year	-	-	-	-	460,578.03	645,389.48
Lease liabilities	-	-	-	-	2,767,512.49	3,101,510.13
Long-term employee benefits payable	-	-	-	-	2,257,853.05	2,257,071.07
Estimated liabilities	-	-	-	-	990,000.00	990,000.00
Deferred income	-	-	-	-	8,466,678.00	8,666,676.00
Net assets	-279,181.48	-279,181.48	2,851,194.91	2,836,156.09	231,134,672.31	34,208,617.93
Less: Non-controlling interests	-	-	-	-	25,424,813.95	3,762,947.97
Net assets acquired	-279,181.48	-279,181.48	2,851,194.91	2,836,156.09	205,709,858.36 (Note)	30,445,669.96

Note: As described in Note VIII. 2. (1), Sinotrans Changjiang Company, a subsidiary of the Group, acquired 100% equity interest in Yangtze River Company held by Changjiang Shipping Corporation by way of capital increase and share expansion. Changjiang Shipping Corporation held an 11% equity interest in Sinotrans Changjiang Company after the completion of the capital increase. Therefore, net assets acquired by the Group were presented at 89% of the share of equity interest attributable to owners of the parent company according to the accounting books of the Yangtze River Company.

(4) The Group has not assumed any contingent liabilities of the combined party in the above business combination.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL

(1) Business combination not under common control that occurred during the year

Name of the acquiree	Point of acquisition of equity	Cost of acquisition of equity	Shareholding acquisition ratio	Acquisition method	Purchase date	Basis for determining the purchase date	Revenue of	Net profit	Net cash
							the acquiree from the purchase date to the end of the year	of the acquiree at the end of the year from the purchase date	flows from operating activities of the acquiree at the end of the year from the purchase date
MARK FAMOUS INVESTMENT LIMITED (including 100% equity interest in Hainan Datong Storage Co., Ltd.)	30 September 2023	142,033,029.22	100%	Cash acquisitions	30 September 2023	See notes for details	1,906,151.67	-569,618.85	-1,674,944.69
OCEAN LORD INVESTMENT LIMITED (including 100% equity interest in Xiamen Xunda Hongtong Storage Co., Ltd.)	30 September 2023	362,741,616.17	100%	Cash acquisitions	30 September 2023	See notes for details	6,061,222.95	1,621,260.06	1,951,589.10

Note: MARK FAMOUS INVESTMENT LIMITED (hereinafter referred to as "MARK FAMOUS COMPANY") and OCEAN LORD INVESTMENT LIMITED (hereinafter referred to as "OCEAN LORD COMPANY") are both wholly-owned subsidiaries of China Logistics Warehouse Holdings Limited. MARK FAMOUS COMPANY and Hainan Xunda Hongtong Storage Co., Ltd. (hereinafter referred to as "Hainan Xunda Company") jointly held 100% equity interest (80% held by MARK FAMOUS COMPANY and 20% held by Hainan Xunda Company) in Hainan Datong Storage Co., Ltd. (hereinafter referred to as "Datong Storage Company"). Datong Storage Company actually held and operated the JD (Hainan) Operation Centre Project. OCEAN LORD COMPANY and natural persons Yifan Zhang, Honglin Zhou, Kaiping Wang, Wenping Li, and Bin Shen (hereinafter collectively referred to as the "five natural person shareholders") jointly held 100% equity interest (80% held by OCEAN LORD COMPANY and 20% held by the five natural person shareholders) in Xiamen Xunda Hongtong Storage Co., Ltd. (hereinafter referred to as "Xiamen Xunda Storage Company"). Xiamen Xunda Storage Company actually held and operated the Xiamen E-commerce Logistics Industrial Park Project.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (Continued)

(1) Business combination not under common control that occurred during the year (Continued)

In order to acquire 100% property rights of the JD (Hainan) Operation Centre Project and the Xiamen E-commerce Logistics Industrial Park Project, Sinotrans Logistics Investment Holdings Co., Ltd. (hereinafter referred to as “Logistics Investment Company”), a subsidiary of the Group, entered into the Property Rights Transaction Contracts with China Logistics Warehouse Holdings Limited on 28 April 2023, for the acquisition of 100% equity interest in MARK FAMOUS COMPANY and 100% equity interest in OCEAN LORD COMPANY, respectively. It also entered into the Equity Transfer Contract for 20% equity interest in Hainan Datong Storage Co., Ltd. and the Equity Transfer Contract for 20% equity interest in Xiamen Xunda Hongtong Storage Co., Ltd. with Hainan Xunda Company and the five natural person shareholders on 15 September 2023, respectively.

In the aforesaid transactions, the ultimate purpose of the Group was to obtain full control over Datong Storage Company and Xiamen Xunda Storage Company, and all parties to the transactions recognised this purpose and designed the relevant transaction arrangements accordingly. Therefore, the Group treated the transaction for the acquisition of 100% equity interest in MARK FAMOUS COMPANY and 20% equity interest in Datong Storage Company and the transaction for the acquisition of 100% equity interest in OCEAN LORD COMPANY and 20% equity interest in Xiamen Xunda Storage Company as a single transaction for obtaining control, respectively, rather than as two transactions for obtaining control and acquiring non-controlling interests.

By 30 September 2023, the Group had completed the payment of the purchase price for acquiring 100% equity interest in MARK FAMOUS COMPANY and 100% equity interest in OCEAN LORD COMPANY, and the parties to the transactions had completed the transfer of management rights. The Group is able to dominate the relevant activities of MARK FAMOUS COMPANY and OCEAN LORD COMPANY from 30 September 2023 onwards and therefore, determines 30 September 2023 to be the purchase date.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (Continued)

(2) Consolidated costs and goodwill

Consolidated costs	MARK FAMOUS INVESTMENT LIMITED (including 100% equity interest in Hainan Datong Storage Co., Ltd.)	OCEAN LORD INVESTMENT LIMITED (including 100% equity interest in Xiamen Xunda Hongtong Storage Co., Ltd.)
- Cash	142,033,029.22	362,741,616.17
- Fair value of bonds issued or assumed	-	-
- Fair value of contingent consideration	-	-
- Purchase-date fair value of equity interest held prior to the purchase date	-	-
Total consolidated costs	142,033,029.22	362,741,616.17
Less: Share of the fair value of identifiable net assets acquired	134,866,413.45	318,299,522.37
Amount by which goodwill/consolidated cost is less than the share of the fair value of identifiable net assets acquired	7,166,615.77	44,442,093.80

Method for determining the fair value of consolidated costs: The consideration to be paid by the Group for the business combination transactions described in Note VIII. 3. (1) is all in cash, and as of 31 December 2023, the remaining consideration of RMB15,543,403.29 was unpaid according to the transaction arrangement. In order to safeguard its rights and interests, the Group has agreed on certain protective compensation arrangements for potential litigation, tax, compliance and other matters in the aforesaid business combination transactions, whereby the transferor will bear the relevant losses in the event of actual occurrence of specific risks. The Group holds that such arrangements do not constitute contingent consideration for the business combinations.

Completion of performance commitments: The aforementioned business combination transactions of the Group do not involve performance commitments of related parties.

Major reasons for the formation of significant goodwill: The Group has fully identified the identifiable assets and liabilities of MARK FAMOUS COMPANY and OCEAN LORD COMPANY at the purchase date. The goodwill arising from the acquisition of MARK FAMOUS COMPANY and OCEAN LORD COMPANY mainly resulted from the deferred income tax effect recognised in the business combination, and relevant details were described in Note VIII. 3. (3).

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (Continued)

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

Item	MARK FAMOUS INVESTMENT LIMITED (including 100% equity interest in Hainan Datong Storage Co., Ltd.)		OCEAN LORD INVESTMENT LIMITED (including 100% equity interest in Xiamen Xunda Hongtong Storage Co., Ltd.)	
	Fair value at the purchase date	Book value at the purchase date	Fair value at the purchase date	Book value at the purchase date
Assets:	171,868,167.64	104,251,653.31	392,944,664.97	192,921,287.41
Cash and bank balances	964,369.37	964,369.37	3,658,432.68	3,658,432.68
Accounts receivable	397,214.18	397,214.18	603,717.93	603,717.93
Prepayments	–	–	90,324.64	90,324.64
Other current assets	79,467.09	79,467.09	102,605.72	102,605.72
Investment properties	161,789,687.57	99,864,226.24	382,837,872.37	186,133,857.90
Fixed assets	8,637,429.43	2,946,376.43	5,651,711.63	2,332,348.54
Liabilities:	37,001,754.19	26,859,277.04	74,645,142.60	24,639,298.21
Accounts payable	552,333.83	552,333.83	1,247,961.48	1,247,961.48
Contract liabilities	–	–	1,842,361.87	1,842,361.87
Taxes and dues payable	296,330.02	296,330.02	1,074,938.72	1,074,938.72
Other payables	2,885,613.19	2,885,613.19	5,574,036.14	5,574,036.14
Non-current liabilities due within one year	8,125,000.00	8,125,000.00	6,000,000.00	6,000,000.00
Long-term borrowings	15,000,000.00	15,000,000.00	8,900,000.00	8,900,000.00
Deferred tax liabilities	10,142,477.15	–	50,005,844.39	–
Net assets:	134,866,413.45	77,392,376.27	318,299,522.37	168,281,989.20
Less: Non-controlling interests	–	–	–	–
Net assets acquired	134,866,413.45	77,392,376.27	318,299,522.37	168,281,989.20

Method for determining the fair value of identifiable assets and liabilities: The fair value of the identifiable assets and liabilities of MARK FAMOUS COMPANY and OCEAN LORD COMPANY at the purchase date was determined based on the asset valuation reports – Zhong Tong Hua Appraisal No. 022785 (2023) and Zhong Tong Hua Appraisal No. 022784 (2023) issued by Beijing Zhongtonghua Assets Appraisal Co., Ltd. with a base date of 15 September 2023, and the changes in the net assets from the base date to the purchase date.

The Group has not assumed any contingent liabilities of the acquiree in the above business combination.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (Continued)

- (4) During the year, the Group has no transactions in which a business combination is achieved in stages through multiple transactions and control is obtained during the reporting year.
- (5) The aforesaid business combinations of the Group do not involve any situation in which the consideration for the combinations or the fair value of the identifiable assets and liabilities of the acquiree cannot be reasonably determined at the purchase date or at the end of the year when the combinations took place.

4. DISPOSAL OF SUBSIDIARIES

Name of subsidiary	Disposal price of equity	Shareholding disposal ratio	Share disposal method	Point of loss of control	Basis for determining the point of loss of control	The difference between the disposal price and the share of the net assets of the subsidiary at the consolidated financial statement level corresponding to the disposal of the investment	Ratio of the remaining interest at the date of loss of control	Book value of the remaining equity interest at the date of loss of control	Fair value of the remaining equity interest at the date of loss of control	Gain or loss from remeasurement of the equity interest at fair value	Methodology and key assumptions for determining the fair value of the remaining equity interest at the date of loss of control		Transfer of other income/special reserves related to investment in original subsidiaries to investment profit or loss
											Gain or loss from remeasurement of the equity interest at the date of loss of control	Transfer of other income/special reserves related to investment in original subsidiaries to investment profit or loss	
Wuhan Eastlake Comprehensive Bonded Area Bonded Logistics Co., Ltd.	939,680.00	10% (Note 1)	Capital reduction	31 August 2023	Note 2	71,146.97	50%	1,523,625.16	1,654,954.45	131,329.29	Note 3	46,488.51	
Hubei Sinotrans Bulk Cargo Transportation Co., Ltd.	104,854,700.00	100%	Investment	1 July 2023	Note 4	6,146,894.70	—	—	—	—	—	—	
Chongqing Sinotrans Bulk Cargo Transportation Co., Ltd.	20,675,800.00	100%	Investment	1 July 2023	Note 4	10,799,377.99	—	—	—	—	—	—	

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. DISPOSAL OF SUBSIDIARIES (Continued)

Note 1: The shareholding disposal ratio is presented as the difference between the shareholding ratios before and after the disposal.

Note 2: Wuhan Eastlake Comprehensive Bonded Area Bonded Logistics Co., Ltd. (hereinafter referred to as “Eastlake Bonded Logistics”) was jointly invested and established by Sinoair, a subsidiary of the Group, and Wuhan Donghu Comprehensive Bonded Zone Construction Investment Co., Ltd. (hereinafter referred to as “Donghu Investment”) (the paid-in capital of RMB3 million from Sinoair with the shareholding ratio of 60% and the paid-in capital of RMB2 million from Donghu Investment with the shareholding ratio of 40%). On 14 August 2023, Sinoair, Donghu Investment and Eastlake Bonded Logistics jointly entered into the Agreement on Directed Capital Reduction of Wuhan Eastlake Comprehensive Bonded Area Bonded Logistics Co., Ltd., whereby Eastlake Bonded Logistics paid RMB939,680 to Sinoair corresponding to the reduction of Sinoair’s paid-in capital by RMB1 million. After the completion of the above transaction, both Sinoair’s and Donghu Investment’s paid-in capital was RMB2 million, with shareholdings of 50% respectively. By 31 August 2023, Eastlake Bonded Logistics had completed the payment of the price and the amendment of the Articles of Incorporation. According to the newly amended Articles of Incorporation, the Group was no longer able to dominate the relevant activities of Eastlake Bonded Logistics and therefore did not include it in the scope of consolidation.

Note 3: The fair value of the remaining 50% equity interest in Eastlake Bonded Logistics held by Sinoair at the date of the loss of control was determined based on the asset valuation report – Tian Xing Appraisal No. 1468 (2022) issued by Pan-China Appraisal Co., Ltd. with a base date of 30 June 2022, and the changes in the net assets from the base date to the date of the loss of control.

Note 4: On 18 May 2023, Sinotrans Eastern Company Limited (hereinafter referred to as “Sinotrans Eastern Company”), a subsidiary of the Group, entered into the Capital Increase Agreement of CSC Cargo Co., Ltd. with Changjiang Shipping Corporation, whereby Sinotrans Eastern Company acquired 13% equity interest in CSC Cargo Co., Ltd. through investment consisting of the aggregate price of RMB394,050,500 for the 49% minority equity in China Marine Shipping Agency Jiangsu Co., Ltd. (hereinafter referred to as “Shipping Agency Jiangsu”), the 100% equity in Chongqing Sinotrans Bulk Cargo Transportation Co., Ltd. (hereinafter referred to as “Chongqing Bulk Cargo”), and the 100% equity in Hubei Sinotrans Bulk Cargo Transportation Co., Ltd. (hereinafter referred to as “Hubei Bulk Cargo”) (of which: the price of RMB268,520,000 for the 49% minority equity in Shipping Agency Jiangsu, the price of RMB20,675,800 for the 100% equity in Chongqing Bulk Cargo, and the price of RMB104,854,700 for the 100% equity in Hubei Bulk Cargo). By 1 July 2023, the parties to the transaction had completed the necessary procedures for the handover of property. The Group was no longer able to dominate the relevant activities of Chongqing Bulk Cargo and Hubei Bulk Cargo and therefore did not include them in the scope of consolidation.

The Group does not involve any situation in which investments in subsidiaries are disposed of in stages through multiple transactions and control is lost during the year.

5. CHANGES IN THE SCOPE OF CONSOLIDATION FOR OTHER REASONS

Compared with the prior year, the Group added 11 level-3 subsidiaries, 2 level-4 subsidiaries and 1 level-5 subsidiaries, including Dalian Sinotrans International Logistics Co., Ltd., Sinotrans Suzhong Co., Ltd. and Lianyungang Sinotrans Chemical Logistics Co., Ltd., as a result of new establishment and demerger during the year.

Due to cancellation or internal absorption and merger, 3 level-4 subsidiaries were reduced during the year, including Guangzhou Sinotrans International Logistics Co., Ltd., SE Netherlands Logistics Holding B.V. and SE Romania Logistics Holding B.V.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. REASONS FOR INCLUDING COMPANIES WITH LESS THAN HALF OF THE VOTING RIGHTS IN THE SCOPE OF CONSOLIDATION OR NOT INCLUDING COMPANIES WITH MORE THAN HALF OF THE VOTING RIGHTS IN THE SCOPE OF CONSOLIDATION

(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 amount	Reasons for not being included in the scope of consolidation
1	Xinjiang New Railway Sinotrans Logistics Co., Ltd.	51.00	51.00	RMB10 million	RMB5.1 million	As agreed in the Articles of Incorporation of Xinjiang New Railway 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 New Railway 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 Incorporation 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 Incorporation 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 was 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 Incorporation 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 was not included in the scope of consolidation.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. SIGNIFICANT NON-WHOLLY OWNED SUBSIDIARIES

(1) Non-controlling interests

FY 2023

No.	Company name	Shareholding ratio of non-controlling interests (%)	Profits and losses attributable to non-controlling interests in the year	Dividends paid to non-controlling interests in the year	Cumulative non-controlling interests at the end of the year
1	Sinotrans Changjiang Co., Ltd.	11.00	20,041,295.57	-	186,278,930.50

Note: As described in Note VIII. 2. (1), Sinotrans Changjiang Company acquired 100% equity interest in Yangtze River Company held by Changjiang Shipping Corporation by way of capital increase and share expansion during the year, which was a business combination under common control. Changjiang Shipping Corporation held an 11% equity interest in Sinotrans Changjiang Company after the completion of the capital increase. Sinotrans Changjiang Company was changed from the Group's wholly-owned subsidiary to a holding subsidiary.

Profits and losses attributable to non-controlling interests in the year are presented as the amount after retrospective adjustments for the business combination of Sinotrans Changjiang Company and Yangtze River Company under common control.

(2) Main financial information

Item	Closing balance/ Amount in current year Sinotrans Changjiang Co., Ltd.
Current assets	3,600,587,038.55
Non-current assets	729,777,131.17
Total assets	4,330,364,169.72
Current liabilities	2,419,537,768.91
Non-current liabilities	116,957,741.17
Total liabilities	2,536,495,510.08
Operating income	7,435,270,711.71
Net profits attributable to shareholders of the Company	182,193,596.10
Profits and losses attributable to non-controlling interests	8,640,979.23
Total comprehensive income attributable to shareholders of the Company	182,211,932.05
Total comprehensive income attributable to non-controlling interests	8,640,979.23
Net cash flows from operating activities	139,686,726.47

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. TRANSACTIONS RESULTING IN CHANGES IN THE COMPANY'S SHARE OF EQUITY INTERESTS IN SUBSIDIARIES AND THE CONTINUATION OF CONTROL OVER THE SUBSIDIARIES

(1) Changes in the Company's share of equity interests in subsidiaries

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 year. Upon the completion of the aforesaid repurchase, Henglu Logistics became a wholly-owned subsidiary of the Group.

Y2T Technology Co., Ltd. (hereinafter referred to as "Y2T"), a subsidiary of the Group, received an additional capital of RMB120 million from strategic investors during the year (of which: RMB80 million was invested in the current year and the rest of RMB40 million was paid to Y2T as deposits in previous years), which resulted in the dilution of the Group's shareholding to 39.99%. Upon the completion of the aforesaid capital increase, the Group can still exercise control over Y2T, according to the "Concert Party Agreement" signed between the Group and Shenzhen China Merchants Innovation Investment Fund Center (Limited Partnership) which held 39.99% equity interest in Y2T and was also controlled by China Merchants.

Sinotrans Changjiang Company, a subsidiary of the Group, acquired 100% equity interest in Yangtze River Company held by Changjiang Shipping Corporation by way of capital increase and share expansion. Changjiang Shipping Corporation held 11% equity interest in Sinotrans Changjiang Company after the completion of the capital increase, and the Group's shareholding in Sinotrans Changjiang Company changed to 89%. The details are described in Note VIII. 2. (1). For the Group, the transaction results in changes in the company's share of equity interests in subsidiaries and the continuation of control over the subsidiaries, and it is also a business combination under common control. In accordance with the requirements of the Accounting Standards for Business Enterprises, the Group made retrospective adjustments to the financial statements for the comparative period as if the aforesaid transaction and the change in the shareholding structure of Sinotrans Changjiang Company had been completed in the earliest period. The adjustment to capital reserves set out in the following table, RMB68,301,485.17, represents the effect of the transaction on the net equity of the Group.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. TRANSACTIONS RESULTING IN CHANGES IN THE COMPANY'S SHARE OF EQUITY INTERESTS IN SUBSIDIARIES AND THE CONTINUATION OF CONTROL OVER THE SUBSIDIARIES (Continued)

(1) Changes in the Company's share of equity interests in subsidiaries (Continued)

Sinotrans Eastern Company, a subsidiary of the Group, acquired 13% equity interest in CSC Cargo Co., Ltd. through investment consisting of the price for the 49% minority equity in Shipping Agency Jiangsu, the 100% equity in Chongqing Bulk Cargo, and the 100% equity in Hubei Bulk Cargo, as set out in note 4 in Note VIII. 4. Shipping Agency Jiangsu was originally a wholly-owned subsidiary of Sinotrans Changjiang Company which is the Group's subsidiary. In order to facilitate the aforesaid investment transaction, Sinotrans Changjiang Company transferred the 49% minority equity in Shipping Agency Jiangsu to Sinotrans Eastern Company at a price of RMB268,520,000 (the same amount as Sinotrans Eastern Company's investment in CSC Cargo Co., Ltd.) during the year. The adjustment to capital reserves set out in the following table, RMB214,756,645.74, represents the effects on non-controlling interests and the equity attributable to shareholders of the parent company at the level of Sinotrans Changjiang Company, without considering the effects on the distribution of non-controlling interests and the equity attributable to shareholders of the parent company at the consolidated level of the Group (as mentioned in Note VIII. 2. (1), Sinotrans Changjiang Company was changed from the Group's wholly-owned subsidiary to a holding subsidiary).

(2) Effects of the transactions on non-controlling interests and the equity attributable to shareholders of the parent company

Item	Shenzhen Henglu Logistics Co., Ltd.	Y2T Technology Co., Ltd.	Sinotrans Changjiang Co., Ltd.	China Marine Shipping Agency Jiangsu Co., Ltd.
Purchase cost/disposal consideration or capital increase/reduction by minority shareholders	11,080,000.00	120,000,000.00	205,709,858.36	268,520,000.00
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	137,408,373.19	53,763,354.26
Difference	36,868,440.94	55,325,612.19	68,301,485.17	214,756,645.74
Including: Adjustment to capital reserves	36,868,440.94	55,325,612.19	68,301,485.17	214,756,645.74
Adjustment to surplus reserves	—	—	—	—
Adjustment to undistributed profits	—	—	—	—

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 31 December 2023; “Current year” refers to the year from 1 January to 31 December 2023, and “Prior year” refers to the year from 1 January to 31 December 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	—	—	2,827,065.78	—	—	5,034,571.70
Including: RMB	141,141.83	1.0000	141,141.83	910,273.20	1.0000	910,273.20
USD	163,746.23	7.0827	1,159,765.42	430,276.76	6.9646	2,996,705.52
HKD	116,957.18	0.9062	105,986.60	60,758.80	0.8933	54,275.84
JPY	748,170.88	0.0502	37,558.18	653,551.70	0.0524	34,246.11
EUR	8,851.16	7.8592	69,563.04	10,797.98	7.4229	80,152.33
Others	—	—	1,313,050.71	—	—	958,918.70
Cash at banks	—	—	9,606,396,536.84	—	—	11,775,063,328.08
Including: RMB	6,194,917,701.99	1.0000	6,194,917,701.99	7,630,637,323.82	1.0000	7,630,637,323.82
USD	324,673,810.66	7.0827	2,299,567,198.76	428,847,146.74	6.9646	2,986,748,838.19
HKD	491,446,012.79	0.9062	445,348,376.79	548,103,558.73	0.8933	489,620,909.01
JPY	1,771,901,089.82	0.0502	88,949,434.71	2,500,300,266.63	0.0524	131,015,733.97
EUR	42,122,686.08	7.8592	331,050,614.44	44,737,614.65	7.4229	332,082,839.79
Others	—	—	246,563,210.15	—	—	204,957,683.30
Other cash and bank balances	—	—	142,716,012.24	—	—	133,658,206.53
Including: Deposited in external financial institutions	—	—	131,557,266.61	—	—	48,435,162.33
Including: RMB	130,146,626.36	1.0000	130,146,626.36	33,902,966.42	1.0000	33,902,966.42
USD	130.03	7.0827	920.96	1,541,897.01	6.9646	10,738,695.92
Others	—	—	1,409,719.29	—	—	3,793,499.99
Deposited in finance companies	—	—	11,158,745.63	—	—	85,223,044.20
Including: RMB	11,158,745.63	1.0000	11,158,745.63	85,223,044.20	1.0000	85,223,044.20
Deposits with finance companies	—	—	4,212,238,359.55	—	—	4,625,466,075.83
Including: RMB	3,342,228,858.48	1.0000	3,342,228,858.48	2,879,268,221.09	1.0000	2,879,268,221.09
USD	121,785,139.71	7.0827	862,567,609.03	250,724,787.46	6.9646	1,746,197,854.74
EUR	946,901.98	7.8592	7,441,892.04	—	7.4229	—
Total	—	—	13,964,177,974.41	—	—	16,539,222,182.14
Including: Total amount deposited abroad	—	—	1,922,249,891.83	—	—	2,815,392,938.69

Note: At the end of the year, there were no restrictions on the remittance of the Group’s deposits held abroad.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 year

Item	Closing balance	Opening balance	Reasons for restricted use
Funds deposited subject to restrictions on the litigation (Note)	94,504,485.96	1,300,000.00	Court freeze
Guarantee money	26,618,758.26	25,192,600.38	Guarantee money
Interest receivable	11,256,162.30	85,937,044.19	Not yet settled
Others	10,336,605.72	21,228,561.96	—
Total	142,716,012.24	133,658,206.53	—

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

2. FINANCIAL ASSETS HELD FOR TRADING

Item	Closing balance	Opening balance
Financial assets classified as measured at fair value through profit or loss	—	—
Including: Equity instrument investments	520,189.78	664,096.67
Total	520,189.78	664,096.67

3. BILLS RECEIVABLE

(1) Classification of bills receivable

Type	Closing balance	Opening balance
Commercial acceptance bills	119,812,566.60	88,529,670.89
Total	119,812,566.60	88,529,670.89

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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

3. BILLS RECEIVABLE (Continued)

(3) Bills receivable that have been endorsed or discounted at year-end and are not yet due at the balance sheet date

Type	Amount derecognised at year-end	Amount not derecognised at year-end
Commercial acceptance bills	-	109,496,704.23
Total	-	109,496,704.23

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

(5) Credit loss provision for bills receivable

Category	Closing balance				Opening balance			
	Book balance		Credit loss provision		Book balance		Credit loss provision	
	Amount	Proportion (%)	Amount	Accrual ratio (%)	Amount	Proportion (%)	Amount	Accrual ratio (%)
Credit loss provisions by portfolio	119,812,566.60	100.00	-	-	88,529,670.89	100.00	-	-
Total	119,812,566.60	100.00	-	—	88,529,670.89	100.00	-	—

1) Bills receivable with credit loss provision on a portfolio basis

Type	Book balance	Closing balance Credit loss provision	Accrual ratio (%)
Commercial acceptance bills portfolio	119,812,566.60	-	-
Total	119,812,566.60	-	—

Note: The Group's commercial acceptance bills were mainly from customers with good credit standing and long-term stable cooperation with the Group. As at 31 December 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), and the Group did not make provisions for credit losses based on materiality considerations.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

3. BILLS RECEIVABLE (Continued)

- (6) There was no actual write-off of bills receivable during the year.
- (7) There were no outstanding amounts due from shareholders holding more than 5% (including 5%) voting shares of the Company at the end of the year.
- (8) The maturity date of the bill receivables mentioned above is all within 360 days.

4. ACCOUNTS RECEIVABLE

(1) Overall status of accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	12,876,094,240.75	13,964,827,940.26
Less: Credit loss provision	548,601,373.99	551,139,675.42
Total	12,327,492,866.76	13,413,688,264.84

(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)	12,417,677,579.03	96.44	187,210,587.81	13,586,146,283.82	97.29	242,036,370.45
1 to 2 years (including 2 years)	199,149,653.26	1.54	107,243,161.90	125,072,356.36	0.90	60,298,221.66
2 to 3 years (including 3 years)	48,444,674.17	0.38	44,108,871.16	56,211,257.55	0.40	52,694,777.49
Over 3 years	210,822,334.29	1.64	210,038,753.12	197,398,042.53	1.41	196,110,305.82
Total	12,876,094,240.75	100.00	548,601,373.99	13,964,827,940.26	100.00	551,139,675.42

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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

Category	Closing balance					Opening balance				
	Book balance		Credit loss provision		Book value	Book balance		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)		Amount	Proportion (%)	Amount	Accrual ratio (%)	
Credit loss provisions on an individual basis	201,546,213.74	1.57	197,407,428.27	97.95	4,138,785.47	227,610,966.27	1.63	205,834,483.07	90.43	21,776,483.20
Credit loss provisions by portfolio	12,674,548,027.01	98.43	351,193,945.72	2.77	12,323,354,081.29	13,737,216,973.99	98.37	345,305,192.35	2.51	13,391,911,781.64
Including:										
Low risk portfolio	184,426,881.37	1.43	-	-	184,426,881.37	226,144,485.10	1.62	-	-	226,144,485.10
Aging portfolio	12,490,121,145.64	97.00	351,193,945.72	2.81	12,138,927,199.92	13,511,072,488.89	96.75	345,305,192.35	2.56	13,165,767,296.54
Total	12,876,094,240.75	100.00	548,601,373.99	—	12,327,492,866.76	13,964,827,940.26	100.00	551,139,675.42	—	13,413,688,264.84

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

Including: Accounts receivable with individual credit loss provisions at the end of the year

Company name	Book balance	Credit loss provision	Accrual ratio (%)	Reasons for accrual
Entity 1	35,545,846.17	35,545,846.17	100.00	Difficulty in fund flow
Entity 2	25,575,946.48	25,575,946.48	100.00	Involved in litigation
Entity 3	12,976,547.62	12,976,547.62	100.00	Business operating difficulties
Entity 4	8,196,691.03	8,196,691.03	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	7,221,139.43	7,221,139.43	100.00	Involved in litigation
Entity 7	6,706,283.62	6,706,283.62	100.00	Application for enforcement of unenforceable assets
Entity 8	6,700,911.89	2,792,940.08	41.68	Difficulty in fund flow
Entity 9	6,018,149.49	6,018,149.49	100.00	Business reorganisation in bankruptcy
Entity 10	5,546,206.21	5,546,206.21	100.00	Involved in litigation
Others	79,349,237.20	79,118,423.54	99.71	Involved in litigation, disputes, etc.
Total	201,546,213.74	197,407,428.27	—	—

(4) Accounts receivable of low-risk portfolio

Item	Book balance	Accrual ratio (%)	Credit loss provision
Accounts receivable from related parties	184,426,881.37	—	—
Total	184,426,881.37	—	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 aging portfolios

Item	Book balance	Accrual ratio (%)	Credit loss provision
Within 1 year (including 1 year)	12,228,062,952.00	1.45	177,306,912.80
1 to 2 years (including 2 years)	144,146,384.34	41.68	60,080,212.99
2 to 3 years (including 3 years)	34,965,837.88	88.26	30,860,848.51
Over 3 years	82,945,971.42	100.00	82,945,971.42
Total	12,490,121,145.64	—	351,193,945.72

(6) Changes in credit loss provision of accounts receivable

Item	Opening balance	Accrual	Amount of change during the year			Closing balance
			Recovery or reversal	Carry-forward or write-off	Other changes	
Current year	551,139,675.42	45,240,091.79	18,878,701.76	30,474,508.68	1,574,817.22	548,601,373.99
Prior year	539,359,502.14	60,604,891.53	16,039,075.11	38,098,626.70	5,312,983.56	551,139,675.42

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

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

Company name	Book balance of accounts receivable	Reason for recovery or reversal	Basis for determining original credit loss provisions	Accumulated amount of credit loss provision before recovery or reversal	Recovered or reversal amount
Entity 1	22,453,099.73	Payment recovery	Involved in litigation	9,358,451.97	9,358,451.97
Entity 2	9,487,944.48	Payment recovery	Involved in litigation	9,487,944.48	2,266,805.05
Entity 3	1,710,055.71	Payment recovery	Involved in litigation	1,710,055.71	1,710,055.71
Entity 4	1,489,574.50	Payment recovery	Involved in litigation	1,489,574.50	1,489,574.50
Entity 5	26,125,946.48	Payment recovery	Involved in litigation	26,125,946.48	550,000.00
Others	23,496,659.46	Payment recovery	Involved in litigation	22,724,790.12	3,503,814.53
Total	84,763,280.36	—	—	70,896,763.26	18,878,701.76

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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) Accounts receivable actually written off during the year

Company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related transactions
Entity 1	Logistics business	5,155,618.78	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 2	Logistics business	2,405,400.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 3	Shipping & ancillary services	1,931,373.62	The company has been canceled.	Approved by the General Manager's Office	No
Entity 4	Logistics business	1,467,393.57	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 5	Logistics business	1,452,230.36	Uncollectible due to aging of accounts	Approved by the General Manager's Office	No
Entity 6	Others	1,276,615.78	Uncollectible due to aging of accounts	Approved by the General Manager's Office	No
Entity 7	Logistics business	1,074,066.42	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 8	Shipping & ancillary services	1,054,123.08	The company has been canceled.	Approved by the General Manager's Office	No
Entity 9	Logistics business	1,007,351.62	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 10	Logistics business	892,976.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 11	Shipping & ancillary services	857,916.22	Uncollectible due to aging of accounts	Approved by the General Manager's Office	No
Entity 12	Logistics business	747,395.13	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 13	Logistics business	709,436.84	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 14	Logistics business	560,196.37	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 15	Logistics business	531,000.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 16	Shipping & ancillary services	528,588.00	Uncollectible due to aging of accounts	Approved by the General Manager's Office	No
Others	Others	8,822,826.89	—	—	No
Total	—	30,474,508.68	—	—	—

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

(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 year.

(10) Top five in terms of accounts receivable

Company name	Relationship with the Group	Amount	Aging	Credit loss provision	As a percentage of total accounts receivable (%)
Entity 1	Client	223,550,726.23	Within 1 year	3,241,485.53	1.74
Entity 2	Client	154,824,938.46	Within 1 year, 1 to 2 years	2,258,974.05	1.20
Entity 3	Client	143,310,156.92	Within 1 year	2,077,997.27	1.11
Entity 4	Client	137,657,356.02	Within 1 year	1,996,031.66	1.07
Entity 5	Client	106,561,607.95	Within 1 year, 1 to 2 years	1,922,552.68	0.83
Total	—	765,904,785.58	—	11,497,041.19	5.95

(11) The Group had no accounts receivable involving government grants at the end of the year.

5. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bank acceptance bill	457,564,278.87	483,045,632.76
Total	457,564,278.87	483,045,632.76

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

(2) There were no pledged receivables financing at the end of the year.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

(3) Receivables financing that have been endorsed or discounted at year-end and are not yet due at the balance sheet date

Type	Amount derecognised at year-end	Amount not derecognised at year-end
Bank acceptance bills	258,299,197.90	—
Total	258,299,197.90	—

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 banks of the bank acceptance bills obtained by the Group are mainly large commercial banks and listed joint-stock commercial banks with high credit ratings, other bank acceptance bills do not account for a significant proportion and have small individual amounts and a large quantity. The Group derecognises the 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 banks.

(4) There were no receivables financings at the end of the year that were transferred to accounts receivable as a result of the non-performance of the issuer.

(5) Credit loss provision for receivables financing

Category	Closing balance				Opening balance			
	Book balance		Credit loss provision		Book balance		Credit loss provision	
	Amount	Proportion (%)	Amount	Accrual ratio (%)	Amount	Proportion (%)	Amount	Accrual ratio (%)
Credit loss provisions by portfolio	457,564,278.87	100.00	-	-	483,045,632.76	100.00	-	-
Total	457,564,278.87	100.00	-	—	483,045,632.76	100.00	-	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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)

(5) Credit loss provision for receivables financing (Continued)

1) Receivables financing with credit loss provision on a portfolio basis

Type	Closing balance		Accrual ratio (%)
	Book balance	Credit loss provision	
Bank acceptance bills portfolio	457,564,278.87	-	-
Total	457,564,278.87	-	-

Note: As at 31 December 2023 and 31 December 2022, there were no bank acceptance bills held by the Group subject to significant credit risk and resulted in significant losses due to default of the banks (receivables financing are expected to be collected in full), and the Group did not make provisions for credit losses based on materiality considerations.

(6) There was no actual write-off of receivables financing during the year.

(7) Changes in receivables financing and fair value movements during the year

Bank acceptance bills held by the Group at fair value through other comprehensive income are mainly accepted by large commercial banks and listed joint-stock commercial banks with high credit ratings, with maturities of usually no more than 6 months and very low credit risk. At the balance sheet date, the book value of the bank acceptance bills receivable approximates the fair value.

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

(9) The maturity date of the bank acceptance bills mentioned above is all within 360 days.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

6. PREPAYMENTS

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

Item	Closing balance			Opening balance		Impairment provision
	Book balance Amount	Proportion (%)	Impairment provision	Book balance Amount	Proportion (%)	
Within 1 year (including 1 year)	4,677,414,610.68	98.03	-	5,690,888,063.34	98.83	-
1 to 2 years (including 2 years)	46,750,527.43	0.98	-	26,375,626.56	0.46	-
2 to 3 years (including 3 years)	13,419,317.90	0.28	-	12,977,576.70	0.22	-
Over 3 years	33,797,472.42	0.71	-	28,046,449.20	0.49	-
Total	4,771,381,928.43	100.00	-	5,758,287,715.80	100.00	-

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

Company name	Closing balance	Aging	Reasons for non-settlement
Entity 1	5,000,000.00	Over 3 years	Business not completed
Total	5,000,000.00	—	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

6. PREPAYMENTS (Continued)

(3) Top five entities in terms of prepayments

Company name	Relationship with the Group	Amount	Aging	As a percentage of the total prepayments (%)	Reasons for non-transfer
Entity 1	Supplier	207,678,800.00	Within 1 year	4.35	Business not completed
Entity 2	Supplier	130,627,617.47	Within 1 year	2.74	Business not completed
Entity 3	Supplier	86,992,032.49	Within 1 year	1.82	Business not completed
Entity 4	Supplier	82,210,128.28	Within 1 year	1.72	Business not completed
Entity 5	Supplier	73,628,764.42	Within 1 year	1.54	Business not completed
Total	-	581,137,342.66	—	12.17	—

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

7. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivable	1,160,913.17	1,736,849.64
Dividends receivable	37,507,529.28	38,223,072.98
Other receivables	2,421,645,230.01	1,926,730,481.76
Total	2,460,313,672.46	1,966,690,404.38

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

(1) Interest receivable

1) Classification of interest receivable due for collection

Item	Closing balance	Opening balance
Entrusted loans	1,160,913.17	1,736,849.64
Subtotal	1,160,913.17	1,736,849.64
Less: Credit loss provision	—	—
Total	1,160,913.17	1,736,849.64

2) Significant overdue interest receivable

Loan unit	Book balance	Overdue time	Reason for overdue	Whether an impairment occurs and judgment basis
MAXX LOGISTICS FZCO.	1,160,913.17	Within 1 year, 1 to 5 years	Unsettled	Funding support for joint ventures, expected to be recovered without impairment
Total	1,160,913.17	—	—	—

- 3) The Group has assessed and concluded that as of 31 December 2023, no provision for credit losses is required for interest receivable.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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) Dividends receivable

Investee	Opening balance	Increase due to changes in the scope of consolidation	Increase in current year	Decrease in current year	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Dividends receivable aged within 1 year	9,564,726.46	-	2,197,448,819.54	2,195,367,000.44	11,646,545.56	—	—
Including: Wuhan Port Container Co., Ltd.	-	-	6,112,000.00	-	6,112,000.00	Declared but not issued	No
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	5,168,041.35	-	4,152,519.48	5,168,041.35	4,152,519.48	Declared but not issued	No
Shenyang Henglu Logistics Co., Ltd.	-	-	1,382,026.08	-	1,382,026.08	Declared but not issued	No
SIPG Sinotrans Container Depot Co., Ltd.	4,396,685.11	-	6,431,269.93	10,827,955.04	-	—	—
DHL-Sinotrans International Air Courier Ltd.	-	-	1,896,126,019.17	1,896,126,019.17	-	—	—
Loscam International Holdings Limited	-	-	94,500,000.00	94,500,000.00	-	—	—
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	-	—	—
Jiangsu Jiangyin Port Group Co., Ltd.	-	-	21,937,500.00	21,937,500.00	-	—	—
New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	-	14,784,592.13	14,784,592.13	-	—	—
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	-	-	11,325,393.00	11,325,393.00	-	—	—
Sinotrans Sarens Logistics Co., Ltd.	-	-	10,000,000.00	10,000,000.00	-	—	—
Nanjing Port Longtan Container Co., Ltd.	-	-	9,479,266.03	9,479,266.03	-	—	—
Nissin-Sinotrans International Logistics Co., Ltd.	-	-	7,500,000.00	7,500,000.00	-	—	—
Ningbo Dagang Container Co., Ltd.	-	-	6,190,082.07	6,190,082.07	-	—	—
Chengdu Bonded Logistics Investment Co., Ltd.	-	-	3,192,726.59	3,192,726.59	-	—	—
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	-	-	2,692,822.35	2,692,822.35	-	—	—

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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) Dividends receivable (Continued)

Investee	Opening balance	Increase due to changes in the scope of consolidation	Increase in current year	Decrease in current year	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
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	-	—	—
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	-	-	2,357,157.20	2,357,157.20	-	—	—
Ningbo Taiping Int'L Trade Transportation	-	-	1,934,358.27	1,934,358.27	-	—	—
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	-	-	1,574,953.44	1,574,953.44	-	—	—
Nantong Jiangshan Sinotrans Port Storage Co., Ltd.	-	-	1,500,000.00	1,500,000.00	-	—	—
Ningbo Beilun Donghua Container Transportation Service Co., Ltd.	-	-	1,202,160.00	1,202,160.00	-	—	—
Others	-	-	2,590,710.81	2,590,710.81	-	—	—
Dividends receivable aged over 1 year	28,658,346.52	-	-	2,797,362.80	25,860,983.72	—	—
Including: Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	24,000,000.00	-	-	-	24,000,000.00	Declared but not issued	No
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	1,860,983.72	-	-	-	1,860,983.72	Incomplete payment approval process	No
China International Exhibition Transportation Co., Ltd.	2,797,362.80	-	-	2,797,362.80	-	—	—
Total	38,223,072.98	-	2,197,448,819.54	2,198,164,363.24	37,507,529.28	—	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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

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)	1,938,324,564.67	75.53	9,441,765.89	1,416,951,924.77	67.97	2,757,455.99
1 to 2 years (including 2 years)	219,655,220.21	8.56	3,110,881.93	320,419,789.51	15.37	10,756,917.25
2 to 3 years (including 3 years)	129,557,393.97	5.05	1,651,155.06	74,742,294.26	3.59	3,939,154.10
Over 3 years	278,684,853.15	10.86	130,372,999.11	272,451,613.17	13.07	140,381,612.61
Total	2,566,222,032.00	100.00	144,576,801.99	2,084,565,621.71	100.00	157,835,139.95

2) Classification of other receivables

Category	Closing balance					Opening balance				
	Book balance		Credit loss provision		Book value	Book balance		Credit loss provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)		Amount	Proportion (%)	Amount	Accrual ratio (%)	
Credit loss provisions on an individual basis	41,900,917.88	1.63	41,870,634.43	99.93	30,283.45	45,338,440.09	2.17	45,326,387.13	99.97	12,052.96
Credit loss provisions by portfolio Including:	2,524,321,114.12	98.37	102,706,167.56	4.07	2,421,614,946.56	2,039,227,181.62	97.83	112,508,752.82	5.52	1,926,718,428.80
Low risk portfolio	2,183,352,587.87	85.09	-	-	2,183,352,587.87	1,818,488,617.92	87.24	-	-	1,818,488,617.92
Aging portfolio within 1 year	242,096,561.36	9.43	9,441,765.89	3.90	232,654,795.47	106,886,436.52	5.13	2,757,455.99	2.58	104,128,980.53
Aging portfolio over 1 year	98,871,964.89	3.85	93,264,401.67	94.33	5,607,563.22	113,852,127.18	5.46	109,751,296.83	96.40	4,100,830.35
Total	2,566,222,032.00	100.00	144,576,801.99	—	2,421,645,230.01	2,084,565,621.71	100.00	157,835,139.95	—	1,926,730,481.76

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

2) Classification of other receivables (Continued)

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

Company name	Book balance	Credit loss provision	Accrual ratio (%)	Reasons for accrual
Entity 1	9,643,965.32	9,643,965.32	100.00	Not expected to be recovered
Entity 2	7,362,735.30	7,332,451.85	99.59	Involved in litigation
Entity 3	6,756,823.00	6,756,823.00	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
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	2,143,511.37	2,143,511.37	100.00	Business closed
Entity 5	1,385,250.00	1,385,250.00	100.00	Bankruptcy liquidation, not expected to be recovered
Entity 6	1,266,533.14	1,266,533.14	100.00	Historical issues, not expected to be recovered
Entity 7	1,242,000.00	1,242,000.00	100.00	Historical issues, not expected to be recovered
Entity 8	1,000,000.00	1,000,000.00	100.00	Involved in litigation
Entity 9	1,000,000.00	1,000,000.00	100.00	Application for enforcement of unenforceable assets
Others	7,600,099.75	7,600,099.75	100.00	Involved in litigation, business disputes, etc.
Total	41,900,917.88	41,870,634.43	—	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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)

3) Other receivables of low-risk portfolio

Item	Book balance	Accrual ratio (%)	Credit loss provision
Deposits, collateral	1,249,213,020.20	—	—
Government grants	724,575,007.32	—	—
Advances	115,431,857.82	—	—
Related party payments	77,012,113.30	—	—
Reserves	12,293,182.79	—	—
Compensation	4,827,406.44	—	—
Total	2,183,352,587.87	—	—

4) Other receivables of aging portfolio

Item	Book balance	Accrual ratio (%)	Credit loss provision
Within 1 year (including 1 year)	242,096,561.36	3.90	9,441,765.89
1 to 2 years (including 2 years)	6,493,023.45	32.51	2,110,881.93
2 to 3 years (including 3 years)	2,876,576.76	57.40	1,651,155.06
Over 3 years	89,502,364.68	100.00	89,502,364.68
Total	340,968,526.25	—	102,706,167.56

5) 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	1,434,025,329.14	88,510,425.31	1,345,514,903.83	1,233,455,016.50	92,276,454.17	1,141,178,562.33
Government grants	724,575,007.32	—	724,575,007.32	282,131,655.40	—	282,131,655.40
Advances	156,987,910.11	22,394,172.87	134,593,737.24	188,797,802.52	23,931,441.76	164,866,360.76
Related party payments	77,012,113.30	—	77,012,113.30	111,116,998.65	—	111,116,998.65
Compensation	15,508,573.23	7,960,377.41	7,548,195.82	19,711,920.22	9,202,003.73	10,509,916.49
Reserves	12,293,182.79	—	12,293,182.79	5,222,718.32	—	5,222,718.32
Others	145,819,916.11	25,711,826.40	120,108,089.71	244,129,510.10	32,425,240.29	211,704,269.81
Total	2,566,222,032.00	144,576,801.99	2,421,645,230.01	2,084,565,621.71	157,835,139.95	1,926,730,481.76

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

6) Credit loss provision for other receivables accrued, recovered, or reversed during the year

Credit loss provision	Stage 1 12-Month expected credit losses	Stage 2 Expected credit losses over the entire life (Not credit- impaired)	Stage 3 Expected credit losses over the entire life (Credit- impaired)	Total
Opening balance	2,757,455.99	109,751,296.83	45,326,387.13	157,835,139.95
Opening balance in current year	—	—	—	—
– Transfer to stage 2	-253,227.91	253,227.91	—	—
– Transfer to stage 3	—	-1,000,000.00	1,000,000.00	—
– Reverse to stage 2	—	—	—	—
– Reverse to stage 1	—	—	—	—
Accrual in current year	6,891,548.22	-16,194,401.62	8,279,682.91	-1,023,170.49
Reversal in current year	—	—	-877,530.87	-877,530.87
Carry forward in current year	—	—	—	—
Write-off in current year	—	—	-12,061,851.06	-12,061,851.06
Other changes	45,989.59	454,278.55	203,946.32	704,214.46
Closing balance	9,441,765.89	93,264,401.67	41,870,634.43	144,576,801.99

7) Credit loss provisions recovered or reversed during the year

Company name	Book balance of other receivables	Reason and method of recovered or reversal	Basis for determining the original credit loss provision	Accumulated amount of credit loss provision before recovered or reversal	Recovered or reversal amount
Entity 1	1,074,801.97	Payment recovery	Involved in litigation	1,074,801.97	715,619.36
Others	8,042,096.50	Payment recovery	Involved in litigation	8,042,096.50	161,911.51
Total	9,116,898.47	—	—	9,116,898.47	877,530.87

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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)

8) Other receivables that were actually written off during the year

Company name	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related transactions
Entity 1	Advances	2,395,648.26	Applied for enforcement, but there was no property available for enforcement	Approved by the General Manager's Office	No
Entity 2	Advances	1,926,040.00	Applied for enforcement, but there was no property available for enforcement	Approved by the General Manager's Office	No
Entity 3	Others	826,732.86	Applied for enforcement, but there was no property available for enforcement	Approved by the General Manager's Office	No
Entity 4	Margin	700,000.00	Applied for enforcement, but there was no property available for enforcement	Approved by the General Manager's Office	No
Entity 5	Others	628,853.63	Uncollectible	Approved by the General Manager's Office	No
Others	—	5,584,576.31	—	Approved by the General Manager's Office	—
Total	—	12,061,851.06	—	—	—

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

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

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

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

Company name	Relationship with the Group	Amount	Aging	Percentage of total other receivables (%)	Credit loss provision	Nature or content
Entity 1	Non-related party	181,162,376.39	Within 1 year	7.06	-	Government grants
Entity 2	Non-related party	102,824,418.55	Within 1 year	4.01	-	Government grants
Entity 3	Non-related party	100,032,351.00	Within 1 year	3.90	-	Government grants
Entity 4	Non-related party	94,899,848.99	Within 1 year	3.70	-	Government grants
Entity 5	Non-related party	75,892,063.00	Within 1 year	2.96	-	Government grants
Total	-	554,811,057.93	-	21.63	-	-

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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)

11) Other receivables in relation to government grants

Company name	Government grant items	Closing balance	Closing aging	Expected time received and amount
Entity 1	Logistics industry subsidies	181,162,376.39	Within 1 year	Full payment is expected to be recovered by the end of June 2024
Entity 2	Logistics industry subsidies	102,824,418.55	Within 1 year	Full payment is expected to be recovered by the end of December 2024
Entity 3	Logistics industry subsidies	100,032,351.00	Within 1 year	RMB11.47 million was received in January 2024, another RMB58 million is expected to be recovered by the end of June 2024, and the remaining amount is expected to be recovered by the end of 2024
Entity 4	Logistics industry subsidies	94,899,848.99	Within 1 year	Expected to be recovered by June 2024
Entity 5	Logistics industry subsidies	75,892,063.00	Within 1 year	Full payment is expected to be recovered by the end of January 2025
Entity 6	Logistics industry subsidies	45,937,798.35	Within 1 year	Fully recovered in January 2024
Entity 7	Logistics industry subsidies	39,995,025.23	Within 1 year	Full payment is expected to be recovered by the end of March 2024
Entity 8	Logistics industry subsidies	18,724,150.04	Within 1 year, 1 to 2 years	Expected to recover RMB15.32 million by the end of December 2024, with the remaining amount to be recovered by 2025
Entity 9	Logistics industry subsidies	15,120,633.49	Within 1 year	Fully recovered in January 2024
Others	Logistics industry subsidies	49,986,342.28	Within 1 year, 1 to 2 years	Full payment is expected to be recovered by the end of 2024
Total	—	724,575,007.32	—	—

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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

12) There were no prepayments transferred to other receivables during the year.

13) The Group had no other receivables related to the centralized management of funds at the end of the year

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	37,198,909.14	3,102,248.47	34,096,660.67	41,619,167.21	3,102,248.47	38,516,918.74
Goods in stock	11,317,676.86	2,522,364.12	8,795,312.74	20,939,286.20	2,045,443.29	18,893,842.91
Revolving materials (packaging, low-value consumables, etc.)	15,790,220.76	-	15,790,220.76	16,923,513.39	-	16,923,513.39
Total	64,306,806.76	5,624,612.59	58,682,194.17	79,481,966.80	5,147,691.76	74,334,275.04

(2) Provision for price reduction of inventories and provision for impairment of contract performance costs

Item	Opening balance	Increase in current year			Decrease in current year		Closing balance
		Accrual	Others	Reversal or carry-forward	Others		
Raw materials	3,102,248.47	-	-	-	-	3,102,248.47	
Goods in stock	2,045,443.29	476,920.83	-	-	-	2,522,364.12	
Total	5,147,691.76	476,920.83	-	-	-	5,624,612.59	

Note: The inventories held by the Group mainly consists of vehicle and ship fuel, spare parts, packaging materials, etc. used in the process of providing transportation and logistics services. The unit price is low and the overall amount is small, which is not significant to the Group. At the end of the year, for inventories that is still in normal use and has normal functionality, the Group does not accrue inventories falling price reserves; for inventories that has exceeded its use term or is damaged, the Group accrues inventories falling price reserves on a batch or individual inventories item basis.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

9. NON-CURRENT ASSETS DUE WITHIN ONE YEAR

Item	Closing balance	Opening balance
Debt investments due within one year	15,120,000.00	13,957,417.55
Total	15,120,000.00	13,957,417.55

(1) Debt investments due within one year

Item	Closing balance			Opening balance		
	Book balance	Credit loss provision	Book value	Book balance	Credit loss provision	Book value
Loans to associates and joint ventures	15,120,000.00	-	15,120,000.00	13,957,417.55	-	13,957,417.55
Total	15,120,000.00	-	15,120,000.00	13,957,417.55	-	13,957,417.55

Note: The Group has assessed and concluded that as of 31 December 2023, no provision for credit losses is required for debt investments due within one year.

(2) The Group had no debt investments due within one year that were actually written off during the year.

10. OTHER CURRENT ASSETS

Item	Closing balance	Opening balance
Deductible VAT taxation expenses (certification)	338,502,984.73	378,538,655.33
Prepaid taxes	94,353,515.86	48,045,413.34
Others	13,451,969.09	-
Subtotal	446,308,469.68	426,584,068.67
Less: Impairment provision	-	-
Total	446,308,469.68	426,584,068.67

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

11. DEBT INVESTMENTS

(1) Debt investments details

Item	Closing balance			Opening balance		
	Book balance	Credit loss provision	Book value	Book balance	Credit loss provision	Book value
Loans to associates and joint ventures (Note)	15,120,000.00	-	15,120,000.00	48,820,000.00	-	48,820,000.00
Debt restructuring receivables	-	-	-	65,119,837.03	63,487,419.48	1,632,417.55
Total	15,120,000.00	-	15,120,000.00	113,939,837.03	63,487,419.48	50,452,417.55
Less: Debt investments due within one year	15,120,000.00	-	15,120,000.00	13,957,417.55	-	13,957,417.55
Debt investments due after one year	-	-	-	99,982,419.48	63,487,419.48	36,495,000.00

Changes in the provision for credit losses on debt investments during the year:

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Debt restructuring receivables	63,487,419.48	-	63,487,419.48	-
Total	63,487,419.48	-	63,487,419.48	-

Note: The Group's debt investments are loans to associates and joint ventures and debt restructuring receivables. As at 31 December 2023, for loans to associates and joint ventures, the Group has assessed and concluded that no provision for credit losses is necessary. The provision for credit losses for major items in debt restructuring receivables is shown below:

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. DEBT INVESTMENTS (Continued)

(1) Debt investments details (Continued)

Sinoair, a subsidiary of the Group, has been engaged in freight forwarding business with UNI-TOP Airlines Co., Ltd. and two of its affiliates, UT CHARTER BROKER LTD. and CHINA BEST LOGISTICS LIMITED, since 2010. As of March 2018, UT CHARTER BROKER LTD. owes Sinoair HKD10,726,517.54, CHINA BEST LOGISTICS LIMITED owes Sinoair HKD55,974,597.46, and UNI-TOP Airlines Co., Ltd. owes Sinoair RMB29,880,000. On 13 March 2018, Sinoair entered into a debt restructuring agreement with UNI-TOP Airlines Co., Ltd., UT CHARTER BROKER LTD., CHINA BEST LOGISTICS LIMITED, Uni-top Industry Co., Ltd. (hereinafter referred to as Uni-top Industry) and Uni-top Holding Co., Ltd. (hereinafter referred to as Uni-top Holding), under which it was agreed that Uni-top Industry would repay the above debt and interest calculated at actual days and benchmark interest rate of bank loans for the same period in six equal installments within three years, and that Uni-top Holding would bear joint and several liability guarantees for the above debt. The debt restructuring receivable had been fully provided for credit losses in the amount of RMB63,487,419.48 in prior years due to the failure of Uni-top Industry to make repayments in accordance with the agreed-upon schedule and because it was facing serious financial difficulties. During the year, the claim has been written off by fulfilling the Company's internal approval procedure.

(2) Details of debt investments as at the end of the year (Including debt investments due within one year)

Item	Closing balance					Opening balance				
	Face value (Book balance)	Coupon rate	Effective interest rate	Maturity date	Amount overdue	Face value (Book balance)	Coupon rate	Effective interest rate	Maturity date	Amount overdue
Shanghai Puan Storage Co., Ltd.	15,120,000.00	—	12.50%	2024-11-20	-	20,320,000.00	—	12.50%	2024-11-20	-
Sinotrans Suzhou Logistics Center Co., Ltd.	-	—	—	—	-	28,500,000.00	—	1.20%	2026-06-30	-
Uni-top Industry Co., Ltd.	-	—	—	—	-	45,252,362.03	—	4.75%	2021-03-31	45,252,362.03
Uni-top Industry Co., Ltd.	-	—	—	—	-	18,235,057.45	—	4.75%	2021-03-31	18,235,057.45
Sichuan Weibo New Material Group Co., Ltd.	-	—	—	—	-	1,632,417.55	—	6.00%	2023-03-31	-

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

11. DEBT INVESTMENTS (Continued)

(3) Credit loss provision for debt investments accrued, recovered, or reversed during the year

Credit loss provision	Stage 1	Stage 2	Stage 3	Total
	12-Month expected credit losses	Expected credit losses over the entire life (Not credit-impaired)	Expected credit losses over the entire life (Credit-impaired)	
Opening balance	—	—	63,487,419.48	63,487,419.48
Opening balance in current year	—	—	—	—
- Transfer to stage 2	—	—	—	—
- Transfer to stage 3	—	—	—	—
- Reverse to stage 2	—	—	—	—
- Reverse to stage 1	—	—	—	—
Accrual in current year	—	—	—	—
Reversal in current year	—	—	—	—
Carry forward in current year	—	—	—	—
Write-off in current year	—	—	63,487,419.48	63,487,419.48
Other changes	—	—	—	—
Closing balance	—	—	—	—

(4) Debt investments actually written off during the year

Company name	Nature of payments	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related transactions
Uni-top Industry Co., Ltd.	Logistics business	63,487,419.48	Company bankruptcy	Approved by the General Manager's Office	No
Total	—	63,487,419.48	—	—	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Other increase (Decrease denoted by "-")	Effects from translation in foreign currency statements	Closing balance
Investments in joint ventures	4,087,727,429.39	-	99,968,407.83	-	-106,665,994.51	2,436,421.44	4,083,466,264.15
Investments in associates	4,455,713,210.20	-	213,777,689.95	13,047,520.18	407,675,159.16	2,603,793.59	5,066,722,332.72
Subtotal	8,543,440,639.59	-	313,746,097.78	13,047,520.18	301,009,164.65	5,040,215.03	9,150,188,596.87
Less: Impairment provision of long-term equity investments	12,599,174.43	-	-	-	-	124,078.59	12,723,253.02
Total	8,530,841,465.16	-	313,746,097.78	13,047,520.18	301,009,164.65	4,916,136.44	9,137,465,343.85

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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

Invested entities	Investment costs	Opening balance	Opening balance of impairment provision	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Changes in the current year				Closing balance	Closing balance of impairment provision			
							Investment profit or loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared			Impairment provision	Effects from transition in foreign currency statements	Others
Joint ventures			4,020,273.14	-	99,988,407.83	-	-1,865,576,257.67	-	-1,587,944.91	1,972,309,261.71	-	2,436,421.44	1,654,954.44	4,063,466,264.15	4,020,273.14
DHL-Sinotrans International Air Courier Ltd.	1,850,793,420.88	4,087,727,423.39		-	-	-	-1,750,716,995.41	-	-83,615.00	1,896,126,019.17	-	-	-	1,873,711,260.04	-
Dongguan Port Container Terminals Co., Ltd.	69,144,505.07	2,019,203,908.80	-	-	-	-	-6,670,054.28	-	-	-	-	-	-	335,387,895.80	-
New Land Bridge (Lianyungang) Terminal Co., Ltd.	376,633,333.00	342,038,024.08	-	-	-	-	17,470,777.54	-	-	14,784,592.13	-	1,839,182.15	-	219,535,510.78	-
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	132,565,575.46	215,020,143.22	-	-	-	-	13,320,848.94	-	-	-	-	712,203.27	-	183,700,977.61	-
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	105,891,247.29	169,667,925.40	-	-	-	-	8,090,556.05	-	-	3,192,726.59	-	-	-	129,400,913.16	-
Chengde Bonded Logistics Investment Co., Ltd.	95,000,000.00	124,503,088.70	-	-	-	-	12,160,963.98	-	-	10,000,000.00	-	-	-	126,199,277.16	-
Sinotrans Sereus Logistics Co., Ltd.	82,570,000.00	124,038,313.18	-	-	-	-	17,615,590.80	-	-	7,500,000.00	-	-	-	123,460,582.33	-
Nissin-Sinotrans International Logistics Co., Ltd.	55,518,961.25	113,144,991.53	-	-	-	-	8,897,176.56	-	-	-	-	-	-	106,777,551.20	-
Sinotrans Suzhou Logistics Center Co., Ltd.	97,898,300.00	97,760,372.64	-	-	-	-	2,065,899.22	-	1,014.27	2,464,607.15	-	-	-	92,246,732.68	-
Shanghai Tongyun International Logistics Co., Ltd.	40,949,188.75	92,644,426.34	-	-	-	-	-1,305,382.20	-	-1,500,000.00	-	-	-	-	87,810,900.83	-
Shenyang Jiyun Automobile Logistics Co., Ltd.	100,000,000.00	90,616,283.03	-	-	-	-	5,830,694.20	-	-	6,190,082.07	-	-	-	60,672,640.81	-
Ningbo Dagang Container Co., Ltd.	49,855,251.00	61,032,028.68	-	-	-	-	368,720.04	-	-	-	-	-	-	54,228,108.66	-
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	51,000,000.00	53,869,389.62	-	-	-	-	-	-	-	-	-	-	-	50,000,000.00	-
Yineng Xinyuan Energy Technology Co., Ltd. (Note 1)	50,000,000.00	-	-	-	50,000,000.00	-	-	-	-	-	-	-	-	49,221,168.71	-
Jiangsu Sinotrans Xiangqia Supply Chain Management Co., Ltd. (Note 2)	49,000,000.00	183,352.91	-	-	49,000,000.00	-	37,216.60	-	-	-	-	-	-	49,095,150.06	-
Sinotrans FFH Cold Chain Logistics Co., Ltd.	90,000,000.00	51,510,791.40	-	-	-	-	-2,415,641.34	-	-	-	-	-	-	46,056,026.17	-
SIFB Sinotrans Container Depot Co., Ltd.	30,000,000.00	44,974,755.39	-	-	-	-	7,512,540.71	-	-	6,431,269.93	-	-	-	45,535,981.06	-
Shanghai Wei-Hong Yishiva International Logistics Co., Ltd.	56,268,343.25	46,216,115.89	-	-	-	-	-683,893.25	-	3,758.42	-	-	-	-	40,653,432.52	-
Jiangsu Sinotrans Lusi Port Heavy Logistics Development Co., Ltd.	40,000,000.00	40,149,936.13	-	-	-	-	503,526.39	-	-	-	-	-	-	39,119,277.88	-
Ningbo Taiping Int'l Trade Transportation Co., Ltd.	17,372,235.90	39,033,575.70	-	-	-	-	2,020,060.45	-	-	1,934,356.27	-	-	-	-	-

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

Invested entities	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 the current year				Closing balance	Closing balance of impairment provision	
								Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision			Effects from transition in foreign currency statements
Sinotrans-Kramax (Shanghai) International Aviation Express Delivery Co., Ltd.	19,911,240.00	38,618,294.74	-	-	-	-	9,128,773.14	-	11,325,383.00	-	-	-	36,421,674.88	-
MAXX LOGISTICS FZCO.	31,170,670.04	29,065,086.31	-	-	-	-	1,466,434.06	-	-	450,828.45	-	-	30,982,346.82	-
Sinotrans Logistics (Pakistan) Limited	1,457,004.00	27,430,768.24	-	-	-	-	641,264.28	-	-	-	-	-	28,072,032.52	-
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	32,500,000.00	29,152,253.21	-	-	-	-	-2,444,192.64	-	-	-	-	-	26,708,060.57	-
Dalian Rihong Express Logistics Co., Ltd.	16,419,924.68	25,831,208.63	-	-	-	-	-	-	-	-	-	-	25,831,208.63	-
Ningbo Dagang New Century Container Co., Ltd.	19,815,780.28	23,930,986.84	-	-	-	-	2,683,720.80	-	2,404,285.64	-	-	-	24,110,411.80	-
Sinotrans Turkey Limited	1,040,119.70	15,039,767.14	-	-	-	-	5,833,772.71	-	-	15,043.49	-	-	20,988,583.34	-
Weihai Comprehensive Bonded Zone Hongyin Supply Chain Management Co., Ltd.	14,700,000.00	18,588,431.83	-	-	-	-	1,791,471.52	-	-	-	-	-	20,379,903.35	-
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	5,100,000.00	15,486,926.00	-	-	-	-	5,597,829.20	-	4,152,519.48	-	-	-	16,912,235.72	-
Xuzhou Maruzen Sinotrans Co., Ltd.	15,242,461.77	13,550,573.77	-	-	-	-	154,426.43	-	-	-	-	-	13,745,000.20	-
SINOTRANS ALMAODOUHE MIDDLE EAST CO., Ltd.	5,518,348.95	9,860,980.07	-	-	-	-	2,336,249.40	-	-	-	-	-	12,197,239.47	-
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	6,723,579.00	11,183,406.42	-	-	-	-	271,038.35	-	-	-	-	-	11,454,438.77	-
Shaanxi Sinotrans Gortie Logistics Co., Ltd.	5,100,000.00	7,624,901.43	-	-	-	-	2,382,450.14	-	-	-	-	-	10,017,351.57	-
Shanghai United Cold Chain Logistics Co., Ltd.	15,000,000.00	11,899,057.77	-	-	-	-	-4,142,750.20	-	-	-	-	-	7,756,307.57	-
Others	71,607,341.49	84,796,789.35	4,020,273.14	-	988,407.83	-	4,039,188.46	-	5,803,388.08	-	-	1,654,954.44	85,076,003.48	4,020,273.14

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

Invested entities	Investment costs	Opening balance	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Changes in the current year				Effects from transition in foreign currency statements	Closing balance	Closing balance of impairment provision		
							Opening balance of impairment provision	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared				Impairment provision	Others
Associates															
Loscam International Holdings Co., Limited	3,813,378,703.94	4,455,713,210.20	8,578,001.29	-	213,777,889.95	13,047,520.18	404,656,222.10	158,947,643.02	51,450.76	155,380,156.72	-	2,603,793.59	-	5,066,722,332.72	8,702,979.88
China Merchants Hainan Development Investment Co., Ltd.	2,012,021,379.89	2,484,817,388.67	-	-	-	-	205,308,159.88	155,275,989.33	-	94,500,000.00	-	-	-	2,750,001,517.88	-
Shenzhen Haixing Harbor Development Co., Ltd.	351,828,381.51	390,464,122.16	-	-	-	-	21,709,457.72	-	-	-	-	5,131,696.77	-	417,305,476.65	-
Jiangsu Jiangyin Port Group Co., Ltd.	442,358,642.42	374,146,413.48	-	-	-	-	26,436,604.48	-	-	-	-	-	-	400,583,017.96	-
Weihai Weidong Shipping Co., Ltd.	59,319,000.00	335,327,238.71	-	-	-	-	84,286,634.54	83,037.15	-280,527.96	21,937,500.00	-	-	-	397,480,862.44	-
Wuhan Port Container Co., Ltd.	206,722,602.90	257,088,863.24	-	-	-	-	60,670,817.62	3,568,616.54	-	25,614,380.00	-	-	-	295,733,937.40	-
Shanghai Puan Storage Co., Ltd.	129,465,960.38	185,722,504.66	-	-	-	-	6,780,640.02	-	331,978.72	6,112,000.00	-	1,782,635.42	-	188,505,758.82	-
Ningbo Chuanshan International Logistics Co., Ltd. (Note 3)	78,173,640.00	79,017,921.64	-	-	-	-	1,484,664.77	-	-	-	-	-	-	80,502,786.41	-
Zhejiang Seaport Changxing Port Co., Ltd.	80,000,000.00	4,034,388.78	-	-	76,000,000.00	-	40,981.02	-	-	-	-	-	-	80,075,348.80	-
Qinghai Logistics Technology Co., Ltd.	56,100,000.00	57,298,422.38	-	-	-	-	1,064,280.54	-	-	-	-	-	-	58,362,702.92	-
Ma'anshan Tianshin Port Co., Ltd.	49,000,000.00	47,362,317.13	-	-	-	-	-4,040,810.00	-	-	-	-	-	-	43,321,507.13	-
Shanghai Bulk Commodity Warehouse Receipt Registration Co., Ltd. (Note 4)	21,000,000.00	30,976,637.55	-	-	-	-	1,444,679.00	-	-	700,000.00	-	-	-	31,721,316.55	-
Sinotrans Green Natural (Guangdong) International Supply Chain Co., Ltd. (Note 5)	30,000,000.00	-	-	-	30,000,000.00	-	426.25	-	-	-	-	-	-	30,000,426.25	-
Shenyang Fujun Cold Chain Logistics Co., Ltd.	24,800,000.00	-	-	-	24,800,000.00	-	-	-	-	-	-	-	-	24,800,000.00	-
	20,000,000.00	20,336,384.50	-	-	-	-	550,030.67	-	-	-	-	-	-	20,886,395.17	-

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

Invested entities	Investment costs	Opening balance	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Changes in the current year				Closing balance	Closing balance of impairment provision		
						Opening balance of impairment provision	Effects from changes in the scope of consolidation	Other comprehensive income adjustments	Other changes in equity			Cash dividends and profits declared	Impairment provision
Shandong Port & Shipping Sinotrans Supply Chain Development Co., Ltd. (Note 6)	18,000,000.00	-	18,000,000.00	-	1,459,911.47	-	-	-	-	-	-	19,459,911.47	-
Eurasian Rail Gateway Cosco Joint-Stock Company	19,090,978.81	20,247,279.05	-	-	2,619,555.38	-	-	-	-	-	-	18,377,196.60	-
Sinotrans Express (Shenzhen) Global Supply Chain Management Co., Ltd. (Note 7)	12,000,000.00	-	12,000,000.00	-	113,536.29	-	-	-	-	-	-	12,113,536.29	-
Shoumeng Supply Chain Technology (Chengdu) Co., Ltd. (Note 8)	10,000,000.00	-	10,000,000.00	-	1,224.31	-	-	-	-	-	-	10,001,224.31	-
Shanghai Heihui International Container Repairing Co., Ltd.	-	12,242,492.16	-	12,279,330.52	36,838.36	-	-	-	-	-	-	-	-
Others	193,998,118.03	156,630,886.09	42,977,669.95	786,189.66	-5,913,610.22	-	-	6,516,296.72	-	178,897.23	-	186,588,386.67	8,702,979.88
Total	5,664,172,124.82	8,549,440,639.59	313,746,097.78	13,047,520.18	2,269,692,479.77	158,947,643.02	-1,536,494.15	2,127,669,418.43	-	5,040,215.03	1,654,954.44	9,150,188,596.87	12,723,253.02

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

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, of which, the Company contributed RMB100 million with a 50% shareholding. During the year, the Company made paid-in contributions 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.

Note 2: Jiangsu Sinostrans Xiangtai Supply Chain Management Co., Ltd. was invested in and established by Sinostrans Eastern Company, a subsidiary of the Group, and Jiangsu Taizhou Port Core Port Investment Co., Ltd. on 28 April 2021, with a registered capital of RMB100 million, of which, Sinostrans Eastern Company contributed RMB49 million with a 49% shareholding. During the year, Sinostrans Eastern Company made paid-in contributions of RMB49 million. According to the Articles of Incorporation of Jiangsu Sinostrans Xiangtai Supply Chain Management Co., Ltd., Sinostrans Eastern Company is able to exercise joint control over it, which is accounted for under the equity method of accounting.

Note 3: Ningbo Chuanshan International Logistics Co., Ltd. was invested and established on 29 November 2021 by Sinostrans Zhejiang Co., Ltd. (hereinafter referred to as Sinostrans Zhejiang), a subsidiary of the Group, together with six companies, including Cosco Shipping Logistics (Ningbo) Co., Ltd., Ningbo Port International Logistics Co., Ltd. and Ningbo Beilun Lugang Transportation Investment Co., Ltd., with a registered capital of RMB400 million, of which, Sinostrans Zhejiang contributed RMB80 million with a 20% shareholding. During the year, Sinostrans Zhejiang made paid-in contributions of RMB76 million. According to the Articles of Incorporation of Ningbo Chuanshan International Logistics Co., Ltd., Sinostrans Zhejiang is able to exercise significant influence over it, which is accounted for under the equity method of accounting.

Note 4: Shanghai Bulk Commodity Warehouse Receipt Registration Co., Ltd. was invested and established on 22 December 2022 by the Company, together with nine companies, including China Logistics Group Co., Ltd., China Shipping Cargo Services Co., Ltd., Shanghai International Port (Group) Co., Ltd. and Shandong Port Group Co., Ltd., with a registered capital of RMB300 million, of which, the Company contributed RMB30 million with a 10% shareholding. During the year, the Company made paid-in contributions of RMB30 million. According to the Articles of Incorporation of Shanghai Bulk Commodity Warehouse Receipt Registration Co., Ltd., the Company is able to exercise significant influence over it, which is accounted for under the equity method of accounting.

Note 5: Sinostrans Green Natural (Guangdong) International Supply Chain Co., Ltd. was invested in and established by Sinostrans Logistics Ltd., a subsidiary of the Group, and Guangzhou Green Natural Ecological Agriculture Co., Ltd. on 7 April 2023 with a registered capital of RMB20 million, of which, Sinostrans Logistics Ltd. contributed RMB6 million with a 30% shareholding. During the year, Sinostrans Logistics Ltd. made paid-in contributions of RMB24.8 million, and the portion in excess of the contributed amount was recognized as capital reserves in accordance with the joint venture agreement. According to the Articles of Incorporation of Sinostrans Green Natural (Guangdong) International Supply Chain Co., Ltd., Sinostrans Logistics Ltd. can exercise significant influence over it, which is accounted for under the equity method of accounting.

Note 6: Shandong Port&Shipping Sinostrans Supply Chain Development Co., Ltd. was invested and established by Sinostrans Central China Co., Ltd. (hereinafter referred to as Sinostrans 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 Sinostrans Central China's contributed capital of RMB24.5 million, representing 49% of shareholding ratio. During the year, Sinostrans Central China made paid-in contributions of RMB18 million. According to the Articles of Incorporation of Shandong Port&Shipping Sinostrans Supply Chain Development Co., Ltd., Sinostrans Central China can exercise significant influence over it, which is accounted for by the equity method.

Note 7: Sinostrans Express (Shenzhen) Global Supply Chain Management Co., Ltd. was invested and established by Sinostrans Logistics Ltd., a subsidiary of the Group, and China Shenzhen Ocean Shipping Agency Co., Ltd. (hereinafter referred to as Shenzhen Ocean Shipping Company), a subsidiary of the Group, and Speedaf Express (Shenzhen) Co., Ltd. on June 30th, 2023, with a registered capital of RMB50 million, of which, Sinostrans Logistics Ltd. and Shenzhen Ocean Shipping Company each contributed RMB10 million with a 20% shareholding respectively. During the year, Sinostrans Logistics Ltd. and Shenzhen Ocean Shipping Company each made paid-in contributions of RMB6 million. According to the Articles of Incorporation of Sinostrans Express (Shenzhen) Global Supply Chain Management Co., Ltd., the Group can exercise significant influence over it, which is accounted for by the equity method.

Note 8: Shouning Supply Chain Technology (Chengdu) Co., Ltd. was invested and established by Sinostrans Cold Chain Logistics Co., Ltd. (hereinafter referred to as Sinostrans 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, and Sinostrans Cold Chain Company subscribed for a capital contribution of RMB10 million, representing a shareholding ratio of 10%. During the year, Sinostrans Cold Chain Company made paid-in contributions of RMB10 million. According to the Articles of Incorporation of Shouning Supply Chain Technology (Chengdu) Co., Ltd., Sinostrans Cold Chain Company can exercise significant influence over it, which is accounted for by the equity method.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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)

(3) The changes in the impairment provision of long-term equity investments are as follows:

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current year	Decrease in current year Decrease	Reasons for decreases	Effects from translation in foreign currency statements	Closing balance
Beijing China Merchants Science City Real Estate Development Co., Ltd.	5,748,385.50	-	-	-	-	83,140.20	5,831,525.70
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	-	-	-	-	21,162.96	1,484,388.36
Beijing Shungang Clothing Accessories Co., Ltd.	1,367,290.39	-	-	-	-	19,775.43	1,387,065.82
Total	12,599,174.43	-	-	-	-	124,078.59	12,723,253.02

Note: As of 31 December 2023, the Group reviewed the operating conditions, asset status, and industry operating environment of its major joint ventures and associates, and found no obvious signs of impairment. Therefore, no impairment provision was made for long-term equity investments this year.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

(4) Significant joint venture investments

Name of invested entities	Main business location	Place of registration	Nature of business	Registered capital	Shareholding ratio (%)	Voting ratio (%)	Total assets at the end of the year	Total liabilities at the end of the year	Total net assets at the end of the year	Total operating income for the year	Net profit for the year	Net profit of the investee attributable to the company for the year
Joint ventures												
DHL-Sinotrans International Air Courier Ltd.	China	Beijing	Air-freight courier	USD14.5M	50.00	50.00	7,315,093,938.00	3,567,671,417.92	3,747,422,520.08	23,031,228,150.21	3,501,433,970.82	3,501,433,970.82
Total							7,315,093,938.00	3,567,671,417.92	3,747,422,520.08	23,031,228,150.21	3,501,433,970.82	3,501,433,970.82

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

(5) Main financial information of material joint ventures

Item	Current year amount DHL-Sinotrans International Air Courier Ltd.	Prior year amount DHL-Sinotrans International Air Courier Ltd.
Current assets	6,067,272,801.90	6,165,005,133.27
Including: Cash and cash equivalents	3,355,334,327.27	4,087,531,638.26
Non-current assets	1,247,821,136.10	1,287,892,903.81
Total assets	7,315,093,938.00	7,452,898,037.08
Current liabilities	3,202,230,269.04	2,982,198,126.33
Non-current liabilities	365,441,148.88	432,292,093.16
Total liabilities	3,567,671,417.92	3,414,490,219.49
Net assets	3,747,422,520.08	4,038,407,817.59
Non-controlling interests	-	-
Net assets attributable to owners of the parent company	3,747,422,520.08	4,038,407,817.59
Share of net assets calculated at the shareholding ratio	1,873,711,260.04	2,019,203,908.80
Adjustments	-	-
- Goodwill	-	-
- Unrealised profits on internal transactions	-	-
- Others	-	-
Book value of equity investments in joint ventures	1,873,711,260.04	2,019,203,908.80
Fair value of equity investments with open market price	-	-
Operating income	23,031,228,150.21	21,250,267,045.08
Finance costs	-41,829,157.42	-107,758,337.44
Income tax expenses	1,047,460,451.73	1,269,265,540.60
Net profit	3,501,433,970.82	3,734,173,335.24
Net profits attributable to owners of the parent company	3,501,433,970.82	3,734,173,335.24
Net profits from discontinuing operations	-	-
Other comprehensive income	-	-
Total comprehensive income	3,501,433,970.82	3,734,173,335.24
Dividends from joint ventures for the year	1,896,126,019.17	2,134,290,051.37

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

(6) Significant associate investments

Name of invested entities	Main business location	Place of registration	Nature of business	Registered capital	Shareholding ratio (%)	Voting ratio (%)	Total assets at the end of the year	Total liabilities at the end of the year	Total net assets at the end of the year	Total operating income for the year	Net profit for the year	Net profit of the investee attributable to the company for the year
Associates												
Loscam International Holdings Co., Limited	Asia Pacific	The British Virgin Islands	Logistics equipment leasing	USD101	45.00	45.00	8,994,251,046.22	3,962,488,805.41	5,031,762,240.81	2,338,338,781.49	458,718,071.11	457,564,802.11
Total							8,994,251,046.22	3,962,488,805.41	5,031,762,240.81	2,338,338,781.49	458,718,071.11	457,564,802.11

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

(7) Main financial information of material associates

Item	Current year amount Loscam International Holdings Co., Limited	Prior year amount Loscam International Holdings Co., Limited
Current assets	1,862,557,178.71	1,848,253,096.07
Including: Cash and cash equivalents	1,144,851,082.55	1,248,280,284.43
Non-current assets	7,131,693,867.51	6,393,398,560.44
Total assets	8,994,251,046.22	8,241,651,656.51
Current liabilities	3,117,310,364.93	852,623,763.46
Non-current liabilities	845,178,440.48	3,335,209,040.23
Total liabilities	3,962,488,805.41	4,187,832,803.69
Net assets	5,031,762,240.81	4,053,818,852.82
Non-controlling interests	386,645,278.63	–
Net assets attributable to owners of the parent company	4,645,116,962.18	4,053,818,852.82
Share of net assets calculated at the shareholding ratio	2,090,302,632.98	1,824,218,483.77
Adjustments	660,598,884.90	660,598,884.90
– Goodwill	–	–
– Unrealised profits on internal transactions	–	–
– Others	660,598,884.90	660,598,884.90
Book value of equity investments in associates	2,750,901,517.88	2,484,817,368.67
Fair value of equity investments with open market price	–	–
Operating income	2,338,338,781.49	2,020,080,296.75
Finance costs	141,268,685.74	87,936,355.14
Income tax expenses	229,371,630.49	204,600,720.37
Net profit	458,718,071.11	441,327,419.02
Net profits attributable to owners of the parent company	457,564,802.11	441,327,419.02
Net profits from discontinuing operations	–	–
Other comprehensive income	359,051,309.40	104,873,996.47
Total comprehensive income	817,769,380.51	546,201,415.49
Dividends from associates for the year	94,500,000.00	–

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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	Current year amount	Prior year amount
Joint ventures:	—	—
Total book value of investments	2,205,734,730.97	2,064,503,247.45
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	114,859,272.26	127,213,482.79
Other comprehensive income	—	46,219.70
Total comprehensive income	114,859,272.26	127,259,702.49
Associates:	—	—
Total book value of investments	2,307,117,834.96	1,962,316,940.24
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	198,748,062.22	194,220,216.45
Other comprehensive income	3,671,653.69	20,257,742.71
Total comprehensive income	202,419,715.91	214,477,959.16

(9) As at 31 December 2023, the Group did not have any joint ventures or associates with significant restrictions on their ability to transfer funds to the Group.

(10) As at 31 December 2023, the Group had no significant excess losses incurred in its joint ventures or associates.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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	Opening balance	Increase in investment	Decrease in investment	Changes in the current year		Others	Closing balance	Dividend income recognised during the year	Accumulated	Accumulated	Reasons for designation as at fair value through other comprehensive income
				Gains included in other comprehensive income for the year	Losses included in other comprehensive income for the year				gains included in other comprehensive income	losses included in other comprehensive income	
CSC Cargo Co., Ltd. (Note)	-	394,050,500.00	-	-	-	-	394,050,500.00	-	-	-	Strategic purpose holding
Air China Limited	30,576,728.20	-	-	-	-9,403,786.22	-	21,172,941.98	-	13,096,070.38	-	Strategic purpose holding
Total	30,576,728.20	394,050,500.00	-	-	-9,403,786.22	-	415,223,441.98	-	13,096,070.38	-	—

Note: See Note VIII.4.Note 4 for details of the new equity investment in CSC Cargo Co., Ltd. during the year.

(2) There were no other equity instrument investments derecognised during the year.

14. OTHER NON-CURRENT FINANCIAL ASSETS

Item	Closing balance	Opening balance
Financial assets classified as measured at fair value through profit or loss	976,841,095.30	708,417,806.54
Including: Equity instrument investments	976,841,095.30	708,417,806.54
Total	976,841,095.30	708,417,806.54

Note: As at 31 December 2023, other non-current financial assets consisted mainly of the investment in China Southern Airlines Logistics Co., Ltd. of RMB541,444,631.36; the investment in Nanjing Port Longtan Container Co., Ltd of RMB135,545,804.83; the investment in JD Logistics, Inc. (hereinafter referred to as JD Logistics) of RMB88,628,316; the investment in Ouyeel Cloud Commerce Co., Ltd. of RMB147,747,600; the investment in SINO-BLR Industrial Investment Fund, L.P. of RMB41,806,458.19; and the investment in Shenyang Airport Logistics Co., Ltd. of RMB14,930,000.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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
Effects from changes in the scope of consolidation (Note)	435,078,923.22	109,548,636.72	544,627,559.94
Acquisition for the year	655,002.48	—	655,002.48
Conversion of fixed assets to investment properties	125,357,988.67	—	125,357,988.67
Conversion of intangible assets to investment properties	—	44,954,755.00	44,954,755.00
Disposal for the year	1,042,664.00	—	1,042,664.00
Transfer from investment properties to fixed assets	4,318,113.83	—	4,318,113.83
Effects from translation in foreign currency statements	32,462,523.23	—	32,462,523.23
Closing balance	3,210,109,209.98	299,051,927.92	3,509,161,137.90
II. Accumulated depreciation and accumulated amortisation			
Opening balance	442,425,257.64	47,441,832.60	489,867,090.24
Effects from changes in the scope of consolidation	—	—	—
Accrual in current year	94,877,061.64	4,439,364.47	99,316,426.11
Conversion of fixed assets to investment properties	24,781,333.67	—	24,781,333.67
Conversion of intangible assets to investment properties	—	5,345,578.02	5,345,578.02
Disposal for the year	861,330.43	—	861,330.43
Transfer from investment properties to fixed assets	3,173,625.38	—	3,173,625.38
Effects from translation in foreign currency statements	5,070,966.97	—	5,070,966.97
Closing balance	563,119,664.11	57,226,775.09	620,346,439.20
III. Impairment provision			
Opening balance	3,138,161.54	—	3,138,161.54
Accrual in current year	—	—	—
Effects from translation in foreign currency statements	23,470.58	—	23,470.58
Closing balance	3,161,632.12	—	3,161,632.12
IV. Net amount			
Opening balance	2,176,352,131.03	97,106,703.60	2,273,458,834.63
Closing balance	2,643,827,913.75	241,825,152.83	2,885,653,066.58

Note: The effect of the change in the scope of consolidation was caused by the current year's business combinations of MARK FAMOUS INVESTMENT LIMITED and OCEAN LORD INVESTMENT LIMITED not under common control, as described in Note VIII.3.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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	23,464,351.77	In progress
Office building of Sinotrans (Changchun) Logistics Ltd.	4,038,397.55	In progress
Houses of Sinotrans Logistics on Munan Road No. 98	574,804.05	In progress
Total	28,077,553.37	—

- (3) The Group's investment properties are mainly rented warehouses, yards and other logistics facilities. As at 31 December 2023, the Group evaluated the leases, rental levels and surrounding market prices involved in its major leased logistics facilities and found no obvious signs of impairment, therefore, no provision for impairment of investment properties has been made for the current year.

16. FIXED ASSETS

Item	Closing balance	Opening balance
Fixed assets	14,754,074,171.74	14,959,050,239.04
Disposal of fixed assets	143,692.99	51,132.07
Total	14,754,217,864.73	14,959,101,371.11

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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	14,463,591,812.72	1,849,516,617.07	2,010,866,107.42	6,717,722,516.70	25,041,697,053.91
Effects from changes in the scope of consolidation (Note)	5,373,661.19	-	-16,468,308.46	6,747,266.54	-4,347,380.73
Acquisition for the year	86,858,574.02	7,024,004.16	167,172,972.50	263,293,536.36	524,349,087.04
Transfer from construction in progress for the year	492,237,365.31	78,017,619.56	-	99,856,805.34	670,111,790.21
Transfer from investment properties for the year	4,318,113.83	-	-	-	4,318,113.83
Disposals, obsolescence for the year	42,890,072.04	263,815.85	173,281,895.23	165,631,023.43	382,066,806.55
Reclassification	22,565,293.51	-5,223,376.14	4,305,140.72	-21,647,058.09	-
Transfer to investment properties for the year	125,357,988.67	-	-	-	125,357,988.67
Effects from translation in foreign currency statements	-67,166,868.78	-	17,598,549.04	-45,797,174.70	-95,365,494.44
Closing balance	14,839,529,891.09	1,929,071,048.80	2,010,192,565.99	6,854,544,868.72	25,633,338,374.60
II. Accumulated depreciation					
Opening balance	4,450,794,680.53	601,167,624.03	1,208,571,446.04	3,456,147,746.73	9,716,681,497.33
Effects from changes in the scope of consolidation (Note)	-	-	-7,567,275.81	-1,933,729.56	-9,501,005.37
Accrual in current year	520,026,823.88	61,390,043.16	147,351,831.06	410,649,914.22	1,139,418,612.32
Transfer from investment properties for the year	3,173,625.38	-	-	-	3,173,625.38
Disposals, obsolescence for the year	18,875,066.33	231,512.51	141,564,256.20	147,011,399.18	307,682,234.22
Reclassification	6,457,670.35	-1,904,061.25	521,426.29	-5,075,035.39	-
Transfer to investment properties for the year	24,781,333.67	-	-	-	24,781,333.67
Effects from translation in foreign currency statements	-5,898,183.51	-	7,319,360.52	6,749,076.79	8,170,253.80
Closing balance	4,930,898,216.63	660,422,093.43	1,214,632,531.90	3,719,526,573.61	10,525,479,415.57

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

1) Details of fixed assets classification (Continued)

Item	Buildings	Port and terminal facilities	Motor vehicles and vessels	Machinery, equipment, furniture, appliances and other equipment	Total
III. Impairment provision	—	—	—	—	—
Opening balance	253,909,451.98	-	111,815,613.96	240,251.60	365,965,317.54
Accrual in current year	394,810.44	-	-	-	394,810.44
Effects from translation in foreign currency statements	-12,575,340.69	-	-	-	-12,575,340.69
Closing balance	241,728,921.73	-	111,815,613.96	240,251.60	353,784,787.29
IV. Net amount	—	—	—	—	—
Opening balance	9,758,887,680.21	1,248,348,993.04	690,479,047.42	3,261,334,518.37	14,959,050,239.04
Closing balance	9,666,902,752.73	1,268,648,955.37	683,744,420.13	3,134,778,043.51	14,754,074,171.74
Including: Net mortgaged assets at the end of the year	126,369,204.45	651,997.83	-	94,486,499.54	221,507,701.82

Note: The effect of the change in the scope of consolidation was caused by the business combinations of MARK FAMOUS INVESTMENT LIMITED and OCEAN LORD INVESTMENT LIMITED not under common control, and the disposal of subsidiaries Hubei Bulk Cargo, Chongqing Bulk Cargo, and Eastlake Bonded Logistics, during the year, as described in Note VIII.3. and Note VIII.4.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

2) Fixed assets fully depreciated at the end of the year but still in use, temporarily idle fixed assets at the end of the year, and the disposal and scrap of fixed assets for the year

Item	Amount	Remark
1. Original value of fixed assets fully depreciated at the end of the year but still in use	3,164,439,348.79	—
2. Original value of temporarily idle fixed assets at the end of the year	181,620,736.52	—
3. Disposal and scrap of fixed assets for the year	—	—
(1) Original value of disposal and scrap of fixed assets for the year	382,066,806.55	—
(2) Net value of disposal and scrap of fixed assets for the year	74,384,572.33	—
(3) Gains and losses from disposal and scrap of fixed assets for the year	93,372,851.75	—

3) Temporary idle fixed assets

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Remark
Buildings	20,652,060.09	15,301,180.90	-	5,350,879.19	—
Motor vehicles and vessels	20,577,330.04	10,459,702.96	4,564,856.69	5,552,770.39	—
Machinery, equipment, furniture, appliances and other equipment	140,391,346.39	95,260,364.67	-	45,130,981.72	—
Total	181,620,736.52	121,021,248.53	4,564,856.69	56,034,631.30	—

4) Fixed assets rented through operating lease

Item	Book value
Machinery, equipment, furniture, appliances and other equipment	793,144,606.07
Total	793,144,606.07

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 (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.	204,738,913.29	212,066,002.40	In progress
Wuhu Sanshan Port Sinotrans Wharf Project Phase I	138,302,779.20	142,702,696.70	In progress
Northeast Regional Logistics Center Warehouse	74,584,103.89	78,379,850.14	Temporary suspension of demolition
Harbin Distribution Center Phase II	74,434,080.03	77,918,992.41	In progress
Caidian Logistics Base	47,384,948.99	54,404,359.45	In progress
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 0	39,738,370.43	41,256,585.28	In progress
Office building 1, Tianzhu Airport Logistics Park	38,637,726.31	36,081,383.94	In progress
Office building of Sinotrans (Zhengzhou) Airport Logistics Co., Ltd.	34,667,114.38	36,292,958.43	In progress
Changchun Distribution Center Warehouse No. 1	32,213,527.08	33,525,885.69	In progress
Pudong International Airport Storage Project Rongcheng 7-11 warehouse and office building	31,485,415.23	35,976,756.30	In progress
Changchun Distribution Center Warehouse No. 7	30,844,288.55	32,732,659.80	In progress
Changchun Distribution Center Warehouse No. 3	29,543,904.95	30,742,980.48	In progress
Changchun Distribution Center Warehouse No. 3	27,343,448.40	28,410,408.71	In progress
China Merchants Logistics Group Qingdao Logistics Centre 1# Warehouse	25,218,446.03	26,071,026.94	Not yet completed and settled
China Merchants Logistics Group Qingdao Logistics Centre 3# Warehouse	24,046,924.75	24,859,899.07	Not yet completed and settled
Changchun Distribution Center Warehouse No. 5	23,972,137.19	24,934,051.01	In progress
China Merchants Logistics Group Qingdao Logistics Centre 2# Warehouse	23,541,863.51	24,365,611.95	Not yet completed and settled
Office building of Sinotrans (Changchun) Logistics Ltd.	23,390,254.65	23,843,018.16	In progress
Block C, Building 339, Chengdu	23,005,937.49	24,263,603.97	In progress
China Merchants Logistics Group Changchun Warehouse Package 1	22,360,579.36	23,199,553.12	In progress
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 5	21,046,890.03	21,915,698.10	In progress
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 1	20,991,571.56	21,854,861.29	In progress

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

5) Fixed assets without the title certificate (Continued)

Item	Closing book value	Opening book value	Remark
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 1	20,130,087.94	21,037,544.09	In progress
China Merchants Logistics Group Qingdao Logistics Centre 4# Warehouse	20,026,056.51	20,703,094.00	Not yet completed and settled
China Merchants Logistics Group Qingdao Logistics Centre Complex	18,681,133.37	19,482,355.78	Not yet completed and settled
Wuhu Sanshan Port Warehouse	18,306,658.39	18,342,109.07	In progress
China Merchants Logistics Group Qingdao Logistics Centre 5# Warehouse	18,205,245.51	18,820,725.34	Not yet completed and settled
Warehouse 2 of Tianzhu Logistics Park	15,601,190.49	16,863,731.01	In progress
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 3	15,512,427.06	16,315,970.64	In progress
Wuhu Sanshan Port Joint Inspection Building and Dormitory Building	15,097,937.14	15,965,241.15	In progress
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 2	12,840,135.44	12,943,621.33	In progress
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 02	12,783,831.54	13,667,834.22	Temporary suspension of demolition
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 01	12,605,413.95	13,478,090.07	Temporary suspension of demolition
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 2	11,847,416.78	12,310,038.28	In progress
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 3	10,981,403.49	11,410,208.64	In progress
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 04	10,791,272.15	11,704,564.67	Temporary suspension of demolition
Warehouse 1 of Tianzhu Logistics Park	10,377,459.66	11,213,727.51	In progress
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 03	9,106,283.64	9,876,971.32	Temporary suspension of demolition
Wuhu Sanshan Port Waiting Building	6,722,752.23	7,114,689.83	In progress
China Merchants Logistics Group Changchun Phase I Complex	6,454,104.47	6,710,615.39	In progress
Others	38,088,006.46	42,591,380.78	-
Total	1,295,652,041.52	1,356,351,356.46	-

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

6) *Impairment testing of fixed assets*

The Group's fixed assets mainly consist of self-owned warehouses, yards, parks, terminals and other logistics infrastructures as well as ancillary equipment. These assets, which normally do not generate cash inflows individually, are included in asset groups comprising the long-term assets of the operating entities to which they belong. As at 31 December 2023, the Group reviewed the operations of the major operating entities involved in the above logistics facilities, and there were indications that some of the logistics facilities might be impaired due to fluctuations and declines in the performance of the operating entities to which they belonged. The Group assessed the recoverable amounts of the asset groups involved in the aforementioned logistics facilities with possible indications of impairment. The assessment was based on market values and assumptions used by market participants in pricing such assets, with key parameters including rental levels, vacancy rates, rental growth rates, comprehensive recovery rate, etc., and the relevant valuation and impairment tests are set out below:

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

6) Impairment testing of fixed assets (Continued)

The recoverable amount is determined as the net of fair value less costs of disposal

Item	Book value (RMB10,000)	Recoverable amount (RMB10,000)	Impairment amount (RMB10,000)	Determination of fair value and cost of disposal	Key parameters	Basis for determining key parameters
Sinotrans Chengdu Longquan Logistics Center Warehouse, Land, etc.	16,467.20	19,247.21	-	Estimating the market value based on the assumptions used by market participants in pricing such assets	Rent: 0.65, 0.71 yuan/square meter/day; rental growth rate: 2%; vacancy rate: 0%, 5%; comprehensive recovery rate: 7%.	The rent is determined based on the actual lease agreement and the market rent level within the region; The rental growth rate is determined based on CPI; The vacancy rate is determined based on actual vacancy rates and market data such as warehouse vacancy rate statistics from IFnD in Tonghuashun; The comprehensive reduction interest rate is calculated and determined by the safe interest rate plus risk adjusted value method according to the relevant provisions of the real estate appraisal norms and the real estate appraisal standards. The safe interest rate is the yield to maturity of treasury bond on the valuation base date. The risk adjusted value is determined according to the economic situation and future forecast of the region where the valuation object is located, the purpose of the valuation object, and the degree of newness and obsolescence of the valuation object.
Warehouses and land of of Sinotrans (Qingdao) Airport Logistics Co., Ltd. Warehouse, Land, etc.	10,407.40	10,831.53	-	Estimating the market value based on the assumptions used by market participants in pricing such assets	The rents for warehouses 1 and 2 are 0.80 and 0.83 yuan/square meter/day; for warehouses 3 and 4, they are 0.64 and 0.66 yuan/square meter/day; for office buildings, they are 1.16 and 1.19 yuan/square meter/day; the growth rate of rent is 3%; the vacancy rate is 25%, 20%, 15%, and 10%; the comprehensive recovery rate is 7%.	
Warehouses and land of SINOTRANS (WUHAN) Supply CHAIN Logistics Co., Ltd. Warehouse, Land, etc.	5,701.14	7,496.37	-	Estimating the market value based on the assumptions used by market participants in pricing such assets	Warehouse rents are 0.83 and 0.85 yuan per square meter per day; office rents are 1.40 and 1.43 yuan per square meter per day; rental growth rate is 2%; vacancy rate is 30%, 20%, and 10%; comprehensive recovery rate is 7%.	
Warehouses, land, etc. in Tianjin SINOTRANS Fanhai Logistics Co., Ltd. Park Warehouse, Land, etc.	3,304.43	7,496.45	-	Estimating the market value based on the assumptions used by market participants in pricing such assets	Rent: 0.78 yuan/square meter/day; rental growth rate: 3%; vacancy rate: 30%; comprehensive recovery rate: 7.5%.	
Total	35,880.17	45,071.56	-			

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

6) Impairment testing of fixed assets (Continued)

The recoverable amount is determined as the net of fair value less costs of disposal (Continued)

Note: The Group engaged Beijing Zhongtonghua Assets Appraisal Co., Ltd. to issue a valuation report on the recoverable amount of the above asset group, with report numbers Zhongtonghua Consulting Report 2024 No.020188, No.020190, No. 020186, and No. 020189 in that order.

(2) Disposal of fixed assets

Item	Closing balance	Opening balance
Machinery, equipment, furniture, appliances and other equipment	143,692.99	51,132.07
Total	143,692.99	51,132.07

17. CONSTRUCTION IN PROGRESS

(1) Listed by classification

Item	Closing balance	Opening balance
Construction in progress	824,783,662.00	795,865,087.48
Construction materials	-	-
Total	824,783,662.00	795,865,087.48

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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
Jiaying Haiyan Logistics Centre Project	151,478,630.21	-	151,478,630.21	11,616,472.96	-	11,616,472.96
Sinotrans Logistics Development Hefei Supply and Marketing Logistics Park	134,024,899.51	-	134,024,899.51	102,666,584.88	-	102,666,584.88
Taicang Port Bonded Area Integrated Logistics Park Project	117,084,901.47	-	117,084,901.47	7,518,531.54	-	7,518,531.54
Comprehensive Bonded Zone Storage Project	54,823,550.50	-	54,823,550.50	53,094,477.29	-	53,094,477.29
Sinotrans International Freight Forwarding and Logistics Centre Project	44,341,913.59	-	44,341,913.59	44,341,913.59	-	44,341,913.59
Qingdao Nonferrous Minerals Synthesis and Distribution Center	41,018,836.15	-	41,018,836.15	2,735,864.66	-	2,735,864.66
Sinotrans South China Foshan Sanshui Port Purchase of Remote-Control Gantry Crane Project	25,966,021.91	-	25,966,021.91	8,821,659.70	-	8,821,659.70
Rizhao Smart Logistics Park	24,661,137.39	-	24,661,137.39	31,361,400.48	-	31,361,400.48
Sinotrans Lingang International Logistics Center Project	23,378,079.86	-	23,378,079.86	254,876.38	-	254,876.38
Lianyungang Shanghe Logistics Park Project	21,346,024.88	-	21,346,024.88	184,147,298.49	-	184,147,298.49
Shaanxi Company Distribution Center	16,947,885.91	-	16,947,885.91	143,262,294.28	-	143,262,294.28
Shandong Sinotrans Warehouse Project	14,956,870.00	-	14,956,870.00	2,376.24	-	2,376.24
Jinxia Logistics Center	13,971,170.65	-	13,971,170.65	2,217,227.91	-	2,217,227.91
Xinjiang Ganquanbao Distribution Center Gantry Crane Yard Project	12,574,749.89	-	12,574,749.89	12,574,749.89	-	12,574,749.89
Sinotrans Middle East Co., Ltd. SHEIN Project	12,389,016.08	-	12,389,016.08	-	-	-
Guiyang Comprehensive Bonded Zone Project	10,455,753.74	-	10,455,753.74	9,953,557.23	-	9,953,557.23
Zhejiang Sinotrans Fire Fighting Renovation Project	10,273,425.04	-	10,273,425.04	-	-	-
Weihai Sinotrans International Intelligent Logistics Center Project	6,142,562.17	-	6,142,562.17	162,830.19	-	162,830.19
Dockside 500-Day Shoreline Modification and Expansion Declaration Project	5,195,104.69	-	5,195,104.69	-	-	-
Wuhu Sanshan Port Terminal Transmission System Improvement and Expansion Project	-	-	-	52,732,533.67	-	52,732,533.67
Jinhua Sinotrans International Logistics Center Phase II	-	-	-	21,451,366.86	-	21,451,366.86
Terminal Expansion Project	-	-	-	17,689,558.09	-	17,689,558.09
Nancheng New Warehouse Project	-	-	-	14,947,772.88	-	14,947,772.88
Other Projects	-	-	-	8,453,958.34	-	8,453,958.34
	83,853,128.36	100,000.00	83,753,128.36	65,957,781.93	100,000.00	65,857,781.93
Total	824,883,662.00	100,000.00	824,783,662.00	795,965,087.48	100,000.00	795,865,087.48

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

17. CONSTRUCTION IN PROGRESS (Continued)

(3) Changes in significant construction in progress during the year

Item	Budget	Opening balance	Increase in current year	Effects from changes in the scope of consolidation	Transfer to fixed assets	Other decreases	Closing balance	Proportion of project investment to budget amount (%)	Project progress (%)	Accumulated amount of interest capitalisation	Including: Amount of interest capitalisation for the year	Interest capitalization rate for the year (%)	Sources of funds
Jiawing Haiyan Logistics Centre Project	405,591,721.30	11,616,472.96	139,862,157.25	-	-	-	151,478,630.21	37.31	37.31	-	-	-	Self-owned capital
Sinotrans Logistics Development Hefei Supply and Marketing Logistics Park	322,510,000.00	102,666,584.88	85,197,397.64	-	53,839,083.01	-	134,024,899.51	58.25	58.25	1,719,413.55	1,719,413.55	2.06	Borrowings, self-owned capital
Taekang Port Bonded Area Integrated Logistics Park Project	382,395,015.00	7,518,531.54	109,566,369.93	-	-	-	117,084,901.47	30.62	30.62	193,135.16	193,135.16	2.85	Borrowings, self-owned capital
Lianyungang Shengjue Logistics Park Project	375,000,000.00	184,147,298.49	14,565,245.04	-	177,366,518.65	-	21,346,024.88	85.56	85.86	-	-	-	Self-owned capital
Shaanxi Company Distribution Center	489,430,000.00	143,282,294.28	18,052,038.92	-	144,366,447.29	-	16,947,885.91	98.69	98.69	25,498,101.84	-	-	Borrowings, self-owned capital
Total	1,985,226,736.30	449,211,182.15	367,243,208.78	-	375,572,048.95	-	440,882,341.98	---	---	27,410,650.55	1,912,548.71	---	---

(4) The Group's construction in progress mainly consists of newly constructed or reconstructed logistics centers, logistics parks, terminals, warehousing depots and large-scale logistics equipment. As at 31 December 2023, the Group had assessed the construction status, feasibility study expectation and future operation arrangement of the major construction projects in progress, and no obvious indication of impairment was found, therefore, no provision for impairment was made for the construction in progress for the current year.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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	4,637,387,011.42	42,135,667.86	-	4,020,851.35	22,331,697.35	17,177,631.66	4,723,052,859.64
Effects from changes in the scope of consolidation	-	-	-	-	-	-	-
Increase in current year	1,017,524,864.43	18,425,859.56	3,082,091.02	663,651.66	5,387,227.17	10,814,494.06	1,055,898,187.90
Decrease in current year (Note)	792,624,616.77	15,778,656.00	-	2,422,493.41	12,801,613.37	3,331,335.36	826,958,714.91
Effects from translation in foreign currency statements	32,130,645.66	-	-	51,773.70	-	-36,813.99	32,145,605.37
Closing balance	4,894,417,904.74	44,782,871.42	3,082,091.02	2,313,783.30	14,917,311.15	24,623,976.37	4,984,137,938.00
II. Accumulated depreciation	—	—	—	—	—	—	—
Opening balance	1,780,886,740.07	4,459,095.23	-	3,437,057.12	12,437,321.10	2,946,401.39	1,804,166,614.91
Effects from changes in the scope of consolidation	-	-	-	-	-	-	-
Accrual in current year	897,297,296.23	12,504,636.81	919,499.62	740,497.22	5,957,482.26	7,533,335.16	924,952,747.30
Decrease in current year (Note)	722,987,177.57	9,249,471.40	-	2,420,244.88	10,846,853.14	3,016,124.84	748,519,871.83
Effects from translation in foreign currency statements	10,712,327.90	-	-	11,138.44	-	-31,553.09	10,691,913.25
Closing balance	1,965,909,186.63	7,714,260.64	919,499.62	1,768,447.90	7,547,950.22	7,432,058.62	1,991,291,403.63
III. Impairment provision	—	—	—	—	—	—	—
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
IV. Net amount	—	—	—	—	—	—	—
Opening balance	2,856,500,271.35	37,676,572.63	-	583,794.23	9,894,376.25	14,231,230.27	2,918,886,244.73
Closing balance	2,928,508,718.11	37,068,610.78	2,162,591.40	545,335.40	7,369,360.93	17,191,917.75	2,992,846,534.37

Note: The decrease in the original value and accumulated depreciation of right-of-use assets for the year is mainly due to the simultaneous reduction of the original value and accumulated depreciation of right-of-use assets upon expiry of the leases and early termination of leases.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 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 28 years and contain partial renewal or termination options. In determining the term of the lease and assessing the length of the non-cancellable period, the Group determines the period for which the contract is enforceable in accordance with the terms of the contracts.

The Group's significant lease contracts do not contain an option clause to purchase the leased assets at a price below market value at the end of the lease term or renewal period.

The short-term lease expenses charged to profit or loss for the year under simplified treatment amounted to RMB642,153,167.91 (Previous year: RMB774,215,207.87) and the lease expenses for low-value assets amounted to RMB24,801,084.34 (Previous year: RMB19,251,150.84).

The Group's leases have no variable lease payment terms. The total cash outflow in relation to leases for the year was RMB1,710,242,602.53 (Previous year: RMB1,628,085,943.16).

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

19. INTANGIBLE ASSETS

Item	Amortisation year	Opening balance	Effects from changes in the scope of consolidation	Increase in current year	Decrease in current year (Note)	Reclassification	Effects from translation in foreign currency statements	Closing balance
I. Total original value	—	8,508,488,617.58	—	410,183,818.31	214,150,829.12	—	31,051,740.20	8,735,573,346.97
Including: Land use rights	20-99 years	6,972,023,269.74	—	316,317,964.94	206,056,160.93	—	3,649,496.68	7,085,934,570.43
Trademark rights	10 years	5,007,651.46	—	—	—	—	—	5,007,651.46
Software	5 years	902,200,356.53	—	93,262,079.79	8,094,668.19	26,945,069.78	1,248,719.61	1,015,561,557.52
Customer relationship	9 years, 10 years	520,532,840.90	—	—	—	—	26,146,191.98	546,679,032.88
Others	5 years, 8 years	108,724,498.95	—	603,773.58	—	-26,945,069.78	7,331.93	82,390,534.68
II. Total accumulated amortisation	—	2,185,152,349.05	—	300,380,484.03	47,092,851.26	—	13,181,831.51	2,451,621,813.33
Including: Land use rights	20-99 years	1,407,835,433.46	—	145,301,996.74	39,442,496.10	—	2,191,777.88	1,515,886,711.98
Trademark rights	10 years	5,051.11	—	1,530.29	—	—	—	6,581.40
Software	5 years	595,837,812.24	—	90,473,273.49	7,650,355.16	5,389,013.96	878,484.56	684,928,229.09
Customer relationship	9 years, 10 years	153,955,113.55	—	58,506,699.83	—	—	10,109,701.18	222,571,514.56
Others	5 years, 8 years	27,518,938.69	—	6,096,983.68	—	-5,389,013.96	1,867.89	28,228,776.30
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	—	6,264,422,311.76	—	—	—	—	—	6,225,037,576.87
Including: Land use rights	20-99 years	5,560,300,436.28	—	—	—	—	—	5,566,160,458.45
Trademark rights	10 years	2,600.35	—	—	—	—	—	1,070.06
Software	5 years	306,362,544.29	—	—	—	—	—	330,633,328.43
Customer relationship	9 years, 10 years	366,577,727.35	—	—	—	—	—	324,107,518.32
Others	5 years, 8 years	31,179,003.49	—	—	—	—	—	4,135,201.61

Note: The decrease in the original value and accumulated amortization of intangible assets for the year was mainly due to the land use rights repossession, transfer to investment properties and software obsolescence.

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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

(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	20,525,119.68	In negotiation with the government for the issuance of title certificate
Land use rights of Dayaowan Kaisan District Container Yard Phase II	5,781,531.54	In negotiation with the government for the issuance of title certificate
Total	26,306,651.22	—

(2) Impairment testing of intangible assets

The Group's intangible assets mainly consist of land use rights, software and customer relationships, which normally do not generate cash inflows individually, are included in asset groups comprising the long-term assets of the operating entities to which they belong. As at 31 December 2023, the Group reviewed the operations of the major operating entities involved in the above intangible assets, and there were indications that some of the intangible assets might be impaired due to fluctuations and declines in the performance of the operating entities to which they belonged, and details of the relevant impairment tests are set out in Note IX.16.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

20. GOODWILL

(1) Details of goodwill

Invested entities	Formation	Opening balance	Increase in current year		Decrease in current year		Effects from translation in foreign currency statements	Closing balance
			Business combination	Other increases	Derecognition of disposal of subsidiaries	Other decreases		
The seven companies including KLG EUROPE EERSEL B.V. (Note 1)	Combination not under common control	1,997,697,463.81	-	-	-	-	117,419,795.97	2,115,117,259.78
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	Combination not under common control	215,048,533.68	-	-	-	-	-	215,048,533.68
China Merchants Logistics Group Nanjing Co., Ltd.	Combination not under common control	170,927,814.49	-	-	-	-	-	170,927,814.49
Shenzhen Henglu Logistics Limited Company	Combination not under common control	134,843,091.03	-	-	-	-	-	134,843,091.03
OCEAN LORD INVESTMENT LIMITED (Note 2)	Combination not under common control	-	44,442,093.80	-	-	-	-	44,442,093.80
Sinotrans Cold Chain Logistics Harbin Co., Ltd.	Combination not under common control	29,621,440.67	-	-	-	-	-	29,621,440.67
SUNNY STEP INVESTMENT LIMITED (Note 2)	Combination not under common control	-	7,166,615.77	-	-	-	-	7,166,615.77
Others	Combination not under common control	41,623,993.09	-	-	-	-	-	41,623,993.09
Sub-total	—	2,589,762,336.77	51,608,709.57	-	-	-	117,419,795.97	2,758,790,842.31
Impairment provision for goodwill	—	381,749,813.53	—	—	—	—	—	717,242,442.23
Total	—	2,208,012,523.24	—	—	—	—	—	2,041,548,400.08

Note 1: 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 year compared to the beginning of the year.

Note 2: The Group's acquisition of OCEAN LORD INVESTMENT LIMITED and MARK FAMOUS INVESTMENT LIMITED this year resulted in goodwill of RMB51,608,709.57, as detailed in Note VIII.3.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

20. GOODWILL (Continued)

(2) Details of goodwill impairment provision

Invested entities	Opening balance	Effects from changes in the scope of consolidation	Accrual in current year	Effects from translation in foreign currency statements	Decrease in current year	Closing balance
The seven companies including KLG EUROPE EERSEL B.V.	-	-	326,553,785.50	8,938,843.20	-	335,492,628.70
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	-	326,553,785.50	8,938,843.20	-	717,242,442.23

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

20. GOODWILL (Continued)

(3) Information about the asset group or portfolio of asset groups in which significant goodwill is located

Name	Composition and basis of the asset group or portfolio to which it belongs	Operating segment and basis	Consistent with previous years
The seven companies including KLG EUROPE EERSEL B.V.	The seven companies including KLG EUROPE EERSEL B.V. (hereinafter collectively referred to as "the seven companies") are jointly engaged in road transportation and related business mainly in the European region, including the Netherlands and Romania. The main cash flows generated by each of the seven companies are independent of the other subsidiaries of the Group, so each subsidiary is an asset group. Considering the complementary nature and synergy of the businesses of the seven companies, the Group manages and evaluates the seven companies as a whole and allocates the goodwill formed from the purchase of the seven companies to a portfolio of asset groups consisting of operating long-term assets held by each of the seven companies when testing for impairment. As of 31 December 2023, the book value of the aforementioned portfolio of asset groups without goodwill was EUR116,114,900.	Logistics	Yes

Note: When allocating goodwill to the asset group or portfolio of asset groups, the Group considers the extent of the asset group or portfolio of asset groups expected to benefit from synergies arising from the acquisition transaction, the Group's operating segment classification and the minimum level at which the Group monitors goodwill (or operations) for internal management purposes.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

20. GOODWILL (Continued)

(4) Significant goodwill impairment testing process, key parameters and the method for recognizing goodwill impairment losses

Name of asset group	Whether there is an indication of impairment	Whether an valuation report for financial reporting purposes is obtained in the impairment test	Valuation agency and assessment report number	Type of valuation	Book	Recoverable amount of an asset group or combination of asset groups	Amount of goodwill impairment provision accrued in prior year	Amount of goodwill impairment provision accrued during the year
					value of groups of assets containing goodwill			
The seven companies including KLG EUROPE EERSEL B.V.	Yes	Yes	JLL; CON101775618-BV2	Expected present value of future net cash flows	EUR385,241,200	EUR342,553,300	-	EUR42,687,900

Key parameters of the current and previous goodwill impairment tests:

Name of asset group		Operating income growth rate for the forecast period	Forecast period profitability	Stabilisation period	Operating	Stabilisation period profitability	Discount rate
					income growth rate for the stabilisation period		
The seven companies including KLG EUROPE EERSEL B.V.	Current	3.00%-7.00%	10.53%-10.75%	2031 and beyond	2.60%	10.53%	13.19%
	Previous	1.96%-9.00%	11.11%-11.87%	2031 and beyond	2.86%	11.79%	13.92%

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

20. GOODWILL (Continued)

(4) Significant goodwill impairment testing process, key parameters and the method for recognizing goodwill impairment losses (Continued)

Note: As stated in “Actual operating data for 2023 and forecast data from the previous goodwill impairment test”, the revenue growth rate and profit margin of the seven companies in the current year were lower than the expectations from the previous goodwill impairment test to varying degrees, and the Group also faced challenges and difficulties in considering how the aforementioned differences would affect the future forecast indicators. Firstly, under the current complex economic environment in Europe, it is difficult for the Group to accurately predict the future trend of economic recovery in Europe and economic cooperation between China and Europe. Secondly, it is the first time since the Group’s acquisition that the operating results of the seven companies in 2023 have declined and fallen short of expectations by a significant margin, and the seven companies in 2023 is still better than the general peers in the European market. The Group also does not have sufficient reasons to judge their continued impact. Lastly, due to the COVID-19 epidemic, the synergistic effect of the Group’s acquisitions of the seven companies in the past three years has not been fully realized. The Group has a clear plan to strengthen the synergistic effect between the seven companies and the Group’s domestic business in the future and has made additional capital investments for this purpose (including new leasing of warehouses, etc.), but it is difficult to accurately quantify the actual effect of the implementation of this plan in the future. Taking into account the impact of the above uncertainties and the future operating budgets, the stability of cooperation with major customers, the development of new customers, historical growth rates, etc. of the seven companies, the Group adjusted the growth rate of operating revenue for the projected period to 3.00%-7.00% and the profit margin for the projected period to 10.53%-10.75% for the purpose of goodwill impairment test in the current year. The actual future operating results of the seven companies may be better than the aforementioned forecasts or may continue to fall short of expectations, and the Group will track the deviations and make timely adjustments.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

20. GOODWILL (Continued)

(4) Significant goodwill impairment testing process, key parameters and the method for recognizing goodwill impairment losses (Continued)

Basis for determining key parameters:

		The seven companies including KLG EUROPE EERSEL B.V.	
Parameters	Basis/methodology for determination	Whether the basis/ methodology for determination has changed from the previous goodwill impairment test	
Operating income growth rate for the forecast period	Determined based on the management's forecasts for the future and by reference to average growth rates of historical revenue and EBITDA	No	
Forecast period profitability	Determined based on the management's forecasts for the future and by reference to historical average profitability	No	
Operating income growth rate for the stabilisation period	Average inflation rate for the euro area over the next five years, published by the International Monetary Fund (IMF)	No	
Stabilisation period profitability	Determined using the profitability for the last year of the forecast period	No	
Discount rate	—	—	
Including: Basic model	Use WACC to determine the after-tax discount rate; back-calculate pre-tax WACC using pre-tax free cash flow results	No	
Cost of equity	Use the revised CAPM to adjust the unknown risk premium and estimate the return on equity, where the risk-free rate was determined based on the ECB 10-year bond spot yield; the market premium was determined based on the Dutch total equity risk premium published by Aswath Damodaran; Beta was determined based on the median of comparable companies (source: Bloomberg Ticker); and the size premium was determined based on the excess return on market capitalization (source: Kroll)	No	
Including: Company-specific risk premium	Determined at 2.00% based on changes in the driving factors of the company-specific risk premium at the time of acquisition	No	
Debt costs	Determined by taking into account the effective tax rate on the target asset based on the benchmark lending rate for European Central Bank loans to non-financial corporations with a maturity of more than five years	No	
Capital structure	Capital structure is determined as the median debt-to-equity ratio of comparable companies (source: Bloomberg Ticker)	No	

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

20. GOODWILL (Continued)

(4) Significant goodwill impairment testing process, key parameters and the method for recognizing goodwill impairment losses (Continued)

Actual operating data for 2023 and forecast data from the previous goodwill impairment test

Name of asset group	Revenue growth rate		Profitability		EBIT	
	Forecasted	Actual	Forecasted	Actual	Forecasted	Actual
The seven companies including KLG EUROPE EERSEL B.V.	9.00%	-9.34%	11.39%	10.44%	EUR36,672,600	EUR27,694,600

Note: Due to the sharp decline in shipping prices, business fluctuation of large customers, energy shortages and other direct factors and the overall economic environment in Europe, the revenue of the multimodal transportation business at the sea freight end of the seven companies has significantly decreased. The cost of road transportation remains high, and indicators such as revenue growth rate and profit margin are lower than expected.

- (5) The M&A transactions that resulted in the formation of the Group's goodwill do not involve the performance commitments of related parties.

21. LONG-TERM PREPAID EXPENSE

Item	Opening balance	Effects from changes in the scope of consolidation	Transfer from fixed assets	Increase in current year	Amortisation for the year	Effects from translation in foreign currency statements	Other decreases	Closing balance	Reasons for other decreases
Modification of assets	250,856,359.68	-	-	71,985,975.52	79,886,333.00	276,988.30	-	243,232,990.50	—
Others	4,038,763.15	-	-	4,989,001.42	3,610,801.08	19,671.22	-	5,436,634.71	—
Total	254,895,122.83	-	-	76,974,976.94	83,497,134.08	296,659.52	-	248,669,625.21	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

22. 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	753,787,738.34	3,155,046,277.23	731,420,443.94	3,061,413,515.37
Unpaid wages	102,183,733.26	408,848,390.84	98,690,831.61	394,763,326.46
Deductible losses	80,036,685.90	320,146,743.58	3,725,393.77	14,901,575.08
Impairment provision unapproved by tax authorities	61,487,493.80	250,519,284.98	61,044,878.56	246,293,413.30
Changes in fair value of other non-current financial assets	14,773,122.01	89,534,072.79	6,691,634.96	40,555,363.39
Provision for pending litigation	6,461,794.39	25,847,177.56	2,955,301.00	11,821,204.00
Provision for one-time housing subsidy	5,570,751.63	22,283,006.52	5,570,751.63	22,283,006.52
Depreciation of fixed assets	3,190,124.22	12,804,853.53	3,007,082.49	12,064,447.15
Other deductible temporary differences	55,881,438.45	238,445,190.16	49,475,333.91	211,075,856.33
Total	1,083,372,882.00	4,523,474,997.19	962,581,651.87	4,015,171,707.60

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

Item	Closing balance	Opening balance
Deductible temporary differences	1,335,850,273.53	1,446,200,960.76
Deductible losses	2,212,273,103.21	2,369,757,966.99
Total	3,548,123,376.74	3,815,958,927.75

Note: The Group recognises deferred tax assets to the extent of the taxable income used to deduct deductible temporary differences and deductible losses that is likely to be obtained in the future, and the excess of deductible temporary differences and deductible losses over the future taxable income is not recognised as deferred tax assets.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

22. DEFERRED INCOME TAX (Continued)

(1) Deferred tax assets not offset (Continued)

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

Year	Closing balance	Opening balance	Remark
2023	—	350,800,869.73	—
2024	209,165,412.28	375,350,601.08	—
2025	316,458,439.44	426,076,878.60	—
2026	427,055,401.41	542,179,898.58	—
2027	575,406,064.92	675,349,719.00	—
2028	684,187,785.16	—	—
Deductible losses without maturity date	—	—	—
Total	2,212,273,103.21	2,369,757,966.99	—

(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	715,035,794.13	2,992,846,534.37	697,365,574.88	2,918,886,244.73
Adjustment of the fair value of assets acquired by business combination	219,443,144.30	978,951,730.45	172,617,696.71	773,871,954.75
Valuation of financial assets and liabilities held for trading	79,452,066.47	317,808,265.86	—	—
Depreciation and amortisation	27,662,041.60	111,036,775.27	26,312,854.22	105,632,044.97
Changes in fair value of other equity instrument investments	3,274,017.60	13,096,070.38	5,624,964.15	22,499,856.60
Other taxable temporary differences	1,877,967.53	8,441,373.82	1,688,344.33	7,263,763.76
Total	1,046,745,031.63	4,422,180,750.15	903,609,434.29	3,828,153,864.81

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

22. DEFERRED INCOME TAX (Continued)

(3) Deferred tax assets or liabilities are shown in the net amount after the offset

Item	Offset amount of deferred tax assets against deferred tax liabilities at the end of the year	Closing balance of deferred tax assets or deferred tax liabilities after offset	Offset amount of deferred come tax assets against deferred tax liabilities at the beginning of the year	Opening balance of deferred tax assets or deferred tax liabilities after offset
Deferred tax assets	-807,753,297.61	275,619,584.39	-709,774,362.90	252,807,288.97
Deferred tax liabilities	-807,753,297.61	238,991,734.02	-709,774,362.90	193,835,071.39

23. OTHER NON-CURRENT ASSETS

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Lanshi Port related assets (Note)	111,764,602.55	-	111,764,602.55	319,998,598.72	-	319,998,598.72
Prepayment for land use rights	171,267,850.27	-	171,267,850.27	56,013,050.27	-	56,013,050.27
Prepayment for engineering equipment	38,439,663.24	-	38,439,663.24	51,071,682.89	-	51,071,682.89
Total	321,472,116.06	-	321,472,116.06	427,083,331.88	-	427,083,331.88

Note: Sinotrans South China Co., Ltd. (hereinafter referred to as Sinotrans South China), 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. According to the equity transfer agreement, after the equity transfer, Keppel Telecom and Guangdong Sinotrans are still entitled to Keppel Logistics (Foshan) Co., Ltd. (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 Langshi Port and related areas was completed, the assets equity and related liabilities shall be presented as other non-current assets and other non-current liabilities, respectively, with the net amount and changes therein presented in non-controlling interests.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

24. ASSETS UNDER RESTRICTED OWNERSHIP OR USE RIGHTS

Item	Closing balance				Opening balance			
	Book balance	Book value	Type of restriction	Details of restriction	Book balance	Book value	Type of restriction	Details of restriction
Cash and bank balances	142,716,012.24	142,716,012.24	Freeze, others	Note 1	133,658,206.53	133,658,206.53	Freeze, others	Note 1
Investment properties	14,573,563.65	13,772,017.71	Collateral	Note 2	2,269,266,151.83	1,920,717,203.64	Collateral	Note 2
Fixed assets	249,226,295.48	221,507,701.82	Collateral	Note 3	263,843,190.04	214,871,954.71	Collateral	Note 3
Intangible assets	295,479,936.98	279,487,403.75	Collateral	Note 4	1,403,820,009.10	1,236,055,066.09	Collateral	Note 4
Construction in progress	134,024,899.51	134,024,899.51	Collateral	Note 5	-	-	—	—
Other non-current assets-Lanshi Port related assets	111,764,602.55	111,764,602.55	Others	Note 6	319,998,598.72	319,998,598.72	Others	Note 6
Total	947,785,310.41	903,272,637.58	—	—	4,390,586,156.22	3,825,301,029.69	—	—

Note 1: For details of the cash and bank balances under restricted use right at the end of the year, see Note IX. 1.

Note 2: Investment properties with restricted ownership or right of use at the end of the year included the book value of the land of JIANGMEN NEW PORT DEVELOPMENT CO., LTD, (hereinafter referred to as JIANGMEN Port), a subsidiary of the Group, pledged as collateral for long-term borrowings amounting to RMB13,772,017.71. Investment properties with restricted ownership or right of use at the beginning of the year included the book value of warehouses of RMB1,920,717,203.64 pledged as collateral for a loan from China Development Bank for the construction of the logistics center of the Hong Kong Tsing Yi 181 Project, by KONGWELL LOGISTICS LIMITED (hereinafter referred to as "KONGWELL LOGISTICS"), a subsidiary of the Group. The release of this mortgage was completed during the year.

Note 3: Fixed assets with restricted ownership or right of use at the end of the year include: the book value of warehouses, plants, machinery and equipment, port and terminal facilities of JIANGMEN Port, a subsidiary of the Group, pledged as collateral for long-term borrowings amounting to RMB168,238,832.66 (beginning of the year: RMB178,555,779.32); the book value of warehouses used as collaterals for long-term borrowings by Sinotrans Logistics Development Hefei Co., Ltd. (hereinafter referred to as Sinotrans Hefei), a subsidiary of the Group, was RMB53,268,869.16. The fixed assets with restricted ownership or right of use at the beginning of the year were the warehouses of Sinotrans Chemical International Logistics Co., Ltd. (hereinafter referred to as Chemical International), a subsidiary of the Group, which were pledged as collateral for its long-term borrowings with a book value of RMB36,316,175.39. The release of this mortgage was completed during the year.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

24. ASSETS UNDER RESTRICTED OWNERSHIP OR USE RIGHTS (Continued)

- Note 4: Intangible assets with restricted ownership or right of use at the end of the year included the book value of the land of Sinotrans Taicang International Logistics Co., Ltd., a subsidiary of the Group, which was pledged as collateral for long-term borrowings amounting to RMB52,114,362.73; the book value of the land of JIANGMEN Port, a subsidiary of the Group, which was pledged as collateral for long-term borrowings amounting to RMB194,326,820.02 (beginning of the year: RMB212,462,077.46); the book value of land used as collateral for long-term borrowings by Sinotrans Hefei, a subsidiary of the Group, amounting to RMB33,046,221.00. Intangible assets with restricted ownership or right of use at the beginning of the year included the book value of the land of RMB1,008,018,527.22 pledged as collateral for the loan from China Development Bank for the construction of the logistics center of Hong Kong's Tsing Yi 181 Project, by KONGWELL LOGISTICS, a subsidiary of the Group; the book value of the land pledged as collateral for long-term loans by Chemical International, a subsidiary of the Group, amounted to RMB15,574,461.41. The land mortgages of KONGWELL LOGISTICS and Chemical International at the beginning of the year were completed for release during the year.
- Note 5: Construction in progress with restricted ownership or right of use at the end of the year represented the book value of warehouses and supporting facilities under construction in Hefei supply & marketing logistics park of Sinotrans Hefei, a subsidiary of the Group, which was used as collateral for long-term borrowings, amounting to RMB134,024,899.51.
- Note 6: See Note IX.23. for details.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

25. ASSET IMPAIRMENT PROVISION AND CREDIT LOSS PROVISION

Item	Opening balance	Effects from changes in the scope of consolidation	Accrual in current year	Reversal in current year	Write-off and carry-forward for the year	Transfer-out for the year due to sale	Other increases in the year	Other decreases in the year	Effects from translation in foreign currency statements or exchange rate changes	Closing balance
Credit loss provision for accounts receivable	551,139,675.42	-37,512.00	45,240,091.79	18,878,701.76	30,474,508.68	-	376,052.79	-	1,236,276.43	548,601,373.99
Credit loss provision for other receivables	157,835,139.95	-	-1,023,170.49	877,530.87	12,061,851.06	-	-	-	704,214.46	144,576,801.99
Provision for value reduction of inventories	5,147,691.76	-	476,920.83	-	-	-	-	-	-	5,624,612.59
Provision for credit losses on debt investments	63,487,419.48	-	-	-	63,487,419.48	-	-	-	-	-
Impairment provision for long-term equity investments	12,599,174.43	-	-	-	-	-	-	-	124,078.59	12,723,253.02
Impairment provision for investment properties	3,138,161.54	-	-	-	-	-	-	-	23,470.58	3,161,632.12
Provision for impairment of fixed assets	365,965,317.54	-	394,810.44	-	-	-	-	-	-12,575,340.69	353,784,787.29
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	-	326,553,785.50	-	-	-	-	-	8,938,643.20	717,242,442.23
Total	1,600,076,350.42	-37,512.00	371,642,438.07	19,756,232.63	106,023,779.22	-	376,052.79	-	-1,548,457.43	1,844,728,860.00

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

26. SHORT-TERM BORROWINGS

(1) Classification of short-term borrowings

Category	Closing balance	Opening balance
Fiduciary loans	410,217,777.09	282,658,798.64
Guaranteed loans (Note)	200,000,000.00	300,105,416.67
Mortgage loans	-	-
Total	610,217,777.09	582,764,215.31

Note: Sinotrans Logistics Ltd., a subsidiary of the Group, borrowed RMB200,000,000 in loans from China Merchants Bank Co., Ltd. (hereinafter referred to as China Merchants Bank), which was guaranteed by the Company on a joint and several basis.

(2) No short-term borrowings were outstanding at the end of the year.

27. BILLS PAYABLE

Category	Closing balance	Opening balance
Bank acceptance bill	80,827,292.06	72,837,290.13
Total	80,827,292.06	72,837,290.13

Note: The Group had no overdue outstanding bills payable at the end of the year.

28. ACCOUNTS PAYABLE

(1) Details of accounts payable

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	12,181,921,080.34	98.47	13,682,044,552.57	97.65
1 to 2 years (including 2 years)	111,358,233.15	0.90	171,268,838.16	1.22
2 to 3 years (including 3 years)	36,632,683.30	0.30	49,844,744.18	0.36
Over 3 years	40,452,376.62	0.33	107,666,068.58	0.77
Total	12,370,364,373.41	100.00	14,010,824,203.49	100.00

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

28. ACCOUNTS PAYABLE (Continued)

(2) Significant accounts payable aged over one year

Company name	Amount	Aging	Reasons for non-repayment
Entity 1	16,574,194.75	1 to 2 years	Unsettled
Entity 2	10,681,093.50	1 to 2 years	Unsettled
Entity 3	8,210,625.92	1 to 2 years	Unsettled
Entity 4	6,689,215.32	1 to 2 years	Unsettled
Entity 5	6,285,101.02	1 to 2 years, 2 to 3 years	Unsettled
Entity 6	5,881,431.14	1 to 2 years, 2 to 3 years, Over 3 years	Unsettled
Total	54,321,661.65	—	—

- (3) There were no accounts payable from shareholders holding more than 5% (including 5%) voting shares of the Company at the end of the year.

29. CONTRACT LIABILITIES

(1) Details of contract liabilities

Item	Closing balance	Opening balance
Forwarding and related business advanced receipt	3,434,279,868.57	3,535,067,299.50
Logistics business advanced receipt	603,650,984.99	499,916,791.79
E-commerce business advanced receipt	218,948,869.17	267,497,655.76
Subtotal	4,256,879,722.73	4,302,481,747.05
Less: Contract liabilities included in other non-current liabilities	—	—
Total	4,256,879,722.73	4,302,481,747.05

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 provide services 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).

- (2) The revenue including the opening balance of contract liabilities recognised in the current year was RMB4,302,481,747.05 (ignoring the effect of translation of financial statements in foreign currencies), including contract liabilities arising from forwarding and related business advanced receipt of RMB3,535,067,299.50, 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.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

29. CONTRACT LIABILITIES (Continued)

(3) Qualitative and quantitative analysis of contract liabilities

Based on the consideration of business risks, the Group's transactions with certain types of customers are based on the advance payment mode, and the Group recognizes contract liabilities when it has not yet fulfilled its performance obligations but has received or is due to receive the customer's consideration in accordance with the payment arrangements agreed in the logistics and transportation service contracts (agreements, orders, etc.) entered into with the customers. As of 31 December 2023, the transaction price received or receivable, net of estimated output tax, apportioned by the Group to the outstanding logistics and transportation service contracts was RMB4,256,879,722.73 (1 January 2023: RMB4,302,481,747.05). 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 RMB4,256,879,722.73 (ignoring the effect of translation of financial statements in foreign currencies) will be recognised 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 year.

30. EMPLOYEE REMUNERATION PAYABLE

(1) Classification of employee remuneration payable

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Short-term compensation	2,131,052,499.69	7,014,155,517.34	6,868,774,988.64	2,276,433,028.39
II. Post-employment benefits defined contribution plans	110,313,167.39	852,781,092.34	889,607,472.11	73,486,787.62
III. Termination benefits	47,119,364.61	6,583,417.09	48,224,959.41	5,477,822.29
IV. Other benefits due within one year	-	1,934,555.83	1,934,555.83	-
V. Others	8,311,616.85	6,738,960.49	9,813,192.77	5,237,384.57
Total	2,296,796,648.54	7,882,193,543.09	7,818,355,168.76	2,360,635,022.87

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

30. EMPLOYEE REMUNERATION PAYABLE (Continued)

(2) Short-term compensation

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Wages, bonuses, allowances and subsidies	2,033,550,684.49	5,434,236,634.22	5,274,704,648.46	2,193,082,670.25
II. Employee welfare benefits	560,271.59	250,694,074.64	250,770,093.81	484,252.42
III. Social insurance premiums	10,997,644.11	364,627,107.63	367,697,142.29	7,927,609.45
Including: Medical insurance	9,936,388.70	318,964,500.60	321,895,529.46	7,005,359.84
Work-related injury insurance	443,145.58	24,599,617.05	24,581,804.18	460,958.45
Maternity insurance	618,109.83	19,914,401.85	20,122,440.64	410,071.04
Others	–	1,148,588.13	1,097,368.01	51,220.12
IV. Housing provident fund	5,738,638.50	417,453,898.80	418,101,930.10	5,090,607.20
V. Trade union funds and staff education funds	47,325,763.77	95,061,016.87	99,218,565.39	43,168,215.25
VI. Short-term paid absences	–	–	–	–
VII. Short-term profit-sharing scheme	–	–	–	–
VIII. Other short-term benefits	32,879,497.23	452,082,785.18	458,282,608.59	26,679,673.82
Total	2,131,052,499.69	7,014,155,517.34	6,868,774,988.64	2,276,433,028.39

(3) Defined contribution plan

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Basic pension insurance premiums	16,924,565.57	629,385,573.16	629,597,824.35	16,712,314.38
II. Unemployment insurance premiums	628,210.95	27,161,867.45	26,896,679.66	893,398.74
III. Enterprise annuity contributions	92,760,390.87	196,233,651.73	233,112,968.10	55,881,074.50
Total	110,313,167.39	852,781,092.34	889,607,472.11	73,486,787.62

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

30. EMPLOYEE REMUNERATION PAYABLE (Continued)

(3) Defined contribution plan (Continued)

- Note 1: According to the pension and unemployment insurance plan set up by the government institutions, the Group pays to such plans a contribution on the basis of 12% to 24% and 0.48% to 2% of the employees' basic wages on a monthly basis. Apart from the above monthly payment, the Group bears no longer further payment obligation. Corresponding expenses are recorded in the profit or loss of the current period or the cost of the related assets.
- Note 2: The enterprise annuity contribution of the Group is jointly borne by the entity and its employees. The total annual contribution of the entity is 5% of the total wages of the prior year, and is distributed to the individual account of employees on the basis of 8% of the individual contribution base of employees. The individual monthly contribution base of employees is the average monthly wage of employees for the prior year (the maximum individual contribution base shall not exceed 5 times the average contribution base of the Group). The rest is included in the enterprise account. The individual contribution of employees accounts for 25% of the Group's contribution to them and is deducted by the Group from the wages of employees.
- Note 3: The annuity fund of the Group adopts the mode of legal person entrustment management, and the enterprise annuity fund pooled is entrusted by SINOTRANS & CSC to the trustee for the entrusted management, and a contract for the trusted management of the enterprise annuity fund is signed.
- Note 4: The Group should respectively contribute RMB825,619,224.89 and RMB27,161,867.45 (previous year: RMB810,072,916.75 and RMB23,339,277.08) to the pension insurance and unemployment insurance plan for the current year. As of 31 December 2023, the Group has RMB72,593,388.88 and RMB893,398.74 (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.

31. TAXES AND DUES PAYABLE

Item	Closing balance	Opening balance
Enterprise income tax	319,172,989.17	294,903,728.76
Value-added tax	116,969,975.82	100,737,003.76
Individual income tax	39,355,812.86	49,908,057.78
Property tax	26,095,729.02	21,933,218.12
Urban land use tax	10,563,208.61	8,221,895.36
Urban maintenance & construction tax	5,488,573.55	3,010,260.16
Education surcharge	4,559,597.14	2,180,496.15
Stamp duty	4,187,035.87	4,791,209.78
Other taxes	7,856,566.77	5,848,029.81
Total	534,249,488.81	491,533,899.68

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

32. OTHER PAYABLES

Item	Closing balance	Opening balance
Interest payables	-	-
Dividends payable	69,477,271.80	94,429,787.93
Other payables	2,249,272,244.09	3,263,705,852.91
Total	2,318,749,515.89	3,358,135,640.84

(1) Dividends payable

Item	Company name	Closing balance	Opening balance
Ordinary share dividend	Sinotrans International Trading Company	11,232,000.00	8,824,500.00
	China Merchants Port Group Co., Ltd.	11,232,000.00	8,824,500.00
	China Foreign Shipping Agency Co., Ltd.	11,232,000.00	8,824,500.00
	Shenzhen Yantian Port Group Co., Ltd.	11,232,000.00	8,824,500.00
	Guangdong Nanhai Food Import & Export Co., Ltd.	8,843,269.46	8,843,269.46
	Shenzhen Navigation Group Co., Ltd.	7,488,000.00	5,883,000.00
	Guangdong Food Import and Export Group Co., Ltd.	7,074,615.56	7,074,615.56
	Nantong Economic and Technological Development Zone Holding Group Co., Ltd.	1,071,126.92	1,068,412.29
	Sinotrans Jiangxi Company	72,259.86	72,259.86
	SINOTRANS & CSC	-	36,125,719.92
LONG LINK LIMITED	-	64,510.84	
Total	—	69,477,271.80	94,429,787.93

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

32. OTHER PAYABLES (Continued)

(2) Other payables

1) Other payables by nature of payment

Item	Closing balance	Opening balance
Deposits and guarantees collected	770,501,816.64	831,452,891.00
Current payables to related parties	572,988,319.97	1,055,540,972.27
Current transactions with non-related parties	575,140,427.09	696,773,596.33
Payment for project, equipment and land	150,741,450.40	323,449,031.00
Others	179,900,229.99	356,489,362.31
Total	2,249,272,244.09	3,263,705,852.91

2) Aging analysis of other payables

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	1,649,192,071.21	73.32	2,549,284,944.52	78.11
1 to 2 years (including 2 years)	142,440,951.11	6.33	338,366,077.68	10.37
2 to 3 years (including 3 years)	86,456,435.11	3.85	63,486,204.19	1.94
Over 3 years	371,182,786.66	16.50	312,568,626.52	9.58
Total	2,249,272,244.09	100.00	3,263,705,852.91	100.00

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

32. 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.	119,265,784.68	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	20,904,976.72	2 to 3 years, over 3 years	Not yet due for settlement
Entity 2	20,235,536.14	Over 3 years	No agreed term
Shanghai Tongyun International Logistics Co., Ltd.	14,596,360.00	2 to 3 years, over 3 years	Not yet due for settlement
Entity 3	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 4	6,150,507.31	1 to 2 years	Not yet due for settlement
Entity 5	5,377,743.74	Over 3 years	Not yet due for settlement
Total	226,933,969.09	—	—

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

32. OTHER PAYABLES (Continued)

(2) Other payables (Continued)

4) Significant other payables at the end of the year

Company name	Amount owed	Aging	Nature or content
Entity 1	214,206,988.79	Within 1 year	Current transactions with non-related parties
Shanghai Changjiang Shipping Corporation	175,128,068.45	Within 1 year	Current payables to related parties
RED BRAVES FINANCE LTD.	119,265,784.68	1 to 2 years, 2 to 3 years	Current payables to related parties
SINOTRANS Container LINES Co., Ltd.	104,096,259.81	Within 1 year	Current payables to related parties
Entity 2	85,882,418.40	Within 1 year	Deposits and guarantees collected
Chongqing Changjiang Shipping Co., Ltd.	57,995,745.69	Within 1 year	Current payables to related parties
SINOTRANS & CSC	24,078,674.27	Within 1 year, over 3 years	Current payables to related parties
Entity 3	23,753,384.09	Within 1 year	Current transactions with non-related parties
Entity 4	20,916,817.54	Within 1 year	Deposits and guarantees collected
Entity 5	20,904,976.72	2 to 3 years, over 3 years	Payment for project, equipment and land
Entity 6	20,235,536.14	Over 3 years	Current transactions with non-related parties
Hubei Sinotrans Bulk Cargo Transportation Co., Ltd.	18,136,121.60	Within 1 year	Current payables to related parties
Entity 7	17,019,719.41	Within 1 year	Deposits and guarantees collected
Entity 8	14,970,348.43	Within 1 year, 2 to 3 years	Payment for project, equipment and land
Shanghai Tongyun International Logistics Co., Ltd.	14,596,360.00	2 to 3 years, over 3 years	Current payables to related parties
Entity 9	13,649,766.29	Within 1 year	Payment for project, equipment and land
Entity 10	12,865,789.44	Within 1 year	Others
Entity 11	10,345,992.50	Within 1 year	Deposits and guarantees collected
Entity 12	10,252,934.04	Within 1 year	Current transactions with non-related parties
Entity 13	10,000,000.00	Within 1 year	Current transactions with non-related parties
Total	988,301,686.29	—	—

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

32. OTHER PAYABLES (Continued)

(2) Other payables (Continued)

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

Company name	Closing balance	Opening balance
SINOTRANS & CSC	24,078,674.27	24,051,000.00
Total	24,078,674.27	24,051,000.00

33. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Item	Closing balance	Opening balance
Long-term borrowings due within one year	2,394,531,715.54	2,498,716,189.34
Including: Guaranteed loans	134,900,283.27	2,262,452,423.03
Mortgage loans	63,240,529.27	204,719,276.36
Fiduciary loans	2,196,390,903.00	31,544,489.95
Secured borrowings	-	-
Lease liabilities due within one year	657,313,471.64	656,418,210.41
Bonds payable due within one year	2,066,147,945.24	66,586,301.36
Long-term payables due within one year	93,195,870.20	5,263,747.52
Total	5,211,189,002.62	3,226,984,448.63

34. OTHER CURRENT LIABILITIES

Item	Closing balance	Opening balance
Pending output VAT	273,874,904.19	299,982,820.63
Others	20,464,090.56	-
Total	294,338,994.75	299,982,820.63

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

35. LONG-TERM BORROWINGS

Type of loan	Closing balance	Opening balance	Interest rate range at the end of the year (%)
Guaranteed loans (Note)	1,852,779,724.01	4,061,946,974.37	1.27–7.38
Mortgage loans	526,253,737.23	1,412,131,030.88	2.85–3.60
Fiduciary loans	2,370,502,903.00	2,372,340,056.08	1.00–3.85
Secured borrowings	–	–	—
Total	4,749,536,364.24	7,846,418,061.33	—
Less: Long-term borrowings due within one year	2,394,531,715.54	2,498,716,189.34	—
Including: Guaranteed loans	134,900,283.27	2,262,452,423.03	—
Mortgage loans	63,240,529.27	204,719,276.36	—
Fiduciary loans	2,196,390,903.00	31,544,489.95	—
Secured borrowings	–	–	—
Long-term borrowings due after one year	2,355,004,648.70	5,347,701,871.99	—

Note: The year-end guaranteed loans were loans in EUR, and USD borrowed by SE LOGISTICS HOLDING B.V. and China Merchants Great Stone, subsidiaries of the Group, from the Export-Import Bank of China, and the China Development Bank. They are guaranteed by the Company on a joint and several basis, as described in Note X.4.(6).

- (1) There were no long-term borrowings outstanding at the end of the year.
- (2) **Top five long-term borrowings in the closing balance (including long-term borrowings 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	2,196,360,103.00	2,423,948,806.16	2,165,313,468.54
The Export-Import Bank of China	2020-12-08	2027-12-07	EUR	4.54	103,500,000.00	813,427,200.00	108,500,000.00	805,384,650.00
China Development Bank	2020-12-08	2027-12-08	EUR	1.27	101,701,033.00	799,288,758.56	106,567,011.00	791,036,265.95
Bank of China	2019-01-02	2029-01-02	RMB	3.60	409,713,012.77	409,713,012.77	441,035,429.69	441,035,429.69
China Development Bank	2016-05-31	2027-04-15	USD	7.38	34,654,781.52	240,063,765.45	44,314,781.52	334,395,003.49

- (3) The Group had no long-term loans rolled over at the end of the year.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

35. LONG-TERM BORROWINGS (Continued)

(4) The maturity date of long-term borrowings is analysed as follows

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	254,605,174.03	2,574,201,203.65
2 to 5 years (including 5 years)	1,935,984,620.74	2,585,063,231.94
Over 5 years	164,414,853.93	188,437,436.40
Total	2,355,004,648.70	5,347,701,871.99

36. BONDS PAYABLE

(1) Details of bonds payable

Item	Closing balance	Opening balance
2021 corporate bonds (phase I)	1,999,383,890.41	1,999,143,890.41
2021 medium-term notes (phase I)	-	1,998,561,643.87
Total	1,999,383,890.41	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 coupon and effective interest rates of 3.50% and 3.55%, respectively. The principal and interest repayments were made in one instalment.

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

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	-	1,998,561,643.87
2 to 5 years (including 5 years)	1,999,383,890.41	1,999,143,890.41
Total	1,999,383,890.41	3,997,705,534.28

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

36. BONDS PAYABLE (Continued)

(3) Specifics of bonds payable

Bond name	Face value	Coupon rate (%)	Issue date	Bond term	Issue amount	Opening balance	Effects from changes in the scope of consolidation	Issued in current year	Interest accrued at face value	Amortisation of premium and discount	Current repayments and interest payments	Effects from transition in foreign currency statements	Closing balance	In default
2021 corporate bonds (phase I)	2,000,000,000.00	3.15	2021-07-26	5 years	2,000,000,000.00	2,026,415,123.26	-	-	62,999,999.99	240,000.00	63,000,000.00	-	2,026,655,123.24	No
2021 medium term notes (phase I)	2,000,000,000.00	3.50	2021-06-07	3 years	2,000,000,000.00	2,037,876,772.38	-	-	70,000,000.01	1,000,000.02	70,000,000.00	-	2,038,676,772.41	No
Total	4,000,000,000.00				4,000,000,000.00	4,064,291,895.64			132,999,999.99	1,240,000.02	133,000,000.00		4,065,531,835.65	
Less: Bonds payable due within one year						66,586,301.36							2,066,147,945.24	
Bonds payable due after one year						3,997,705,594.28							1,999,383,890.41	

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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

37. LEASE LIABILITIES

(1) Lease liabilities

Item	Closing balance	Opening balance
Lease payments	4,094,321,239.38	4,032,888,482.30
Less: Unrecognised finance charges expenses	939,274,962.15	971,474,966.93
Total	3,155,046,277.23	3,061,413,515.37
Less: Lease liabilities due within one year	657,313,471.64	656,418,210.41
Lease liabilities due after one year	2,497,732,805.59	2,404,995,304.96

Note: The discount rates for the above lease liabilities range from 3.04%-4.90%.

(2) Maturity of lease payments

Item	Closing balance
Year 1 after balance sheet date	779,931,324.63
Year 2 after balance sheet date	567,497,349.14
Year 3 after balance sheet date	372,452,568.18
Future years	2,374,439,997.43
Total	4,094,321,239.38

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

38. LONG-TERM PAYABLES

Item	Closing balance	Opening balance
Related party loans	67,033,850.20	119,675,225.45
Others	49,687,020.00	49,606,038.96
Total	116,720,870.20	169,281,264.41
Less: Long-term payables due within one year	93,195,870.20	5,263,747.52
Long-term payables due after one year	23,525,000.00	164,017,516.89

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

38. 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)	47,033,850.20	91,938,455.02
Shenzhen International Holdings (Shenzhen) Co., Ltd. (Note 2)	46,162,020.00	46,119,776.67
SINOTRANS & CSC (Note 3)	20,000,000.00	20,000,000.00
Entity 1	3,525,000.00	–
Total	116,720,870.20	158,058,231.69

Note 1: Sinotrans Guangxi Wuzhou Warehouse & Terminal Company Limited, a subsidiary of the Group, borrowed RMB91.94 million from Guangdong Sinotrans in 2012, which is due on 30 June 2024, 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 on this loan amounted to RMB47,033,900 at year-end.

Note 2: Sinotrans Shenzhen International Logistics Co., Ltd., a subsidiary of the Group, borrowed RMB27.2 million from Shen International Holdings (Shenzhen) Co., Ltd. in 2021 with a loan term of 3 years. The loan interest rate is executed at 4.35% APR. Interest will be paid quarterly, and the principal will be repaid at maturity. The total principal and interest at the end of the year was RMB27,535,300, all of which are presented in non-current liabilities due within one year. In 2022, Sinotrans Shenzhen International Logistics Co., Ltd. borrowed RMB18.4 million from Shen International Holdings (Shenzhen) Co., Ltd., with a term of 2 years. The loan interest rate is executed at 4.35% APR. Interest will be paid quarterly, and the principal will be repaid at maturity. The total principal and interest at the end of the year was RMB18,626,700, all of which are presented in non-current liabilities due within one year.

Note 3: Logistics Investment Company, a subsidiary of the Group, borrowed RMB20 million from SINOTRANS & CSC in 2016 with a loan term of 18 years at an interest rate of 1.2%.

(2) The maturity date of long-term payables is analysed as follows

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	3,525,000.00	32,740,517.54
2 to 5 years (including 5 years)	–	19,338,544.33
Over 5 years	20,000,000.00	111,938,455.02
Total	23,525,000.00	164,017,516.89

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

39. LONG-TERM EMPLOYEE REMUNERATION PAYABLE

Item	Opening balance	Effects from changes in the scope of consolidation	Accrual in current year	Payment for the year	Actuarial adjustments	Interest adjustments	Foreign currency translation differences	Closing balance
I. Net liability for post-employment benefits – defined benefit plans	2,422,068.25	-	-	221,850.32	-	27,699.05	-	2,227,916.98
II. Termination benefits	1,040,063.92	-	-	401,386.61	-	371,103.55	-	1,009,780.86
III. Other long-term benefits	1,314,905.76	-	-	-	-	-	-	1,314,905.76
Total	4,777,037.93	-	-	623,236.93	-	398,802.60	-	4,552,603.60
Less: Long-term employee remuneration payable due within one year	-	-	-	-	-	-	-	-
Long-term employee remuneration payable due after one year	4,777,037.93	-	-	-	-	-	-	4,552,603.60

Note: The Group's post-employment benefits – defined benefit plans represent the extra-uniform costs provided by Yangtze River Company, Sinotrans Jiuling Transport & Storage Co, Ltd., and Zhoushan Customs Sinotrans Limited etc. in respect of the socialized transfer of retired staff. The number of beneficiaries involved in the defined benefit plans as at 31 December 2023 was 182, and the scope of the impact and the amount are not material to the Group.

40. ESTIMATED LIABILITIES

Item	Closing balance	Opening balance	Reason
Pending litigation	50,089,252.78	28,520,672.00	Note 1
One-time housing subsidy	22,283,006.50	22,283,006.50	Note 2
Disposal costs	4,188,956.38	9,274,657.09	Note 3
Others	75,374,778.04	79,934,778.04	Note 4
Total	151,935,993.70	140,013,113.63	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

40. ESTIMATED LIABILITIES (Continued)

- 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. The amount of estimated liabilities provided as at 31 December 2023 for the pending litigation that will most likely result in a loss was RMB50,089,252.78 (1 January 2023: RMB28,520,672). The specifics of the significant outstanding litigation at the end of the year are described 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 year are disclosed in Note XII.

41. DEFERRED INCOME

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current year	Decrease in current year	Closing balance
Government grants (Note)	412,166,773.28	-	41,546,875.63	47,526,616.65	406,187,032.26
Total	412,166,773.28	-	41,546,875.63	47,526,616.65	406,187,032.26

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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

42. OTHER NON-CURRENT LIABILITIES

Item	Opening balance	Increase due to changes in the scope of consolidation	Increase in current year	Decrease in current year	Effects from translation in foreign currency statements	Closing balance
Liabilities associated with Langshi Port (Note)	265,180,547.74	-	-	212,604,026.24	-	52,576,521.50
Total	265,180,547.74	-	-	212,604,026.24	-	52,576,521.50
Less: Other non-current liabilities due within one year	-	-	-	-	-	-
Other non-current liabilities due after one year	265,180,547.74	-	-	212,604,026.24	-	52,576,521.50

Note: The details of liabilities associated with Langshi Port are described in Note IX.23.

43. SHARE CAPITAL

Item	Opening balance		Increase in current year	Decrease in current year (Note 2)	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Domestic listing (A shares)	5,255,916,875.00	71.46	-	-	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 canceled 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. 45.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

44. CAPITAL RESERVES

2023

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Share capital premium	6,278,884,440.61	392,729,728.44	113,696,429.89	6,557,917,739.16
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 and disposal of non-controlling interests (Note 2)	1,945,510,847.79	246,459,026.90	36,868,440.94	2,155,101,433.75
3. Others (Note 3)	1,273,497,534.42	146,270,701.54	4,140,101.12	1,415,628,134.84
II. Other capital reserves	51,541,176.63	29,869,006.09	1,536,880.82	79,873,301.90
1. Other changes in equity of investees other than net gains and losses, other comprehensive income and profit distributions	21,465,343.01	-	1,536,880.82	19,928,462.19
2. Share-based payment for unexercised rights	30,075,833.62	29,869,006.09	-	59,944,839.71
3. Others	-	-	-	-
Total	6,330,425,617.24	422,598,734.53	115,233,310.71	6,637,791,041.06
Including: Exclusively state-owned capital reserves	—	—	—	—

Note 1: The cancellation of H shares by the Company during the year resulted in a decrease in capital reserves by RMB72,687,887.83, as detailed in Note IX. 45.

Note 2: The subsidiary of the Group, Henglu Logistics, repurchased minority shareholders' equity during this year, resulting in a decrease of RMB36,868,440.94 in capital reserve; the subsidiary of the Group, Y2T, received capital injection from a strategic investor this year, leading to a decrease in the Group's shareholding ratio and an increase of RMB55,325,612.19 in capital reserve. Sinotrans Eastern Company, a subsidiary of the Group, acquired a 13% equity in CSC Cargo Company by way of investment in the 49% minority equity in Jiangsu Shipping Agency Company acquired from Sinotrans Changjiang Company during the year, resulting in an increase in capital reserves of RMB191,133,414.71 (calculated on the basis of shareholding of the Group at the level of consolidation), as set out in Note VIII. 8.

Note 3: In the current year, the Group adjusted the capital reserve at the beginning of the year by RMB266,160,487.21 as a result of business combinations of Beijing Automobile Transportation, LONG TREND COMPANY, and Yangtze River Company under common control. The capital reserve was increased by RMB146,270,701.54 due to the share structure after the completion of the combination was used to retrospectively adjust the other changes in the equity of Sinotrans Changjiang Company and Yangtze River Company before the date of the combination, with the exception of the comprehensive income and the special reserve. The capital reserve was decreased by RMB4,140,101.12 by paying the combination consideration for the combination of Beijing Automobile Transportation and LONG TREND COMPANY under common control in the current year.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

44. CAPITAL RESERVES (Continued)

2022

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Share capital premium	6,307,863,702.06	16,764,628.09	45,743,889.54	6,278,884,440.61
1. Capital invested by investors	3,103,350,547.94	-	43,474,489.54	3,059,876,058.40
2. Differences arising from the acquisition and disposal of non-controlling interests	1,945,510,847.79	-	-	1,945,510,847.79
3. Others	1,259,002,306.33	16,764,628.09	2,269,400.00	1,273,497,534.42
II. Other capital reserves	18,731,897.56	33,321,761.22	512,482.15	51,541,176.63
1. Other changes in equity of investees other than net gains and losses, other comprehensive income and profit distributions	18,731,897.56	3,245,927.60	512,482.15	21,465,343.01
2. Share-based payment for unexercised rights	-	30,075,833.62	-	30,075,833.62
3. Others	-	-	-	-
Total	6,326,595,599.62	50,086,389.31	46,256,371.69	6,330,425,617.24
Including: Exclusively state-owned capital reserves	—	—	—	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

45. TREASURY SHARES

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Domestic listed (A-share) treasury shares	193,951,597.00	–	–	193,951,597.00
Treasury shares (H-share) 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 Authorisation to Repurchase H Shares, and agreed to grant the Board of Directors a general authorisation. The Board of Directors, based on demand and market conditions, and in compliance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Hong Kong Companies Ordinance, 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 authorisation by the General Meeting of Shareholders. The term of general authorisation is from the date of the proposal authorised 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 authorisation proposal; or (3) the revocation or amendment of the proposal by a special proposal 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 authorisation mentioned above, and the total amount paid was HKD251,077,210 (excluding transaction fees). 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 authorised by the First Extraordinary General Meeting of Shareholders of the Company in 2022 and approved at the Eleventh Session of the Third 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 authorisation 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).

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

46. OTHER COMPREHENSIVE INCOME

Item	Opening balance	Incurred during the year before income tax	Incurred during the year		Less: Income tax expenses	Amounts attributable to the parent company after tax	Amounts attributable to minority shareholders after tax	Closing balance
			Less: Transfer to profit or loss in the current year that charged to the other comprehensive income in the prior year	Less: Transfer to retained earnings in the current year that charged to the other comprehensive income in the prior year				
I. Other comprehensive income not to be subsequently reclassified to profit or loss	24,673,027.94	-9,320,749.07	-	-	-2,350,946.55	-6,969,802.52	-	17,703,225.42
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	1,707,132.75	83,037.15	-	-	-	83,037.15	-	1,790,169.90
3. Changes in fair value of other equity instrument investments	22,965,895.19	-9,403,786.22	-	-	-2,350,946.55	-7,052,839.67	-	15,913,055.52
4. Changes in fair value of the enterprise's own 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	-223,925,331.87	156,172,517.03	-	-	-	175,331,180.64	-19,158,663.61	-48,594,151.23
1. Other comprehensive income to be reclassified to profit or loss under the equity method	52,673,974.26	158,864,606.87	-	-	-	158,864,606.87	-	211,538,580.13
2. Translation difference of the financial statements in foreign currency	-276,599,306.13	-2,692,088.84	-	-	-	16,466,574.77	-19,158,663.61	-260,132,731.36
3. Other comprehensive income to be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total	-199,252,303.93	146,851,767.96	-	-	-2,350,946.55	168,361,378.12	-19,158,663.61	-30,890,925.81

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

47. SPECIAL RESERVES

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Safety production costs	103,576,423.01	106,624,883.93	80,341,076.97	129,860,229.97
Total	103,576,423.01	106,624,883.93	80,341,076.97	129,860,229.97

Note: For the subsidiaries of the Group engaged in general freight transportation or special freight transportation, such as dangerous goods, safety production costs 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 the current period profit or loss, and were also transferred to special reserves.

48. SURPLUS RESERVES

2023

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Statutory surplus reserves	1,704,231,858.65	372,263,616.89	–	2,076,495,475.54
Total	1,704,231,858.65	372,263,616.89	–	2,076,495,475.54

2022

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Statutory surplus reserves	1,408,009,237.81	296,222,620.84	–	1,704,231,858.65
Total	1,408,009,237.81	296,222,620.84	–	1,704,231,858.65

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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

49. UNDISTRIBUTED PROFITS

Item	Current year amount	Prior year amount
Closing balance of the prior year	20,139,567,944.29	18,448,178,520.91
Add: Adjustments to opening undistributed profit	-328,470,472.12	-339,166,092.74
Including: Changes in accounting policies (Note 1)	23,952,939.18	20,058,312.25
Business combinations under common control (Note 2)	-352,423,411.30	-359,224,404.99
Opening balance	19,811,097,472.17	18,109,012,428.17
Increase in current year	4,221,842,492.59	4,079,192,956.09
Including: Net profit attributable to shareholders of the Company for the year	4,221,842,492.59	4,079,192,956.09
Decrease in current year	2,144,735,850.40	2,377,107,912.09
Including: Appropriation to statutory surplus reserves for the year	372,263,616.89	296,222,620.84
Dividends distribution (Note 3)	1,772,359,744.37	2,080,591,039.93
Others	112,489.14	294,251.32
Closing balance of the current year	21,888,204,114.36	19,811,097,472.17

Note 1: For details of the effect of the change in accounting policy, please refer to Note VI. 1.

Note 2: In the current year, the Group adjusted the undistributed profit at the beginning of the prior year by RMB -359,461,619.07 as a result of business combinations of Beijing Automobile Transportation, LONG TREND COMPANY, and Yangtze River Company under common control, and continued to adjust the current year's undistributed profit at the beginning of the year by RMB -352,423,411.30. In the prior year, the undistributed profit at the beginning of the prior year was adjusted by RMB237,214.08 for the business combination under the common control of Inner Mongolia Sinotrans Logistics Co., Ltd.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

49. UNDISTRIBUTED PROFITS (Continued)

Note 3: The Proposal on Profit Distribution Plan for the Year 2022 was considered and approved at the 2022 Annual General Meeting of Shareholders, 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 recognised 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 distribution amount of RMB520,663,687.50 was recognised 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.

On 12 May 2023, the Company's 2022 Annual General Meeting of Shareholders considered and approved the Proposal on Application for Authorisation of the 2023 Interim Profit Distribution Plan, which authorised the Board of Directors of the Company to fully handle all matters related to the declaration and distribution of the 2023 interim dividend (including but not limited to deciding whether to distribute the 2023 interim dividend). As approved by the Twenty-sixth Session of the Third Board of Directors of the Company held on 25 August 2023, the Company distributed an interim dividend of RMB0.145 (inclusive of tax) per share for 2023 based on the total share capital registered on the date of the share register for the implementation of the equity distribution (less the shares in the Company's special account for repurchase). 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 11 September 2023 and the distribution amount was recognised as HKD317,159,480, 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 HKD1.0734) as announced by four major nation-owned banks for the week before the Board of Directors' decision to pay the interim dividend (from 8 August 2023 to 24 August 2023). The ex-dividend date for A shares was determined as 19 October 2023. The distribution amount of RMB754,962,346.88 was recognised, 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

50. OPERATING INCOME, COSTS

Item	Current year		Prior year	
	Income	Costs	Income	Costs
Agency and related business	61,919,431,773.07	58,643,413,529.89	69,962,777,488.30	66,378,837,216.74
Professional logistics	27,522,415,054.81	24,990,915,815.48	27,453,605,540.94	25,130,185,924.27
E-commerce	12,262,716,011.13	12,256,884,712.43	11,877,117,900.13	11,688,165,382.28
Total	101,704,562,839.01	95,891,214,057.80	109,293,500,929.37	103,197,188,523.29

Note: The Group's operating income and cost presentation items are consistent with the classification of the operating segments.

(1) Information related to performance obligations

2023

Item	Agency and related business	Professional logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point	61,919,431,773.07	27,522,415,054.81	11,949,061,482.25
Recognition within a certain period	-	-	-
Lease income	-	-	313,654,528.88
Total	61,919,431,773.07	27,522,415,054.81	12,262,716,011.13

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

50. OPERATING INCOME, COSTS (Continued)

(1) Information related to performance obligations (Continued)

2022

Item	Agency and related business	Professional logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point	69,962,777,488.30	27,453,605,540.94	11,623,943,145.36
Recognition within a certain period	-	-	-
Lease income	-	-	253,174,754.77
Total	69,962,777,488.30	27,453,605,540.94	11,877,117,900.13

The contents and prices of services are usually explicitly agreed in the contracts (agreements, orders, etc.) entered into between the Group and its customers, which do not involve complicated payment arrangements, and the Group has an unconditional right to receive payment upon completion of the relevant services, except for advance payment arrangements.

The services provided by the Group to its customers can be classified into three types: agency and related business, professional logistics and e-commerce business. The entrustment of a single customer may involve a single logistics process or multiple logistics processes. When multiple logistics processes are involved, the Group decides whether or not to treat them as a performance obligation, taking into account factors such as the degree of interconnection and dependence of each logistics process. The professional logistics, e-commerce, and agency and related businesses carried out by the Group usually provide customers with point-to-point logistics services. This enables customers to both obtain and consume economic benefits from the Group's performance at the same time as the Group's performance. As these services are typically completed within a relatively short period within an accounting period, the provision of services across accounting periods is not significant for the Group. Therefore, the Group recognises the realization of income at the point of completion of the aforementioned services.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

50. OPERATING INCOME, COSTS (Continued)

(1) Information related to performance obligations (Continued)

The income from the agency and related business conducted by the Group as an agent is recognised upon completion of the relevant agency activities.

The Group determines whether its identity at the time of performing a transaction is that of a principal or an agent based on whether it has control over the goods or services prior to transferring the goods or services to the customer. In the case of agency and related business, the Group's identity as a principal or agent is determined primarily by considering whether the corresponding risks and responsibilities has been assumed.

The logistics services provided by the Group to its customers are immediate consumable services, which usually do not involve warranty, refund or other arrangements. The Group accrues estimated liabilities, as appropriate, when it is required by customers to pay compensation for damage to goods in the course of providing services.

(2) Statement of apportionment to remaining performance obligations

Details of the timing of recognition as income 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 year but has not yet performed, or has not yet fully performed, its performance obligations are set out in Note IX. 29. 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 above contracts of the Group do not have variable consideration clauses.

(3) The Group had no significant contract changes or significant transaction price adjustments during the year. The income adjusted previously for the performance obligations already performed (or partially performed) in the current year was RMB0.00.

51. TAXES AND SURCHARGES

Item	Current year	Prior year
Property tax	117,396,711.45	112,448,166.62
Urban land use tax	42,723,279.04	40,845,959.57
Urban maintenance & construction tax	39,926,617.58	32,343,923.09
Stamp duty	35,387,069.72	38,859,145.57
Education surcharge and local education surcharge	30,519,355.43	22,740,582.41
Others	8,313,887.54	10,870,163.14
Total	274,266,920.76	258,107,940.40

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

52. SELLING EXPENSES

Item	Current year	Prior year
Employee benefits	870,265,910.35	890,000,726.02
Business entertainment expenses	43,835,466.36	36,417,747.96
Depreciation and amortisation expenses	39,591,744.75	33,201,239.53
Travel expenses	33,788,577.01	16,407,169.74
Vehicle expenses	17,568,623.38	12,077,774.09
Short-term, low-value lease expenses	16,124,314.29	18,108,735.83
Office expenses	12,160,531.90	13,837,417.69
Others	42,635,101.67	46,703,877.88
Total	1,075,970,269.71	1,066,754,688.74

53. ADMINISTRATIVE EXPENSES

Item	Current year	Prior year
Employee benefits	2,382,433,555.30	2,429,230,635.43
Depreciation and amortisation expenses	333,241,370.15	327,404,160.80
Technical service fee for communication network	103,319,561.28	110,681,334.20
Property and utilities (water, electricity, gas) fees	85,313,595.12	79,207,209.40
Intermediary service fee	74,870,447.93	127,176,871.60
Business entertainment expenses	48,928,856.41	37,243,416.38
Travel expenses	47,923,268.93	19,140,712.40
Short-term, low-value lease expenses	42,255,671.51	43,251,074.15
Decoration and repair costs	37,277,207.24	38,422,754.36
Office expenses	35,340,660.51	39,610,320.22
Vehicle expenses	34,144,831.04	32,998,546.47
Equity incentive (Note)	30,047,571.42	30,116,077.73
Advertising expenses	21,929,920.53	10,640,341.18
Insurance premium	11,765,802.12	16,427,228.45
Others	90,751,820.84	52,531,048.23
Total	3,379,544,140.33	3,394,081,731.00

Notes: For details of the amount of the equity incentive item in administrative expenses, please refer to Note IX. 72.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

54. RESEARCH AND DEVELOPMENT EXPENSES

Item	Current year	Prior year
Technical service fee	137,705,962.77	96,762,473.28
Employee benefits	48,363,829.87	51,013,657.72
Depreciation and amortisation	46,148,611.01	44,477,669.94
Others	970,297.51	3,885,696.61
Total	233,188,701.16	196,139,497.55

55. FINANCE COSTS

Item	Current year	Prior year
Interest expenses	521,557,615.00	483,261,870.70
Including: Bank and other borrowings	217,760,554.52	213,787,087.79
Bond interest	134,240,000.01	134,240,000.01
Interest expenses on lease liabilities	149,526,285.13	120,018,940.00
Others	20,030,775.34	15,215,842.90
Less: Capitalized interest expenses	1,991,170.35	3,213,433.07
Less: Interest income	277,642,089.18	180,952,727.67
Net exchange losses (net gains denoted by "-")	-18,389,980.10	-378,953,328.40
Others	35,544,884.48	29,430,859.19
Total	259,079,259.85	-50,426,759.25

56. OTHER INCOME

Item	Current year	Prior year
Financial subsidy for logistics industry	2,129,751,100.95	1,203,154,594.06
Tax subsidy for Shanxi Transformation and Comprehensive Reform Demonstration Zone	152,991,931.37	101,438,752.09
Additional deduction for value-added tax	82,724,415.71	105,419,267.48
Tax subsidy for Hubei Transformation and Comprehensive Reform Demonstration Zone	59,193,525.23	-
Others	29,912,794.09	80,081,013.93
Total	2,454,573,767.35	1,490,093,627.56

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

57. INVESTMENT INCOME

Item	Current year	Prior year
Income from long-term equity investments under the equity method	2,269,632,479.77	2,387,117,705.42
Investment income from holding other non-current financial assets	69,759,266.03	71,764,771.39
Investment income from the disposal of long-term equity investments	11,474,731.95	135,136,062.36
Gain on remeasurement of equity at fair value upon acquisition or loss of control	131,329.29	17,668,769.65
Investment income from holding financial assets held for trading	135.08	-
Investment income from debt restructuring	-	-1,107,968.89
Investment income from the disposal of receivables financing	-4,914,925.50	-6,345,880.98
Income from derecognition of financial assets measured at amortised cost	-19,768,357.31	-25,020,271.36
Total	2,326,314,659.31	2,579,213,187.59

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

58. GAIN FROM CHANGES IN FAIR VALUE

Item	Current year	Prior year
Financial assets held for trading	-144,733.05	-192,910.20
Other non-current financial assets	267,026,501.39	-104,745,748.76
Total	266,881,768.34	-104,938,658.96

Note: Gains from changes in fair value during the year were mainly due to an increase in the fair value of the equity investment in China Southern Airlines Logistics Co., Ltd. by RMB317,808,300 and a decrease in the fair value of shares held in JD Logistics (02618) by HKD53,400,000.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

59. CREDIT IMPAIRMENT LOSS

Item	Current year	Prior year
Credit impairment loss on accounts receivable	-26,361,390.03	-44,565,816.42
Credit impairment loss on other receivables	1,900,701.36	16,666,569.35
Credit impairment loss on long-term receivables	-	9,907.30
Total	-24,460,688.67	-27,889,339.77

60. IMPAIRMENT OF ASSETS

Item	Current year	Prior year
Impairment loss on goodwill (Note)	-326,553,785.50	-
Loss on decline in the value of inventories	-476,920.83	-
Impairment loss on fixed assets	-394,810.44	-114,600,047.37
Impairment loss on investment properties	-	-1,515,384.85
Total	-327,425,516.77	-116,115,432.22

Note: For details of impairment losses on goodwill during the year, please refer to Note IX. 20.

61. INCOME FROM DISPOSAL OF ASSETS

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Gain on disposal of non-current assets	186,256,006.62	195,907,134.64	186,256,006.62
Including: Gain on disposal of intangible assets (Note)	91,750,849.48	182,521,574.84	91,750,849.48
Gain on disposal of fixed assets (Note)	89,406,932.85	10,679,149.14	89,406,932.85
Others	5,098,224.29	2,706,410.66	5,098,224.29
Total	186,256,006.62	195,907,134.64	186,256,006.62

Note: The gain on disposal of non-current assets for the year was mainly attributable to a gain of RMB76,277,900 on the disposal of assets determined by the land purchase and reserve of Sinotrans Air Port Logistics (Shanghai) Co., Ltd., a subsidiary of the Group, and the gain on disposal of assets of RMB61,053,200 on the disposal of assets determined by the land purchase and reserve and disposal of above-ground buildings by Sinotrans Central China, a subsidiary of the Group.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

62. NON-OPERATING INCOME

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Unpayable payments	39,065,660.72	12,857,847.79	39,065,660.72
Government grants	13,905,620.67	19,637,457.11	13,905,620.67
Liquidated damages, compensation	12,377,657.11	14,552,372.66	12,377,657.11
Income from scrapping of non-current assets	9,101,273.33	5,147,633.36	9,101,273.33
Others	28,748,318.01	14,187,524.90	28,748,318.01
Total	103,198,529.84	66,382,835.82	103,198,529.84

63. GOVERNMENT GRANTS

(1) As at 31 December 2023, the balance of government grants receivable for the Group amounted to RMB724,575,007.32 (31 December 2022: RMB282,131,655.40). For details of the expected timing of collection of the aforementioned government grants receivable, please refer to Note IX. 7.

(2) Liability items related to government grants

Item	Opening balance	New grants increase in current year	Amount included in non-operating income for the year	Amount included in other income for the year	Other changes	Closing balance	Asset-related/ revenue-related
Financial subsidy for logistics industry	252,764,652.01	25,319,178.39	3,138,033.84	23,727,921.01	-	251,217,875.55	Asset-related/ revenue-related
Land restitution	60,864,867.32	8,481,100.00	48,452.40	2,470,166.45	-	66,827,348.47	Asset-related
Relocation compensation	58,301,427.97	7,746,597.24	-	14,125,973.79	-	51,922,051.42	Asset-related
Others	40,235,825.98	-	-	4,016,069.16	-	36,219,756.82	Asset-related/ revenue-related
Total	412,166,773.28	41,546,875.63	3,186,486.24	44,340,130.41	-	406,187,032.26	—

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

63. GOVERNMENT GRANTS (Continued)

(3) Details of government grants

Item	Current year	Prior year
Government grants obtained related to assets:	—	—
Financial subsidy for logistics industry	22,506,478.39	9,000,000.00
Land restitution	8,481,100.00	—
Relocation compensation	7,746,597.24	—
Municipal engineering construction award	—	4,000,000.00
Special subsidy for the development of the service industry	—	1,101,213.34
Sub-total	38,734,175.63	14,101,212.34
Government grants obtained related to revenue:	—	—
Financial subsidy for logistics industry	2,109,513,328.36	1,211,709,292.83
Tax subsidy for Shanxi Transformation and Comprehensive Reform Demonstration Zone	152,991,931.37	101,438,752.09
Tax subsidy for Hubei Transformation and Comprehensive Reform Demonstration Zone	59,193,525.23	—
Other government grants (Note)	19,342,270.70	51,158,832.22
Sub-total	2,341,041,055.66	1,364,306,877.14
Total	2,379,775,231.29	1,378,408,089.48
Less: Government grants included in deferred income	41,546,875.63	21,947,362.31
Add: Government grants transferred from deferred income to current profit or loss	47,526,616.65	47,851,090.02
Less: Government grants to offset related costs	—	—
Government grants included in current profit or loss	2,385,754,972.31	1,404,311,817.19
Including: Government grants included in other income	2,371,849,351.64	1,384,674,360.08
Government grants included in non-operating income	13,905,620.67	19,637,457.11

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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

64. NON-OPERATING EXPENSES

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Compensation and liquidated damages (Note)	22,687,927.19	32,346,353.19	22,687,927.19
Pending litigation losses (Note)	18,735,176.58	15,978,110.42	18,735,176.58
Expenditure on public welfare donations	8,100,110.89	13,463,687.27	8,100,110.89
Losses from damage and scrapping of non-current assets	5,135,354.43	3,298,040.30	5,135,354.43
Administrative fines, overdue payments	1,193,114.18	1,426,843.92	1,193,114.18
Others	10,544,147.45	4,309,902.16	10,544,147.45
Total	66,395,830.72	70,822,937.26	66,395,830.72

Note: The compensation, liquidated damages 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 year	Prior year
Current income tax	1,096,604,133.74	955,324,528.81
Adjustments in deferred income tax	-39,049,838.86	12,214,399.74
Total	1,057,554,294.88	967,538,928.55

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

65. INCOME TAX EXPENSES (Continued)

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

Item	Current year
Accounting profit	5,510,242,184.70
Income tax expense at the rate of 25% (prior year: 25%)	1,377,560,546.18
Tax implications of non-deductible expenses	67,452,068.24
Income not subject to tax	-17,439,850.28
Tax effect of unrecognised deductible losses and deductible temporary differences for the current year	171,046,946.29
Tax effect of utilising unrecognised deductible losses and deductible temporary differences from prior years	-150,305,616.61
Effect of different tax rates applicable to subsidiaries in other regions	5,989,698.82
Withholding tax based on the expected current earnings of subsidiaries, joint ventures and associates established outside the parent company's domicile	1,482,924.01
Impact of the subsidiary tax credit	-4,937,212.68
Change in deferred tax asset/liability balance at the beginning of the year due to tax rate adjustments	-
Tax effect of unrecognised taxable temporary differences (Note 1)	-567,440,952.27
Retroactive payment (refund) of prior year' taxes	26,343,923.33
Effect of goodwill impairment	81,638,446.38
Tax effect of disposal of long-term equity investments (Note 2)	66,163,373.47
Income tax expenses	1,057,554,294.88

Note 1: The Group's investment income from the long-term equity investment accounted for under the equity method was not recognised as deferred income tax because the related long-term equity investment will not be sold in the foreseeable future.

Note 2: The main tax effect of disposing of long-term equity investments is the tax effect on the individual financial statement of the holders of long-term equity investments by the Group's disposal of subsidiaries, minority interests in subsidiaries, and long-term equity investments accounted for under the equity method.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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 year, divided by the weighted average number of ordinary shares outstanding.

Item	Current year	Prior year
Revenue	—	—
Net profit attributable to shareholders of the Company for the year	4,221,842,492.59	4,079,192,956.09
Including: Net profit from continuing operations	4,221,842,492.59	4,079,192,956.09
Shares	—	—
Weighted average of the Company's outstanding ordinary shares	7,245,419,625.00	7,350,859,816.67
Basic earnings per share (RMB/share)	0.5827	0.5549
Diluted earnings per share (RMB/share) (Note)	0.5822	0.5549

Note: On 31 December 2023, the exercise price of the Company's stock options granted to the incentive targets (See Note IX.72) was lower than the average market price (weighted monthly) of the Company's A shares for the year, and there was a dilutive effect of such stock options.

67. LEASES

(1) The Group as lessor

Item	Current year	Prior year
I. Income status	—	—
Lease income	313,654,528.88	253,174,754.77
Including: Income related to variable lease payments not included in lease receipts	—	—
II. Undiscounted lease payments to be received after the balance sheet date	522,508,931.84	454,915,596.80
Year 1	217,296,430.68	160,662,090.66
Year 2	93,610,413.82	73,723,089.32
Year 3	62,519,069.96	47,698,309.16
Year 4	49,236,563.87	43,396,144.89
Year 5	37,137,677.15	39,457,379.14
Over 5 years	62,708,776.36	89,978,583.63

- 1) The Group's operating leases as lessor relate to buildings, vehicles and equipment for a term of 1–9 years, with a partial renewal option.
- 2) The Group does not consider the unguaranteed residual value of these assets to be a material risk to the Group due to lease subject with high versatility and short leasing periods.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

67. LEASES (Continued)

(2) The Group as lessee

Item	Current year	Prior year
Interest expenses on lease liabilities	149,526,285.13	120,018,940.00
Short-term lease payments with simplified treatment included in the cost of the related assets or in current profit or loss	642,153,167.91	774,215,207.87
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	24,801,084.34	19,251,150.84
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	2,110,904.94	1,016,367.99
Total cash outflows related to leases	1,710,242,602.53	1,628,085,943.16

Note: The Group did not have any sale and leaseback transactions in the current year.

68. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

(1) Cash related to operating activities

1) Cash received from other operating activities

Item	Current year	Prior year
Government grants	1,815,013,149.53	1,527,232,412.79
Deposit, security deposit, and collection and advance payment, etc.	395,003,888.53	1,166,548,473.44
Interest income	352,898,907.54	172,140,580.29
Income from leasing assets	313,654,528.88	253,174,754.77
Others	47,433,994.40	38,912,104.26
Total	2,924,004,468.88	3,158,008,325.55

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

68. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(1) Cash related to operating activities (Continued)

2) Cash paid for other operating activities

Item	Current year	Prior year
Deposit, security deposit, and collection and advance payment, etc.	1,220,022,483.88	300,018,550.63
Information technology costs	346,127,742.90	247,148,955.21
Funds deposited subject to restrictions on the litigation	93,204,485.96	-
Business entertainment expenses	92,764,322.77	73,661,164.34
Property and utilities (water, electricity, gas) fees	85,313,595.12	87,659,221.17
Travel expenses	81,711,845.94	35,547,882.14
Intermediary service fee	74,870,447.93	127,176,871.60
Short-term, low-value lease costs	58,379,985.80	61,359,809.98
Vehicle expenses	51,713,454.42	45,076,320.56
Office expenses	49,129,592.92	53,448,180.39
Decoration and repair costs	42,910,061.29	46,500,500.14
Others	230,844,865.15	222,855,585.84
Total	2,426,992,884.08	1,300,453,042.00

(2) Cash related to investing activities

1) Significant cash received related to investing activities

Item	Current year	Prior year
Dividends from DHL-Sinotrans International Air Courier Ltd.	1,896,126,019.17	2,134,290,051.37
Payment of Sinotrans Air Port Logistics (Shanghai) Co., Ltd. for the purchase and reserve of a land parcel in Zhuronggang	149,582,348.00	-
Gushan warehouse and land parcel of Fuzhou Storage and Transportation Branch, Sinotrans Fujian Co., Ltd.	-	167,601,610.42
Total	2,045,708,367.17	2,301,891,661.79

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

68. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(2) Cash related to investing activities (Continued)

2) Significant cash paid for investing activities

Item	Current year	Prior year
Engineering and Land Payments for Sinotrans Lingang International Logistics Centre Project	224,003,841.20	–
Engineering and Land Payments for Jiaxing Haiyan Logistics Centre Project	148,823,304.45	57,276,345.40
Engineering and Land Payments for Chengdu Eastern New Area Project	107,786,956.12	–
Engineering and Land Payments for Taicang Port Free Trade Zone Comprehensive Logistics Park Project	100,800,219.85	47,984,112.04
Equipment Payment for Centralised Container Procurement Project Wide Shine Development Limited	–	210,651,922.69
Total	581,414,321.62	315,912,380.13

3) Cash received from other investing activities

Item	Current year	Prior year
Repayment from Sinotrans Suzhou Logistics Center Co., Ltd.	28,500,000.00	7,125,000.00
Repayment from Shanghai Puan Storage Co., Ltd.	5,200,000.00	4,400,000.00
Repayment from MAXX LOGISTICS FZCO.	4,165,857.30	–
Repayment from Shenyang Jinyun Automobile Logistics Co., Ltd.	3,000,000.00	–
Repayment from Sichuan Weibo New Material Group Co., Ltd.	1,632,417.55	1,584,170.38
Total	42,498,274.85	13,109,170.38

4) Cash paid for other investing activities

Item	Current year	Prior year
Reclassification of negative net cash received on disposal of subsidiaries	19,508,312.05	–
Total	19,508,312.05	–

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

68. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(3) Cash related to financing activities

1) Cash received from other financing activities

Item	Current year	Prior year
Acquisition of loans from Sinotrans Suzhou Storage Co., Ltd.	-	74,000,000.00
Share subscription deposit received by Y2T	-	40,000,000.00
Investment funds from Shanghai Changjiang Shipping Corporation	-	2,000,000.00
Total	-	116,000,000.00

2) Cash paid for other financing activities

Item	Current year	Prior year
Payment of principal and interest on lease liabilities	1,043,288,350.28	834,619,584.45
Repayment of loans and interest to Guangdong Sinotrans Co., Ltd.	47,241,272.50	-
Repayment of loans and interest to original shareholders of MARK FAMOUS INVESTMENT LIMITED and OCEAN LORD INVESTMENT LIMITED	35,191,018.06	-
Repayment of loans and interest to Sichuan Sinotrans Storage Service Co., Ltd.	29,467,007.96	-
Refund of contributions from minority shareholders	27,580,000.00	-
Share repurchase	26,775,283.28	389,925,691.09
Repayment of principal and interest to OCEAN LIFTER I LIMITED	4,424,366.92	-
Payment of consideration for business combination under common control	4,140,101.12	2,269,400.00
Repayment of interest to Shenzhen International Holdings (Shenzhen) Co., Ltd.	1,968,906.67	-
Repayment of loans from Sinotrans Suzhou Storage Co., Ltd.	-	74,000,000.00
Repayment of loans from Chongqing Waiyun Logistics Company	-	4,500,000.00
Repayment of loans from Sinotrans Shaanxi Co., Ltd.	-	2,010,500.00
Total	1,220,076,306.79	1,307,325,175.54

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

68. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(3) Cash related to financing activities (Continued)

3) Changes in liabilities arising from financing activities

Item	Opening balance	Increase in current year		Decrease in current year		Closing balance
		Cash flow	Non-cash flow	Cash flow	Non-cash flow	
Short-term borrowings	582,764,215.31	945,000,000.00	19,348,350.65	936,894,788.87	-	610,217,777.09
Dividends payable	94,429,787.93	-	1,978,881,075.21	2,005,490,726.12	-1,657,134.78	69,477,271.80
Long-term borrowings (including those due within one year)	7,846,418,061.33	177,996,754.38	353,589,327.84	3,628,467,779.31	-	4,749,536,364.24
Bonds payable (including those due within one year)	4,064,291,835.64	-	134,240,000.01	133,000,000.00	-	4,065,531,835.65
Lease liabilities (including those due within one year)	3,061,413,515.37	-	1,231,431,684.15	1,043,288,350.28	94,510,572.01	3,155,046,277.23
Long-term accounts payable (including those due within one year)	169,281,264.41	-	43,247,465.81	88,825,563.15	6,982,296.87	116,720,870.20
Total	15,818,598,679.99	1,122,996,754.38	3,760,737,903.67	7,835,967,207.73	99,835,734.10	12,766,530,396.21

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

68. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(4) Notes to the presentation of cash flows on a net basis

Item	Relevant facts	Basis for net presentation	Financial impact
Collections and advance payments	When the Group acts as an agent in an agency and related businesses, it involves the receipt or payment of money on behalf of customers.	The aforesaid amounts received or paid on behalf of customers are usually explicitly agreed in the contracts entered into between the Group and the customers and the intervals between receipt and payment are relatively short. In order to maintain the matching with the recognition of income, so as to enable investors to better understand the correspondence between the Group's cash flows and income and costs, the Group presents the amounts received or paid on behalf of customers in the net amount in accordance with the principle of consistency.	The presentation of amounts received or paid on behalf of customers on a net basis has no material impact on the Group's net cash flows from operating activities.

(5) Significant activities and financial impacts that do not involve cash receipts or payments during the year but that affect the financial position of the enterprise or may affect the enterprise's cash flows in the future

The Group provides credit to customers as a service provider and obtains credit from suppliers as a service purchaser in its daily operations, resulting in the Group having both operating receivables and payables at the end of the year, which will be collected or paid in cash in the following year. Apart from operating receivables and payables, the Group has no other significant activities or events that do not involve cash receipts or payments during the year but that affect the financial position of the enterprise or may affect the enterprise's cash flows in the future.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

68. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(6) Supplementary information of the cash flow statement

Item	Current year	Prior year
1. Reconciliation of net profit to cash flows from operating activities:	—	—
Net profit	4,452,687,889.82	4,275,946,796.49
Add: Impairment of assets	327,425,516.77	116,115,432.22
Credit impairment loss	24,460,688.67	27,889,339.77
Depreciation of fixed assets and investment properties	1,238,735,038.43	1,190,440,882.80
Depreciation of right-of-use assets	924,952,747.30	813,309,051.46
Amortisation of intangible assets	300,380,484.03	322,849,513.09
Amortisation of long-term prepaid expenses	83,497,134.08	85,204,949.74
Losses from disposal of assets (gains denoted by "-")	-186,256,006.62	-195,907,134.64
Losses from damage and scrapping of non-current assets (gains denoted by "-")	-3,965,918.90	-1,849,593.06
Losses from changes in fair value (gains denoted by "-")	-266,881,768.34	104,938,658.96
Finance costs (income denoted by "-")	445,997,497.34	44,338,706.44
Investment losses (income denoted by "-")	-2,326,314,659.31	-2,579,213,187.59
Decrease in deferred tax assets (increase denoted by "-")	-22,812,295.42	34,837,827.83
Increase in deferred tax liabilities (decrease denoted by "-")	-16,237,543.44	-22,623,428.09
Decrease in inventories (increase denoted by "-")	15,175,160.04	1,631,366.27
Decrease in operating receivables (increase denoted by "-")	1,570,029,573.38	-229,280,020.71
Increase in operating payables (decrease denoted by "-")	-2,723,752,787.55	1,256,782,916.67
Net cash flows from operating activities	3,837,120,750.28	5,245,412,077.65
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 balance cash	13,821,461,962.17	16,405,563,975.61
Less: Opening balance of cash	16,405,563,975.61	14,308,375,557.08
Add: Adjustments to the classification of customer settlement provisions at the beginning of the year	-	-
Net increase in cash and cash equivalents	-2,584,102,013.44	2,097,188,418.53

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

68. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(7) Net cash from acquisition and disposal of subsidiaries for the current year

Item	Current year
I. Information on the acquisition of subsidiaries	—
1. Price of acquisition of subsidiaries	504,774,645.39
2. Cash or cash equivalents paid in the current year for business combinations occurred in the current year	489,231,242.10
Less: Cash and cash equivalents held by subsidiaries on the date of purchase	4,622,802.05
Add: Cash or cash equivalents paid in the current year for business combinations that occurred in prior periods	—
3. Net cash paid for acquisition of subsidiaries	484,608,440.05
4. Acquisition of net assets of subsidiaries	453,165,935.82
Current assets	5,896,131.61
Non-current assets	558,916,701.00
Current liabilities	27,598,575.25
Non-current liabilities	84,048,321.54
II. Information about the disposal of subsidiaries	—
1. Price of disposal of subsidiaries	126,470,180.00
2. Cash or cash equivalents received in the current year from the disposal of subsidiaries in the current year	939,680.00
Less: Cash and cash equivalents held by subsidiaries at the time of loss of control	20,447,992.05
Cash or cash equivalents received in the current year on disposal of subsidiaries in prior periods	—
3. Net cash received on disposal of subsidiaries	-19,508,312.05
4. Disposal of net assets of subsidiaries	112,571,157.62
Current assets	104,785,444.79
Non-current assets	9,427,462.06
Current liabilities	516,720.97
Non-current liabilities	1,125,028.26

Note: The net assets of subsidiaries acquired and disposed of are presented as the amounts of assets and liabilities of the subsidiaries at the dates of purchase and disposal, and have not been discounted according to the Group's proportionate share of purchases and disposals.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

68. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(8) Cash paid for distribution of dividends, profits or settlement of interest

Item	Current year	Prior year
Payment of dividends on ordinary shares	1,774,016,879.15	2,080,591,039.93
Cash paid for the settlement of interest	367,121,456.10	382,443,636.58
Dividends and profits paid by subsidiaries to minority shareholders	231,473,846.97	156,857,736.15
Total	2,372,612,182.22	2,619,892,412.66

69. CASH AND CASH EQUIVALENTS

Item	Closing balance	Opening balance
I. Cash	13,821,461,962.17	16,405,563,975.61
Including: Cash on hand	2,827,065.78	5,034,571.70
Cash at bank readily available for payment	13,818,634,896.39	16,400,529,403.91
Other cash and bank balances readily available for payment	-	-
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	13,821,461,962.17	16,405,563,975.61
Including: Restricted use in cash and cash equivalents by the Company or subsidiaries of the Group	—	—

Note: At the end of the year, the Group does not present significant cash and bank balances or other assets with a restricted scope of use as cash and cash equivalents. For details of the amount of cash and bank balances at the end of the year that are not cash and cash equivalents, please refer to Note IX. 1.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

70. FOREIGN CURRENCY MONETARY ITEMS

(1) Foreign currency monetary items

Item	Closing balance of foreign currency	Exchange rate of translation	Closing balance in RMB
Cash and bank balance	—	—	4,285,584,900.12
Including: USD	446,622,826.63	7.0827	3,163,295,494.17
HKD	491,562,969.97	0.9062	445,454,363.39
EUR	43,078,439.22	7.8592	338,562,069.52
JPY	1,772,649,260.70	0.0502	88,986,992.89
Others	—	—	249,285,980.15
Accounts receivable	—	—	4,579,989,997.56
Including: USD	501,150,514.15	7.0827	3,549,498,746.57
HKD	561,473,814.40	0.9062	508,807,570.61
EUR	14,496,365.66	7.8592	113,929,837.00
JPY	298,386,139.89	0.0502	14,978,984.22
Others	—	—	392,774,859.16
Accounts payable	—	—	3,504,274,128.47
Including: USD	370,825,746.06	7.0827	2,626,447,511.62
HKD	424,713,503.63	0.9062	384,875,376.99
EUR	17,352,332.97	7.8592	136,375,455.28
JPY	311,386,164.65	0.0502	15,631,585.47
Others	—	—	340,944,199.11
Non-current liabilities due within one year	—	—	2,472,296,002.63
Including: USD	10,427,240.47	7.0827	73,853,016.08
HKD	2,466,915,198.41	0.9062	2,235,518,552.80
EUR	15,973,418.90	7.8592	125,538,293.82
JPY	29,106,449.00	0.0502	1,461,143.74
Others	—	—	35,924,996.19
Long-term borrowings	—	—	1,796,991,440.71
Including: USD	34,746,039.85	7.0827	246,095,776.45
EUR	197,335,055.00	7.8592	1,550,895,664.26
Lease liabilities	—	—	422,092,632.52
Including: USD	187,678.03	7.0827	1,329,267.18
HKD	395,447.98	0.9062	358,354.96
EUR	51,242,635.38	7.8592	402,726,119.98
Others	—	—	17,678,890.40

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

70. FOREIGN CURRENCY MONETARY ITEMS (Continued)

(2) Description of material overseas operating entities

Name of overseas operating entity	Main business location	Functional currency	Basis for selection of functional currency	Whether there was a change in the functional currency in the current year
Sinotrans (HK) Logistics Limited	Hong Kong, China	HKD	Based on currencies in the principal economic environment in which it operates	No
SE Logistics Holding B.V.	Netherlands, Romania	EUR	Based on currencies in the principal economic environment in which it operates	No

71. RESEARCH AND DEVELOPMENT EXPENDITURE

(1) Presentation by nature of costs

Item	Current year	Prior year
Technical service fee	287,730,930.81	131,232,487.36
Employee benefits	49,508,656.66	65,136,028.41
Depreciation and amortisation	46,148,611.01	45,403,899.79
Others	4,404,637.25	6,534,977.17
Total	387,792,835.73	248,307,392.73
Including: Expensed research and development expenditure	233,188,701.16	196,139,497.55
Capitalised research and development expenditure	154,604,134.57	52,167,895.18

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

71. RESEARCH AND DEVELOPMENT EXPENDITURE (Continued)

(2) Development expenditure on research and development projects eligible for capitalisation

Item	Opening balance	Increase in current year		Decrease in current year		Closing balance
		Internal development expenditure	Others	Recognised as intangible assets	Transfer to current profit or loss	
Sinotrans Sailing	25,365,901.32	5,661,437.78	-	-	-	31,027,339.10
LLCT	11,864,790.80	688,374.66	-	-	-	12,553,165.46
Network Cargo Platform Project	2,874,024.21	4,453,505.87	3,056,876.10	1,334,645.82	-	9,049,760.36
Information System Development for Land Transportation	2,660,660.33	-	6,559,929.08	440,566.05	-	8,780,023.36
Data Autonomous Driving Technology Application Project	2,292,452.77	-	4,604,318.14	-	-	6,896,770.91
Science and Technology Research and Development – Business Management Project	-	-	8,804,178.73	2,641,509.36	-	6,162,669.37
Phase II Construction of Sinotrans CRM System	-	-	5,599,999.98	-	-	5,599,999.98
Science and Technology Research and Development – Data Services	-	1,151,830.05	5,132,377.38	776,415.08	-	5,507,792.35
Product Management and Quotation Management Construction Project for Digital Operation Management System	-	-	5,377,358.34	-	-	5,377,358.34
Full Tax Automated Reporting Project	-	-	4,958,490.58	-	-	4,958,490.58
Transformation Project of BMS System to Match the Digital Requirements of Finance	22,528.12	-	3,867,924.48	-	-	3,890,452.60
Development of Human Resources Systems	2,385,343.52	-	2,109,847.07	1,162,581.41	-	3,332,609.18
GTM System Construction Project	-	709,394.93	3,200,039.04	754,716.98	-	3,154,716.99
Joint Innovation Project of Strategic Customers	-	-	2,909,433.95	-	-	2,909,433.95
Customs Service Sharing Project	3,142,832.61	-	2,482,167.26	2,772,924.48	-	2,852,075.39
Sinotrans Online Self-service System Construction Project	-	-	2,716,981.14	-	-	2,716,981.14
Upgrade and Development Project of Internet of Things Application Service Components	-	-	2,700,207.53	138,207.54	-	2,561,999.99
Data Security Technology System Construction Project	621,379.21	-	1,909,093.37	-	-	2,530,472.58
Logistics Control Tower Construction Project	4,328.92	-	2,044,830.19	-	-	2,049,159.11
Financial Sharing System Construction	37,169.81	-	1,864,905.66	-	-	1,902,075.47
Intelligent Logistics Project	57,645.68	-	2,319,622.63	589,721.16	-	1,787,547.15
Data Integration Project for Shipping Agency and Air Cargo Operations	-	-	1,732,075.47	-	-	1,732,075.47
Data Risk Warning Function Optimisation and Upgrade Project	339,622.63	-	1,358,490.53	-	-	1,698,113.16
Research and Development of Intelligent, Automated and Smart Solutions	-	412,941.92	1,279,510.92	-	-	1,692,452.84
Sinotrans Billing Centre Construction Project	-	-	1,556,603.76	-	-	1,556,603.76
Database Security Reinforcement Project	-	-	4,045,309.73	2,681,769.91	-	1,363,539.82
Sinotrans Low-code Development Platform Implementation Project	-	-	3,113,207.50	2,657,346.11	-	455,861.39
Development, Upgrade and Transformation of GTS System Equipment	2,929,811.24	-	6,781,609.47	9,356,603.55	-	354,817.16
Data Integration Project for Shipping Companies	-	-	3,952,584.83	3,952,584.83	-	-
Digital and Intelligent Solutions for Tyres	1,346,321.61	-	2,332,923.60	3,679,245.21	-	-
Information Technology Application Innovation and Renovation Project	-	-	4,151,886.71	4,151,886.71	-	-
Data Security Capability Maturity Model (DSMM) Project	-	-	3,859,088.87	3,859,088.87	-	-
Others	20,627,880.08	2,994,767.47	32,150,009.85	24,357,235.13	-	31,415,422.27
Total	76,572,692.86	16,072,252.68	138,531,881.89	65,307,048.20	-	165,869,779.23

Note: In the current year's increase in development expenditure, others mainly represent the Group's inputs for commissioning external research and development. This year's proportion of development expenditure to the total expenditure on research and development projects is 39.87%.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

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

71. RESEARCH AND DEVELOPMENT EXPENDITURE (Continued)

(3) Material capitalised research and development projects

Item	Progress of development	Estimated time of completion	Expected manner of generation of economic benefits	Point of commencement of capitalisation	Specific basis
Sinotrans Sailing	Sinotrans Sailing V2.0 Beta Version	2025-12-31	Self-use	2021-01-01	Feasibility study completed on 1 September 2019; development budgeting and planning completed on 1 January 2020; formal internal project approval and commencement of product V1.0 interface design, UI and development for Sinotrans Sailing on 1 January 2021.
LLCT	LLCT V3.0 Development Version	2025-12-31	Self-use	2021-12-01	Feasibility study completed by 1 January 2021; development budget and planning completed by 1 February 2021; and the V1.0 product development will begin on 1 December 2021.

- (4) On 31 December 2023, the Group was assessed and concluded that no impairment provision was necessary for the development expenditure.
- (5) As at 31 December 2023, the Group had no significant outsourced projects under research and development.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 payment 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 year	1,286,800.00	643,400.00	3,309,200.00	66,567,600.00	71,807,000.00
Total amount of each equity instrument granted by the Company during the year	-	-	-	-	-
Total amount of each equity instrument exercised during the year	-	-	-	-	-
Total amount of each equity instrument written off by the Company during the year	-	-	-	-	-
Total amount of each equity instrument lapsed during the year	-	643,400.00	-	1,936,759.00	2,580,159.00
Total amount of each equity instrument granted and not exercised at the end of the year	1,286,800.00	-	3,309,200.00	64,630,841.00	69,226,841.00
Including: Total amount of each equity instrument exercisable at the end of the year	-	-	-	-	-
Total amount of each equity instrument granted and not exercised at the end of the period as a percentage of the total issued share capital at the end of the year	0.02%	-	0.05%	0.88%	0.95%
Range of exercise prices of stock options issued and outstanding at the end of the year and the remaining term of the contract	See notes for details	See notes for details	See notes for details	See notes for details	See notes for details
Range of exercise prices of other equity instruments at the end of the year and the remaining term of the contract	—	—	—	—	—
Share-based payment expenses recognized in the current year	578,570.30	-	1,487,880.66	27,981,120.46	30,047,571.42

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 payment in general (Continued)

Details of equity instruments granted in prior years:

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 Company's First Extraordinary General Meeting of Shareholders 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 Authorisation of the Board of Directors to Handle Matters Relating to the Company's Stock Option Incentive Plan.

According to the authorisation of the General Meeting of Shareholders, the Eighth Session of the Third 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 targets 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 31 December 2023, the number of unexercised shares granted under the stock option plan was 69,226,800 shares, representing 0.95% of the total issued share capital of the Company as at that date (including shares repurchased but not cancelled). Unless approved by a special resolution at a General Meeting of Shareholders, the aggregate number of A shares of the Company granted to any one incentive target 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 terms, certain company and individual performance, etc. The stock option plan is exercised in three equal installments, with each installment vesting condition 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.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 payment in general (Continued)

The company performance conditions are as follows:

Performance indicators	Effective from the first period	Effective from the second period	Effective from the third period
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 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 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 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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 payment in general (Continued)

The individual performance conditions are as follows:

Individual annual performance achievement/appraisal	Percentage of stock options actually available to individuals
Good and above	100%
Qualified	80%
Unqualified	0

The exercise price is determined based on the higher of the average trading price of the Company's A shares (RMB4.18 per share) one trading day prior to the announcement of the draft stock option plan and the summary, the average trading price of the Company's A shares (RMB4.29 per share) 20 trading days prior to the announcement, and the par value of the Company's A shares (RMB1 per share), which is RMB4.29 per share (subject to adjustment by the authorised 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 Session of the Third Board of Directors and the Third Session 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 Session of the Third Board of Directors and the First Session 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 RMB0.10 per share) in accordance with the exercise price adjustment method and the profit distribution plan for the half year of 2022. As approved by the Twenty-seventh Session of the Third Board of Directors and the Fifth Session of the Supervisory Committee for the year 2023 of the Company, and in accordance with the method of adjusting the exercise price and the profit distribution plan for the year 2022 and the profit distribution plan for the half-year of 2023, the exercise price of the aforesaid stock option plan was adjusted to RMB3.765 per share (RMB4.01, the exercise price before the adjustment, minus the amount of dividend payout per share of RMB0.10 for the year 2022 and the amount of dividend payout per share of RMB0.145 for the half-year of 2023).

As at 30 December 2023, the average remaining waiting period for the stock option plan was 1.08 years.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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)

(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.
The basis for determining the number of exercisable equity instruments (Note 2)	The number of exercisable equity instruments was estimated based on the incumbency of incentive targets, the expected turnover rate and the expected satisfaction of certain company and individual performance and other vesting conditions of stock options.
Reasons for significant differences between current year estimates and prior year estimates	Not applicable
Accumulated amount of equity-settled share-based payments credited to capital reserves	59,944,839.71
Total expense recognised for equity-settled share-based payments in the current year (Note 3)	30,047,571.42

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

(2) Equity-settled share-based payments (Continued)

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 31 December 2023, a total of ten incentive targets under the aforesaid stock option plan left or transferred out of the Group (of which six left or transferred out of the Group in the current year), and eight incentive targets had qualified in the assessment results. The Group has deducted 4,512,200 stock options granted to ten incentive targets who have left or transferred out of the Group (of which 2,393,400 correspond to six individuals who left or transferred out of the Group in the current year) and 186,759 stock options granted to eight incentive targets which could not be validated due to the unfulfilled individual performance conditions in estimating the number of shares exercisable under the stock option plan, and it is expected that the number of new departures in the future will be zero, and both the 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 recognised in the statements of the subsidiaries and aggregated to the Group.

(3) The Group had no cash-settled share-based payments during the year.

(4) The Group had no modification or termination of share-based payment during the year.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

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

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. Based on operating segments, the Group determined three reporting segments: agency and related business, professional logistics and e-commerce. These reporting segments are based on the income type of the Group.

The operating segments and reporting segments of the Group are analysed as follows:

Agency 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 agency to shipping companies, providing storage, storage yards, container loading and unloading stations and terminal services.

Professional logistics: mainly includes any provision of customised and professional logistics services to customers.

E-commerce: mainly includes providing professional 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 11

Notes to the Financial Statements

For the Year ended 31 December 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)

2023

Item	Agency and related business	Professional logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income:	—	—	—	—	—	—
Income from external transaction	61,919,431,773.07	27,522,415,054.81	12,262,716,011.13	-	-	101,704,562,839.01
Income from inter-segment transaction	5,239,806,527.36	718,425,649.41	2,306,167,469.58	-	-8,264,399,646.35	-
Total operating income from segments	67,159,238,300.43	28,240,840,704.22	14,568,883,480.71	-	-8,264,399,646.35	101,704,562,839.01
Total operating costs	61,567,269,244.13	26,522,576,956.80	12,466,083,346.28	557,333,802.40	-	101,113,263,349.61
Impairment of assets (loss denoted by "-")	-	-	-	-327,425,516.77	-	-327,425,516.77
Credit impairment loss (loss denoted by "-")	-15,158,853.04	-4,164,205.77	-3,381,509.72	-1,756,120.14	-	-24,460,688.67
Gain from changes in fair value (loss denoted by "-")	-	-	-	266,881,768.34	-	266,881,768.34
Investment income (loss denoted by "-")	83,883,071.02	2,099,119.32	1,769,398,851.46	470,933,617.51	-	2,326,314,659.31
Including: Income from investments in associates and joint ventures	83,883,071.02	2,099,119.32	1,769,398,851.46	414,251,437.97	-	2,269,632,479.77
Income from disposal of assets (loss denoted by "-")	-	-	-	186,256,006.62	-	186,256,006.62
Other income	1,970,936,965.14	77,717,094.96	405,919,707.25	-	-	2,454,573,767.35
Operating profit	2,391,823,712.06	1,075,490,106.52	1,968,569,713.84	37,555,953.16	-	5,473,439,485.58
Non-operating income	52,863,942.06	18,773,406.24	4,096,616.69	27,464,564.85	-	103,198,529.84
Non-operating expenses	17,084,942.39	39,740,313.00	156,232.68	9,414,342.65	-	66,395,830.72
Total profit	2,427,602,711.73	1,054,523,199.76	1,972,510,097.85	55,606,175.36	-	5,510,242,184.70
Income taxes	662,795,679.47	254,376,453.22	138,943,883.36	1,438,278.83	-	1,057,554,294.88
Net profit	1,764,807,032.26	800,146,746.54	1,833,566,214.49	54,167,896.53	-	4,452,687,889.82
Total assets	38,730,446,343.58	20,784,553,629.25	7,262,272,108.10	9,109,350,150.88	-	75,886,622,231.81
Total liabilities	14,963,742,175.64	5,702,513,968.89	1,886,498,026.45	13,214,587,249.03	-	35,767,341,420.01
Supplementary information:	—	—	—	—	—	—
Depreciation and amortisation expenses	1,149,264,280.31	1,196,699,039.52	126,725,536.57	74,876,547.44	-	2,547,565,403.84
Capital expenditures	1,729,669,617.62	621,481,284.26	41,786,083.55	261,359,425.04	-	2,654,296,410.47
Non-cash expenses other than depreciation and amortisation	15,158,853.04	4,164,205.77	3,381,509.72	1,756,120.14	-	24,460,688.67
Increase in long-term equity investments in associates and joint ventures accounted for under the equity method	86,354,038.60	118,013,518.00	-95,857,889.22	498,114,211.31	-	606,623,878.69

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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)

2022

Item	Agency and related business	Professional logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income:	—	—	—	—	—	—
Income from external transaction	69,962,777,488.30	27,453,605,540.94	11,877,117,900.13	-	-	109,293,500,929.37
Income from inter-segment transaction	5,193,629,922.18	680,078,297.92	1,367,791,667.97	-	-7,241,499,888.07	-
Total operating income from segments	75,156,407,410.48	28,133,683,838.86	13,244,909,568.10	-	-7,241,499,888.07	109,293,500,929.37
Total operating costs	69,130,742,971.79	26,583,809,455.56	11,906,111,833.33	441,181,361.05	-	108,061,845,621.73
Impairment of assets (loss denoted by "-")	-	-	-	-116,115,432.22	-	-116,115,432.22
Credit impairment loss (loss denoted by "-")	111,707.69	-15,525,115.59	-12,475,931.87	-	-	-27,889,339.77
Gain from changes in fair value (loss denoted by "-")	-	-	-	-104,938,658.96	-	-104,938,658.96
Investment income (loss denoted by "-")	96,163,471.75	11,872,678.31	1,883,165,622.71	588,011,414.82	-	2,579,213,187.59
Including: Income from investments in associates and joint ventures	96,163,471.75	11,872,678.31	1,883,165,622.71	395,915,932.65	-	2,387,117,705.42
Income from disposal of assets (loss denoted by "-")	-	-	-	195,907,134.64	-	195,907,134.64
Other income	1,203,229,880.69	66,915,453.88	218,966,397.29	981,895.70	-	1,490,093,627.56
Operating profit	2,131,539,576.64	933,059,101.98	2,060,662,154.93	122,664,992.93	-	5,247,925,826.48
Non-operating income	29,274,659.01	15,097,208.58	174,623.39	21,836,344.84	-	66,382,835.82
Non-operating expenses	16,363,750.75	22,914,836.58	132,316.60	31,412,033.33	-	70,822,937.26
Total profit	2,144,450,484.90	925,241,473.98	2,060,704,461.72	113,089,304.44	-	5,243,485,725.04
Income tax expenses	631,597,136.81	222,585,837.50	110,143,526.27	3,212,427.97	-	967,538,928.55
Net profit	1,512,853,348.09	702,655,636.48	1,950,560,935.45	109,876,876.47	-	4,275,946,796.49
Total assets	40,674,798,277.31	21,483,347,617.76	8,188,336,172.26	8,155,957,470.80	-	78,502,439,538.13
Total liabilities	16,826,691,453.38	6,042,787,473.06	2,287,844,279.95	16,415,410,480.00	-	41,572,733,686.39
Supplementary information:	—	—	—	—	—	—
Depreciation and amortisation expenses	1,044,469,645.85	1,131,172,732.44	127,750,330.38	108,411,688.42	-	2,411,804,397.09
Capital expenditures	889,214,826.39	720,017,648.45	415,506,367.91	370,200,636.95	-	2,394,939,479.70
Non-cash expenses other than depreciation and amortization	-111,707.69	15,525,115.59	12,475,931.87	-	-	27,889,339.77
Increase in long-term equity investments in associates and joint ventures accounted for under the equity method	62,780,779.05	76,696,506.78	-281,760,499.50	257,438,252.99	-	115,155,039.32

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. RELATED PARTIES WITH CONTROL RELATIONSHIPS

Name of controlling shareholders and the ultimate controlling party	Place of registration	Nature of business	Registered capital	Proportion of shareholding (%)	Voting proportion (%)
China Merchants Group Co., Ltd.	Beijing	Conducting transportation undertaking etc.	RMB16,900 million	—	—

2. RELATED INFORMATION 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
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Sinotrans Logistics Center Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chiwan Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Port Container Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Liaoning Port Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dandong Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Yide Port Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Fangchenggang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Guangxi Guigang Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Nanning Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Automobile Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Associated Maritime Company (Hong Kong) Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hailong No. 12 (Tianjin) Leasing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hailong No. 15 (Tianjin) Leasing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS (Continued)

Name of related party	Nature
Sinotrans Hebei Company Yuanshi Warehouse	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
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
Shanghai Yangtze Maritime Development 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
Liaogang 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
Nanjing Changjiang Oil Transportation Longtan Shipping Engineering Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Changjiang National Shipping (Group) Corporation	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Inner Mongolia Sinotrans Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Ningbo Daxie Merchants International Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Panjin Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
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 Changshi Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai China Merchants Ming Wah Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sinotrans Anda Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sinotrans Qiantang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS Shanghai Zhang HUA BANG Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shekou Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan Port Development Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan International Freight Forwarding Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan Tug Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Haixing Harbor Development Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Lianda Tug Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Magang Cangma Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans International Trading Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Landmark (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Merchants Home Technology Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen China Merchants Xunlong Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sichuan Sinotrans Storage Service Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS 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
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 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
Yangzhou Sinotrans International Freight Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Gangtong e-commerce Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Xingang Ore Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
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
Zhangzhou China Ocean Shipping Tally Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Cargo Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Wuhan Qingshan Shipyard Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Gangrong Big Data Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Port (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Bonded Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants 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
China Merchants Health Industry (Qichun) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Jinling Shipyard Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
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 Renhe Life Insurance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Food (China) Co., Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants 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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS (Continued)

Name of related party	Nature
CHINA MERCHANTS GROUP (HONG KONG) COMPANY CO., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhengzhou Merchants Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS (HONG KONG) HOLDINGS LIMITED	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Alashankou Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Beijing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Gansu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Hebei Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jiangsu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jiangxi Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jinling Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Lianyungang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Nantong Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Inner Mongolia Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Qinhuangdao Border Checkpoint Industry Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans 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
AVIC Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Container Lines (Hainan) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
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
Inner Mongolia Inland Bonded Logistics Park Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Investment Promotion Bureau Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Long Distance Transportation Co., Ltd.	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
Shanghai Changjiang Shipping Corporation	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing Sinotrans Bulk Cargo Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Xingyou Investment Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hubei Sinotrans Bulk Cargo Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing Changjiang Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS 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
Shanghai Changjiang International Shipping Agency Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Chongqing Communications Technology Research & Design Institute Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhaotong Supply Chain Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Jifa Port Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Jiye Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Zhaotong Container Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC (Wuhan) Green Shipping Technology Services Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Securities Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wuhan Changjiang Steamship Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dongguan Chiwan Wharf Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing Changhang Dongfeng Shipbuilding Industry Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Port Shipping & Cargo Agency Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Erlian Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Ocean Shipping Tally Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shantou CMPort Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Changhang Crew Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Changjiang Shipping Group Wuhan Realty Co.	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 Suzhou Storage Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Financial Leasing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Qianhai Shekou Enlightenment Industrial 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
Xiamen Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Financial Leasing (Hong Kong) Holding Co. Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Changzhou Sinotrans Supply Chain Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
MAXX LOGISTICS FZCO.	Joint ventures of the Group
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., Ltd.	Joint ventures of the Group
Beijing Medlink Supply Chain Management Co., Ltd.	Joint ventures of the Group
Beijing Sinotrans Huali Logistics Co., Ltd.	Joint ventures of the Group
Dongguan Port Container Terminals Co., Ltd.	Joint ventures of the Group
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Joint ventures of the Group
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Joint ventures of the Group
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Joint ventures of the Group
Jiangsu Sinotrans Lvsi Port Heavy Logistics Development Co., Ltd.	Joint ventures of the Group
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Joint ventures of the Group
Ningbo Dagang Container Co., Ltd.	Joint ventures of the Group
Ningbo Dagang New Century Container Co., Ltd.	Joint ventures of the Group
Ningbo Taiping Int'L Trade Transportation Co., Ltd.	Joint ventures of the Group

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS 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
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	Joint ventures of the Group
Rongyun (Xiamen) Supply Chain Co., Ltd.	Joint ventures of the Group
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Joint ventures of the Group
SIPG Sinotrans Container Depot Co., Ltd.	Joint ventures of the Group
Shanghai United Cold Chain Logistics Co., Ltd.	Joint ventures of the Group
Shanghai Tongyun International Logistics Co., Ltd.	Joint ventures of the Group
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	Joint ventures of the Group
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 PFI 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
Yantai Comprehensive Bonded Zone Baoyuntong Supply Chain Management Co., Ltd.	Joint ventures of the Group
DHL-Sinotrans Bonded Storage (Beijing) Co., Ltd.	A subsidiary of the Group's joint venture
Sinotrans PFS Yida (Shanghai) Logistics Co., Ltd.	A subsidiary of the Group's joint venture
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
Qingdao China Changjiang Bunker (Sinopec) Co., Ltd.	A subsidiary of a joint venture of the ultimate controlling party

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS 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
NEW SILKWAY LOGISTICS B.V.	An associate of the Group
Guangxi Yunyu Port Co., Ltd.	An associate of the Group
Jiangmen Gaosha Outside Freight Agency Co., Ltd.	An associate of the Group
Jiangsu Jiangyin Port Group Co., Ltd.	An associate of the Group
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	An associate of the Group
Land and Sea New Channel Operation Co. Ltd.	An associate of the Group
Ma'anshan Tianshun Port Co., Ltd.	An associate of the Group
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	An associate of the Group
Nanjing Zhiyun Supply Chain Management Co., Ltd.	An associate of the Group
Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	An associate of the Group
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	An associate of the Group
Shanghai Puan Storage Co., Ltd.	An associate of the Group
Shenzhen Haiyitong Technology Co., Ltd.	An associate of the Group
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	An associate of the Group
Shenyang Henglu Logistics Co., Ltd.	An associate of the Group
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	An associate of the Group
Tianjin Runfeng Logistics Co., Ltd.	An associate of the Group
Weihai Weidong Shipping Co., Ltd.	An associate of the Group
Wuhan Port Container Co., Ltd.	An associate of the Group
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	An associate of the Group
Zhejiang Seaport Changxing Port Co., Ltd.	An associate of the Group
China International Exhibition Transportation Co., Ltd.	An associate of the Group
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	An associate of the Group
Sinotrans Medical Technology (Chengdu) Co., Ltd.	An associate of the Group
China-Europe Railway Express (Shenyang) Assembly Center Construction and Operation Co., Ltd.	An associate of the Group
Shandong Port & Shipping Sinotrans Supply Chain Development Co., Ltd.	An associate of the Group
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	A subsidiary of an associate of the Group
Loscam Supply Chain Management (Jiaying) Co., Ltd.	A subsidiary of an associate of the Group
China Merchants Bank 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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR

(1) Pricing policy and basis

- 1) In the process of providing freight agency 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 agency 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 related transactions with China Merchants and its subsidiaries will be priced with reference to the market prices charged by independent third parties for the provision of equivalent or similar services in the same region in the ordinary course of business and on normal commercial terms. The agreement stipulates that the Group shall provide transportation and logistics services to China Merchants up to a limit of RMB2.5 billion in 2021, RMB3.250 billion in 2022 and RMB4.225 billion in 2023; the Group shall accept transportation and logistics services from China Merchants up to a limit of RMB3.5 billion in 2021, RMB4.550 billion in 2022 and RMB5.915 billion in 2023. On 22 December 2020, the Integrated Service Agreement was approved by the Company's General Meeting of Shareholders.

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 related 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 containers and other equipment from related parties is no more than RMB585 million in 2021, RMB644 million in 2022 and RMB709 million in 2023. The limit for the Group to lease properties, containers, and other equipment to related parties is no more than RMB240 million in 2021, RMB276 million in 2022, and RMB314.7 million in 2023.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(1) Pricing policy and basis (Continued)

- 3) On 28 October 2020, the Company renewed the Financial Services Agreement with China Merchants Group Finance Co., Ltd. (hereinafter referred to as the Finance Company), a subsidiary of China Merchants, effective from 1 January 2021 to 31 December 2023, agreeing that the Group'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 Related 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 related 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.
- 5) On 22 December 2020, the Company's Second Extraordinary General Meeting of Shareholders of 2020 considered and approved the Proposal for Renewal of Related Transactions between the Company and China Merchants Bank for Financial Services from 2021 to 2023. Pursuant to the proposal, the Group opened an account with China Merchants Bank and deposited funds with China Merchants Bank on the principle of freedom of access and withdrawal at an interest rate not lower than the lower limit of the interest rate prescribed by the People's Bank of China at that time in respect of such type of deposits, and also not lower than the interest rate determined by other co-operative financial institutions for providing the same type of deposit services to the Group. In 2021, 2022, and 2023, the Group's maximum deposit balance with China Merchants Bank shall not exceed RMB4 billion; the interest rate for loans in respect of the overall credit business provided by China Merchants Bank in accordance with the Group's operational and development needs shall not be higher than the standard ceiling prescribed by the People's Bank of China at that time in respect of the type of credit business (charges), and shall not be higher than the prices offered by other co-operative financial institutions for the overall credit business provided to the Group. In 2021, 2022, and 2023, the Group's maximum loan balance shall not exceed RMB5 billion; China Merchants Bank shall provide the Group with settlement and other financial services approved by the China Banking and Insurance Regulatory Commission that can be engaged in the Group, and the fees and charges for the other financial services shall be charged in accordance with the relevant regulations of the People's Bank of China.
- 6) On 27 March 2023, the Company entered into the Purchase Service Agreement with Shenzhen Merchants Home Technology Co., Ltd., which was effective from 1 January 2023 to 31 December 2025. Pursuant to the Agreement, such daily related transactions are priced based on market prices, and the Group's purchases of commodities from Shenzhen Merchants Home Technology Co., Ltd. are limited to a maximum of RMB120 million in 2023, RMB144 million in 2024 and RMB172.8 million in 2025.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(2) Related party transactions for the purchase and sale of goods, rendering and acceptance of services

1) Sale of goods and rendering of services

Name of related party	Content of related transactions	Current year	Prior year
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	1,005,030,525.53	991,748,570.27
Sinotrans Container Lines Co., Ltd.	Transportation and related services	523,668,484.50	535,666,631.04
China Merchants Group Finance Co., Ltd.	Interest income	87,289,563.76	83,830,280.15
Associated Maritime Company (Hong Kong) Limited	Transportation and related services	77,207,543.07	64,956,303.55
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation and related services	59,018,421.58	121,775,841.24
Shanghai Changjiang Shipping Corporation	Transportation and related services	32,428,828.66	32,285,324.27
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Transportation and related services	19,742,537.68	21,398,263.99
Sinotrans Container Lines (Hainan) Co., Ltd.	Transportation and related services	67,627,751.36	-
China Merchants Viking Cruise Co., Ltd.	Transportation and related services	14,681,200.91	5,291,728.16
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Transportation and related services	13,864,188.31	18,950,936.61
Hong Kong Ming Wah Shipping Company Limited	Transportation and related services	10,626,789.27	24,495,849.41
CSC Cargo Co., Ltd.	Transportation and related services	7,732,766.51	7,915,410.47
China Merchants Jinling SHIPYARD (Weihai) Co., Ltd.	Transportation and related services	6,614,254.43	2,735,375.08
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related services	6,100,828.00	1,750,140.62
Dalian Port Container Logistics Co., Ltd.	Transportation and related services	5,340,258.21	4,585,078.20
Nanjing Tanker Corporation	Transportation and related services	5,324,547.47	2,518,519.91
Beijing Sinotrans Logistics Center Co., Ltd.	Transportation and related services	4,872,595.82	2,838,452.75
Sinotrans Inner Mongolia Co., Ltd.	Transportation and related services	4,562,496.45	7,950,666.53
Beijing Sinotrans Land Transportation Co., Ltd.	Transportation and related services	4,546,885.00	3,511,905.56
Shekou Container Terminal Co., Ltd.	Transportation and related services	4,339,577.80	5,403,430.65
China Merchants Automobile Trading Co., Ltd.	Transportation and related services	4,194,213.09	173,089.79
Shanghai Changjiang International Shipping Agency Co., Ltd.	Transportation and related services	4,063,628.41	3,665,886.65
SINOTRANS Henan, Jiuling Transport & Storage Co.	Transportation and related services	3,905,660.38	-
Long Distance Transportation Co., Ltd.	Transportation and related services	3,046,266.52	-
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	Partnership management fees	2,831,132.06	3,001,000.00
SINOTRANS Shanghai Zhang HUA BANG Storage and Transportation Co., Ltd.	Transportation and related services	2,552,264.15	-
Chongqing Sinotrans Bulk Cargo Transportation Co., Ltd.	Transportation and related services	2,355,535.61	-
China Merchants Port (Shenzhen) Co., Ltd.	Transportation and related services	1,913,765.82	2,520,873.78
Zhaotong Supply Chain Management Co., Ltd.	Transportation and related services	1,711,780.35	-
Shanghai Foreign Trade Warehouse Pudong Company	Transportation and related services	1,698,113.20	-
Shenzhen Chiwan International Freight Forwarding Co., Ltd.	Transportation and related services	1,681,781.00	1,591,369.50
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Transportation and related services	1,453,341.16	484,377.35
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Transportation and related services	1,440,490.57	-

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(2) Related party transactions for the purchase and sale of goods, rendering and acceptance of services (Continued)

1) Sale of goods and rendering of services (Continued)

Name of related party	Content of related transactions	Current year	Prior year
Shanghai Foreign Trade Yangxing Storage & Transportation Co., Ltd.	Transportation and related services	1,435,660.37	-
Dalian Jifa Port Logistics Co., Ltd.	Transportation and related services	1,237,349.29	378,341.61
Shanghai Changshi Shipping Co., Ltd.	Transportation and related services	1,233,090.88	588,808.31
Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	Transportation and related services	1,228,048.86	6,352,992.79
Shenzhen Chiwan Port Development Co., Ltd.	Transportation and related services	1,059,675.55	1,111,643.71
Nanjing Jinling Shipyard Co., Ltd.	Transportation and related services	936,927.60	3,423,918.79
China Merchants Bonded Logistics Co., Ltd.	Transportation and related services	489,238.89	1,029,853.20
Chiwan Container Terminal Co., Ltd.	Transportation and related services	98,233.15	1,056,259.47
Yingkou Gangtong e-commerce Co., Ltd.	Transportation and related services	-	2,166,120.80
CSC Wuhan Qingshan Shipyard Co., Ltd.	Transportation and related services	-	1,900,162.68
Sinotrans Sunny Express Co., Ltd.	Transportation and related services	-	1,573,773.59
Shenzhen China Merchants Xunlong Shipping Co., Ltd.	Transportation and related services	-	1,030,680.00
Others	Transport and related services, etc.	8,874,809.83	11,839,280.06
Joint ventures and their subsidiaries	-	710,802,289.97	1,046,089,975.70
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Transportation and related services	141,591,551.86	103,923,719.88
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related services	109,790,822.89	87,626,697.38
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Transportation and related services	108,783,350.74	2,161,119.28
Ningbo Taiping Int'L Trade Transportation Co., Ltd.	Transportation and related services	105,819,981.64	482,283,060.71
DHL-Sinotrans International Air Courier Ltd.	Transportation and related services	53,954,823.66	69,121,613.04
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related services	30,601,059.47	38,237,853.23
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	25,444,142.46	21,829,664.96
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related services	25,177,039.04	95,465,259.08
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related services	20,108,031.17	11,728,070.17
Beijing Medlink Supply Chain Management Co., Ltd.	Transportation and related services	18,969,465.70	29,010,584.19
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related services	18,225,823.10	6,501,648.79
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	Transportation and related services	14,647,069.88	7,454,237.72
Sinotrans PFIs Cold Chain Logistics Co., Ltd	Transportation and related services	12,195,865.14	5,073,619.92

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(2) Related party transactions for the purchase and sale of goods, rendering and acceptance of services (Continued)

1) Sale of goods and rendering of services (Continued)

Name of related party	Content of related transactions	Current year	Prior year
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related services	5,710,248.70	5,592,644.55
Sinotrans PFS Yida (Shanghai) Logistics Co., Ltd.	Transportation and related services	4,331,182.15	2,105,439.26
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related services	3,767,408.11	6,432,012.75
MAXX LOGISTICS FZCO.	Transportation and related services, interest income	3,479,703.76	4,020,034.62
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation and related services	2,257,432.33	1,148,337.30
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	Transportation and related services	1,894,276.19	2,347,304.98
DHL-Sinotrans Bonded Storage (Beijing) Co., Ltd.	Transportation and related services	1,394,899.62	652,661.02
Yantai Comprehensive Bonded Zone Baoyuntong Supply Chain Management Co., Ltd.	Transportation and related services	1,034,345.32	708,308.62
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	Transportation and related services	94,014.63	1,143,093.28
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related services	77,706.88	13,008,876.57
Shanghai United Cold Chain Logistics Co., Ltd.	Transportation and related services	12,463.59	2,176,827.03
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Transportation and related services	5,871.56	1,474,973.75
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., Ltd.	Transportation and related services	-	34,238,327.03
Sinotrans Logistics (Pakistan) Limited	Transportation and related services	-	3,758,917.48
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Transportation and related services	-	3,556,625.06
Others	Transport and related services, etc.	1,433,710.38	3,308,444.05
Associates and their subsidiaries		131,806,013.62	103,274,742.44
Weihai Weidong Shipping Co., Ltd.	Transportation and related services	29,634,097.25	22,376,439.31
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related services	20,021,531.16	16,238,362.76
Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	Transportation and related services	18,835,513.21	12,525,690.72
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	Transportation and related services	14,672,247.51	10,781,910.40
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	Transportation and related services	9,638,603.29	6,894,024.86
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related services	8,615,740.23	7,509,606.80
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Transportation and related services	8,095,238.12	8,095,238.12
Tianjin Runfeng Logistics Co., Ltd.	Transportation and related services	7,961,061.98	5,754,512.18
Land and Sea New Channel Operation Co. Ltd.	Transportation and related services	6,392,771.24	3,195,607.57
China International Exhibition Transportation Co., Ltd.	Transportation and related services	2,465,886.47	533,706.82
Shanghai Puan Storage Co., Ltd.	Interest income	1,632,608.76	3,618,511.52

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(2) Related party transactions for the purchase and sale of goods, rendering and acceptance of services (Continued)

1) Sale of goods and rendering of services (Continued)

Name of related party	Content of related transactions	Current year	Prior year
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	Transportation and related services	1,006,290.00	103,000.00
NEW SILKWAY LOGISTICS B.V.	Transportation and related services	102,909.59	3,571,066.72
Others	Transport and related services, etc.	2,731,514.81	2,077,064.66
Joint ventures and subsidiaries of the ultimate controlling party	—	712,853.87	-
Jiangsu China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	403,510.07	-
China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	257,507.80	-
Shenzhen China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	51,836.00	-
An associate of the ultimate controlling party	—	4,804,026.70	4,832,060.64
China Merchants Bank Co., Ltd.	Interest income	4,804,026.70	4,832,060.64
Total sale of goods and rendering of services	—	1,853,155,709.69	2,145,945,349.05

2) Purchase of goods and acceptance of services

Name of related party	Content of related transactions	Current year	Prior year
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	1,930,234,554.94	1,652,807,043.00
Sinotrans Container Lines Co., Ltd.	Transportation and related services	561,106,730.21	659,888,133.54
Sinotrans Container Lines (Hainan) Co., Ltd.	Transportation and related services	269,444,045.67	2,084,319.84
Nanjing Tanker Corporation	Transportation and related services	164,679,692.78	233,140,544.89
Shanghai Changjiang Shipping Corporation	Transportation and related services, interest expense	77,957,172.17	85,116,163.44
Shenzhen Merchants Home Technology Co., Ltd.	Purchase of goods	71,779,066.11	51,781,845.28
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Transportation and related services	69,794,085.73	24,577,149.83
Liaoning Port Co., Ltd.	Transportation and related services	59,482,151.43	40,426,460.13
Sinotrans Alashankou Company	Transportation and related services	57,214,177.01	22,868,517.51
Dalian Jiye Logistics Co., Ltd.	Transportation and related services	49,861,374.82	-
Hubei Sinotrans Bulk Cargo Transportation Co., Ltd.	Transportation and related services	48,478,067.98	-
Zhanjiang Port (Group) Co., Ltd.	Transportation and related services	35,189,020.69	44,606,886.78
SCSC International Merchant & Shipping (Hong Kong) Company Limited	Transportation and related services	26,932,259.48	33,954,230.89
Panjin Port Group Co., Ltd.	Transportation and related services	24,914,013.43	2,907,025.33
Dandong Port Group Co., Ltd.	Transportation and related services	24,768,882.79	12,155,941.24

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(2) Related party transactions for the purchase and sale of goods, rendering and acceptance of services (Continued)

2) Purchase of goods and acceptance of services (Continued)

Name of related party	Content of related transactions	Current year	Prior year
Yingkou Xingang Ore Terminal Co., Ltd.	Transportation and related services	23,802,635.87	8,687,574.67
China Merchants Property Management Co., Ltd.	Property management fees and transportation and related services	22,995,935.22	13,377,672.00
Liaogang Holding (Yingkou) Co., Ltd.	Transportation and related services	20,522,834.76	5,134,817.85
China Changjiang National Shipping (Group) Corporation	Transportation and related services	18,442,450.23	3,154,178.76
Dalian Container Terminal Co., Ltd.	Transportation and related services	18,163,941.58	13,819,438.57
China Merchants International Terminal (Qingdao) Limited	Transportation and related services	17,548,770.20	19,630,937.81
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related services	15,232,214.85	1,023,065.86
Zhengzhou Merchants Logistics Co., Ltd.	Transportation and related services	12,160,066.24	13,833,411.36
China Merchants Bonded Logistics Co., Ltd.	Transportation and related services	10,965,561.12	9,760,588.66
China Merchants Group Finance Co., Ltd.	Interest expense, handling charge	9,749,377.60	17,329,334.77
Shanghai Zhaotong Container Transportation Co., Ltd.	Transportation and related services	9,308,270.93	-
Shenzhen Lianda Tug Co., Ltd.	Transportation and related services	8,744,391.99	6,662,669.33
Inner Mongolia Inland Bonded Logistics Park Co., Ltd.	Transportation and related services	8,711,752.29	-
Shanghai Changjiang International Shipping Agency Co., Ltd.	Transportation and related services	8,498,040.78	7,099,347.91
China Merchants Investment Development Company Limited	Others	8,345,405.90	4,824,846.90
Zhanjiang Port International Container Terminal Co., Ltd.	Transportation and related services	8,060,409.20	6,371,779.45
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Property management fees	7,813,698.71	7,572,487.22
Changjiang Shipping Planning Design Institute	Expenditure on construction in progress	7,550,047.19	5,719,292.42
Shenzhen Chiwan Tug Co., Ltd.	Transportation and related services	6,739,714.25	7,070,624.94
CSC (Wuhan) Green Shipping Technology Services Co., Ltd.	Transportation and related services	6,522,970.75	7,690,147.48
Shanghai Sinotrans Qiantang Co., Ltd.	Transportation and related services	6,516,761.50	-
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Transportation and related services	6,455,368.72	27,924,213.31
Sinotrans Shanghai (Group) Property Development Co., Ltd.	Property management fees and transportation and related services	5,438,121.02	3,641,782.69
China Merchants Securities Co., Ltd.	Others	5,283,018.87	754,716.98
SINOTRANS & CSC	Others	5,056,353.33	6,180,479.92
AVIC Property Management Co., Ltd.	Transportation and related services	4,831,982.37	1,028,112.22
China Merchants Renhe Life Insurance Co., Ltd.	Transportation and related services, others	4,697,065.71	6,610,650.17
Xinjiang Sinotrans Regional Storage and Transportation Co., Ltd.	Transportation and related services	4,338,000.00	-
Zhangzhou China Merchants Port Co., Ltd.	Transportation and related services	3,840,536.86	6,463,342.79
Sinotrans Jiangsu Logistics Co., Ltd.	Transportation and related services	3,581,435.90	1,872,569.39

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(2) Related party transactions for the purchase and sale of goods, rendering and acceptance of services (Continued)

2) Purchase of goods and acceptance of services (Continued)

Name of related party	Content of related transactions	Current year	Prior year
Shanghai Investment Promotion Bureau Property Management Co., Ltd.	Property management fees	3,325,647.51	-
Guangxi Sinotrans Nanning Storage and Transportation Co., Ltd.	Transportation and related services	3,281,891.70	2,985,600.12
Zhangzhou China Merchants Tugboat Company Limited	Transportation and related services	3,107,829.92	2,936,414.83
Wuhan Merchants Roll-on-roll Transportation Co., Ltd.	Transportation and related services	3,010,339.45	2,545,552.56
Wuhan Changjiang Steamship Company	Transportation and related services	2,938,225.47	-
Guangdong Yide Port Co., Ltd.	Transportation and related services	2,923,857.93	3,556,507.83
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Transportation and related services	2,891,176.06	2,723,809.52
Shenzhen Chiwan Port Development Co., Ltd.	Transportation and related services	2,741,648.71	1,166,626.94
Liaoning Sinotrans Co., Ltd.	Transportation and related services	2,657,196.25	-
Guangdong Sinotrans Co., Ltd.	Interest expense, others	2,520,442.57	2,226,185.95
Shekou Container Terminal Co., Ltd.	Transportation and related services	2,417,890.87	13,660,861.03
Ningbo Daxie Merchants International Terminal Co., Ltd.	Transportation and related services	2,328,957.75	4,864,882.39
Tianjin Sinotrans Binhai Logistics Management Co., Ltd.	Transportation and related services	2,288,517.82	2,581,115.16
Dongguan Chiwan Wharf Co., Ltd.	Transportation and related services	2,123,799.97	700,981.12
CSC Cargo Co., Ltd.	Transportation and related services	2,023,644.50	5,053,904.67
Sinotrans Shanghai (Group) Co., Ltd.	Transportation and related services	2,002,285.66	6,128,997.06
Chongqing Changhang Dongfeng Shipbuilding Industry Co., Ltd.	Transportation and related services	1,812,764.90	876,741.84
Inner Mongolia Sinotrans Logistics Co., Ltd.	Transportation and related services	1,708,517.88	-
Nanjing Changjiang Oil Transportation Longtan Shipping Engineering Co., Ltd.	Transportation and related services	1,665,698.22	1,314,969.91
China Merchants International Technology Co., Ltd.	Transportation and related services	1,663,454.70	2,000,852.87
China Merchants Port (Shenzhen) Co., Ltd.	Transportation and related services	1,559,118.65	1,214,546.58
Yingkou Port Shipping & Cargo Agency Co., Ltd.	Transportation and related services	1,466,318.54	198,205.66
Yangzhou Sinotrans International Freight Co., Ltd.	Transportation and related services	1,417,359.96	2,240,640.49
Jiangsu Foreign Transportation Container Station Co., Ltd.	Transportation and related services	1,312,706.69	2,155,892.65
Shandong Sinotrans Co., Ltd.	Transportation and related services	1,307,690.32	3,049,997.47
China Merchants Health Industry (Qichun) Co., Ltd.	Transportation and related services	1,282,846.15	1,281,036.77
Zhangzhou China Ocean Shipping Tally Co., Ltd.	Transportation and related services	1,261,606.11	1,701,617.49
China Merchants Food (China) Co., Limited	Transportation and related services	1,257,670.98	987,424.69
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Transportation and related services	1,126,037.74	1,491,509.45
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation and related services	947,930.56	20,832,996.58
Sinotrans (Shenzhen) Co., Ltd.	Transportation and related services	850,290.37	1,277,614.71

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(2) Related party transactions for the purchase and sale of goods, rendering and acceptance of services (Continued)

2) Purchase of goods and acceptance of services (Continued)

Name of related party	Content of related transactions	Current year	Prior year
Shenzhen Haixing Harbor Development Co., Ltd.	Transportation and related services	799,619.79	1,272,917.15
Dalian Ocean Shipping Tally Co., Ltd.	Transportation and related services	799,507.41	1,006,098.55
Shantou CMPort Group Co., Ltd.	Transportation and related services	715,895.82	1,005,745.50
Shenzhen Magang Cangma Co., Ltd.	Transportation and related services	703,816.75	1,830,489.74
Anhui Sinotrans Wuhu Zhujiaqiao Storage and Transportation Co., Ltd.	Transportation and related services	642,448.54	1,526,907.91
Shanghai Changhang Crew Management Co., Ltd.	Transportation and related services	626,784.16	5,192,665.75
Sinotrans Qinhuangdao Border Checkpoint Industry Co., Ltd.	Transportation and related services	591,422.82	1,247,628.17
Sinotrans Lianyungang Co., Ltd.	Transportation and related services	525,657.61	1,573,216.99
China Merchants Container Service Co., Ltd.	Transportation and related services	482,762.08	6,873,740.18
Sinotrans Jiangsu Co., Ltd.	Property management fees	224,118.52	3,986,454.21
Changjiang Shipping Group Wuhan Realty Co.	Others	116,331.88	1,196,406.46
Guangxi Sinotrans Fangchenggang Co., Ltd.	Transportation and related services	35,200.00	1,049,832.74
Sinotrans Sunny Express Co., Ltd.	Transportation and related services	-	52,436,886.48
Hailong No. 12 (Tianjin) Leasing Co., Ltd.	Transportation and related services	-	8,628,318.57
Sinotrans Hebei Co., Ltd.	Transportation and related services	-	3,394,248.91
Sinotrans Gansu Co., Ltd.	Transportation and related services	-	3,116,706.55
Sinotrans Hebei Company Yuanshi Warehouse	Transportation and related services	-	2,986,344.26
SINOTRANS Henan, Jiuling Transport & Storage Co.	Transportation and related services	-	2,663,782.89
Guangxi Sinotrans Automobile Transportation Co., Ltd.	Transportation and related services	-	2,620,800.12
Sinotrans Guangxi Guigang Company	Transportation and related services	-	1,198,285.68
SINOTRANS (HONG KONG) HOLDINGS LIMITED	Others	-	1,144,054.80
Others	Transport and related services, etc.	19,229,751.41	28,352,722.92
Joint ventures and their subsidiaries	-	1,130,028,274.34	1,203,826,387.34
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Transportation and related services	355,183,737.49	387,100,126.94
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Transportation and related services	210,775,287.58	271,971,216.00
Sinotrans Turkey Limited	Transportation and related services	165,434,675.33	79,439,575.30
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related services	70,763,310.60	46,960,438.45
DHL-Sinotrans International Air Courier Ltd.	Transportation and related services	58,103,766.10	75,082,877.30
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	46,819,479.25	38,809,715.05
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related services	39,616,667.97	74,434,349.71
Dongguan Port Container Terminals Co., Ltd.	Transportation and related services	39,047,719.45	18,421,577.20

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(2) Related party transactions for the purchase and sale of goods, rendering and acceptance of services (Continued)

2) Purchase of goods and acceptance of services (Continued)

Name of related party	Content of related transactions	Current year	Prior year
Sinotrans Suzhou Logistics Center Co., Ltd.	Transportation and related services	28,168,235.68	21,379,152.65
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Transportation and related services	25,798,018.33	40,135,399.44
Jiangsu Sinotrans Lvsi Port Heavy Logistics Development Co., Ltd.	Transportation and related services	24,822,266.11	32,072,245.57
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., Ltd.	Transportation and related services	7,707,619.93	2,691,643.30
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation and related services	7,477,578.36	11,719,633.49
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related services	6,285,326.10	9,761,176.94
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	Transportation and related services	5,590,297.01	2,880,686.78
Ningbo Dagang New Century Container Co., Ltd.	Transportation and related services	5,285,065.80	1,951,617.88
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	Transportation and related services	3,811,729.10	2,706,928.34
Yantai Comprehensive Bonded Zone Baoyuntong Supply Chain Management Co., Ltd.	Transportation and related services	3,779,607.00	874,560.00
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related services	3,580,918.32	4,721,538.87
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	Transportation and related services	3,535,167.10	1,480,046.72
Shenyang Jinyun Automobile Logistics Co., Ltd.	Transportation and related services	3,114,389.11	5,294,201.59
Sinotrans Philippines Inc.	Transportation and related services	2,546,109.76	3,129,081.17
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related services	2,321,123.30	12,615,164.03
Sinotrans Logistics (Pakistan) Limited	Transportation and related services	1,671,560.59	22,685,344.61
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Transportation and related services	1,234,521.33	3,826,696.66
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	Transportation and related services	1,139,616.23	482,187.65
Ningbo Taiping Int'L Trade Transportation Co., Ltd.	Transportation and related services	1,139,590.88	2,816,844.12
Ningbo Dagang Container Co., Ltd.	Transportation and related services	1,028,804.33	1,027,489.37
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related services	1,012,373.51	1,276,493.20
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related services	920,475.60	2,821,961.83
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	Transportation and related services	617,414.55	14,512,008.36
MAXX LOGISTICS FZCO.	Transportation and related services	159,286.60	1,625,638.16
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related services	108,879.10	1,215,360.96
Sinotrans India Limited	Transportation and related services	-	2,774,237.57
Others	Transport and related services, etc.	1,427,656.84	3,129,172.13

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(2) Related party transactions for the purchase and sale of goods, rendering and acceptance of services (Continued)

2) Purchase of goods and acceptance of services (Continued)

Name of related party	Content of related transactions	Current year	Prior year
Associates and their subsidiaries	—	509,165,304.43	512,375,610.94
Weihai Weidong Shipping Co., Ltd.	Transportation and related services	132,256,488.63	162,341,521.53
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	Transportation and related services	125,404,785.60	116,244,132.45
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related services	47,242,858.02	40,430,034.29
Jiangsu Jiangyin Port Group Co., Ltd.	Transportation and related services	46,972,202.01	28,653,690.57
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related services	32,713,130.05	46,842,017.50
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	Transportation and related services	18,782,897.54	11,425,133.03
Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	Transportation and related services	16,793,530.35	1,709,506.57
Wuhan Port Container Co., Ltd.	Transportation and related services	16,202,957.87	12,218,965.16
Ma'anshan Tianshun Port Co., Ltd.	Transportation and related services	15,270,083.43	9,226,099.39
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	Transportation and related services	11,236,326.10	10,299,264.97
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	Transportation and related services	10,750,567.88	7,410,662.87
China-Europe Railway Express (Shenyang) Assembly Center Construction and Operation Co., Ltd.	Transportation and related services	10,052,173.00	-
Shenyang Henglu Logistics Co., Ltd.	Transportation and related services	8,486,628.52	9,401,041.27
China International Exhibition Transportation Co., Ltd.	Transportation and related services	6,334,909.07	182,697.60
Land and Sea New Channel Operation Co. Ltd.	Transportation and related services	3,683,004.82	35,542,981.34
Jiangmen Gaosha Outside Freight Agency Co., Ltd.	Transportation and related services	1,772,210.83	2,120,694.33
Sinotrans Medical Technology (Chengdu) Co., Ltd.	Transportation and related services	1,640,572.47	-
Tianjin Runfeng Logistics Co., Ltd.	Transportation and related services	1,315,301.38	1,081,240.99
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	Transportation and related services	-	13,190,515.14
Zhejiang Seaport Changxing Port Co., Ltd.	Transportation and related services	-	1,974,710.51
Others	Transport and related services, etc.	2,254,676.86	2,080,701.43
Joint ventures and subsidiaries of the ultimate controlling party	—	5,764,219.58	13,445,386.74
China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	5,764,219.58	8,556,598.10
Qingdao China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	-	4,888,788.64
Associates and subsidiaries of the ultimate controlling party	—	9,471,221.95	35,816,259.43
China Merchants Bank Co., Ltd.	Interest expense, handling charge	9,471,221.95	10,795,988.07
China Merchants Wealth Asset Management Co., Ltd.	Factoring fees	-	25,020,271.36
Total services accepted	—	3,584,663,575.24	3,418,270,687.45

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(3) Balance of major creditor's rights and debts

Item	Name of related party	Closing balance	Opening balance
Cash and bank balance	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	4,223,397,105.18	4,710,689,120.03
	China Merchants Group Finance Co., Ltd.	4,223,397,105.18	4,710,689,120.03
	Associates of the ultimate controlling party	196,376,904.32	187,329,892.14
	China Merchants Bank Co., Ltd.	196,376,904.32	187,329,892.14
Accounts receivable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	72,451,990.14	66,692,520.12
	Sinotrans Container Lines Co., Ltd.	22,446,726.21	9,750,461.86
	Shanghai Changjiang Shipping Corporation	15,702,500.79	646,660.21
	Sinotrans Container Lines (Hong Kong) Co., Ltd.	9,846,126.30	3,836,506.41
	Shanghai China Merchants Ming Wah Shipping Company Limited	5,473,051.53	10,944,288.46
	SINOTRANS Henan, Jiuling Transport & Storage Co.	4,140,000.00	-
	China Merchants Heavy Industry (Jiangsu) Co., Ltd.	2,186,000.00	2,594,862.22
	Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	1,338,387.61	1,004,803.07
	Chongqing Sinotrans Bulk Cargo Transportation Co., Ltd.	1,314,758.90	-
	China Merchants Viking Cruise Co., Ltd.	1,212,211.61	772,849.16
	Associated Maritime Company (Hong Kong) Limited	1,146,032.82	4,172,300.14
	Nanjing Tanker Corporation	1,115,956.23	4,011,810.07
	YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	1,111,228.92	4,026,509.59
	China Merchants Jinling SHIPYARD (Weihai) Co., Ltd.	1,005,221.95	-
	LONG LINK LIMITED	783,581.15	1,281,505.03
	Nanjing Jinling Shipyard Co., Ltd.	215,202.00	2,060,670.13
	CSC Cargo Co., Ltd.	136,498.51	2,407,671.04
	Shekou Container Terminal Co., Ltd.	-	4,690,180.00
	Beijing Sinotrans Land Transportation Co., Ltd.	-	3,700,000.00
	Beijing Sinotrans Logistics Center Co., Ltd.	-	3,000,000.00
China Merchants Investment Development Company Limited	-	2,230,817.44	
CSC Wuhan Qingshan Shipyard Co., Ltd.	-	1,853,834.61	
Others	3,278,505.61	3,706,790.68	

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Joint ventures and associates and their subsidiaries	111,974,891.23	159,451,964.98
	Nissin-Sinotrans International Logistics Co., Ltd.	30,163,731.82	13,212,725.91
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	26,557,326.29	67,437,048.16
	DHL-Sinotrans International Air Courier Ltd.	6,086,842.44	7,978,476.12
	SINOTRANS ALMAJDOUIE MIDDLE EAST CO., Ltd.	3,791,873.39	15,649,128.59
	Sinotrans Sarens Logistics Co., Ltd.	3,606,131.30	1,619,468.08
	China-Vietnam Sinotrans Logistics Co., Ltd.	3,313,791.11	5,065,038.36
	Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	2,993,750.52	476.10
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	2,985,537.50	3,871,831.07
	Sinotrans PFIs Cold Chain Logistics Co., Ltd	2,653,355.01	541,492.38
	Sinotrans Turkey Limited	2,514,497.73	-
	Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	2,489,638.64	2,684,700.60
	Beijing Medlink Supply Chain Management Co., Ltd.	2,311,331.14	5,334,806.06
	Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	2,083,779.88	612,786.74
	MAXX LOGISTICS FZCO.	1,945,216.01	2,441,599.93
	Shanghai Tongyun International Logistics Co., Ltd.	1,802,202.43	3,957,306.09
	Loscam Supply Chain Management (Jiaxing) Co., Ltd.	1,715,257.65	1,255,891.87
	Weihai Weidong Shipping Co., Ltd.	1,666,047.03	2,754,758.84
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	1,311,355.61	-
	Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	1,200,516.68	12,488,653.55
	Beijing Sinotrans Huali Logistics Co., Ltd.	807,132.67	1,180,540.29
	Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	705,419.00	1,626,814.03
	Sinotrans Logistics (Pakistan) Limited	-	3,602,000.00
	Others	9,270,157.38	6,136,422.21
	Total accounts receivable	184,426,881.37	226,144,485.10

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Other receivables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	22,712,712.12	37,382,457.27
	Zhengzhou Merchants Logistics Co., Ltd.	4,042,884.48	3,628,239.48
	China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	3,568,312.33	3,001,000.00
	Beijing Aocheng Wuhe Real Estate Co., Ltd.	2,966,874.48	1,513,659.12
	China Merchants Bonded Logistics Co., Ltd.	2,498,106.78	2,363,994.52
	Long Distance Transportation Co., Ltd.	2,135,317.81	-
	China Merchants International Terminal (Qingdao) Limited	1,290,000.00	1,320,000.00
	Sinotrans Container Lines Co., Ltd.	858,800.00	1,118,517.36
	Sinotrans Beijing Co., Ltd.	-	5,474,301.47
	China Merchants Investment Development Company Limited	-	4,573,481.57
	Shanghai Xingyou Investment Co., Ltd.	-	4,400,000.00
	Shanghai Yangtze Maritime Development Co., Ltd.	-	4,029,114.03
	Shanghai Changjiang International Shipping Agency Co., Ltd.	-	1,294,097.07
	Beijing Sinotrans Land Transportation Co., Ltd.	-	1,377,542.03
	Others	5,352,416.24	3,288,510.62
	Joint ventures and associates and their subsidiaries	54,299,401.18	73,734,541.38
	Shenyang Jinyun Automobile Logistics Co., Ltd.	20,250,237.89	23,228,254.61
	MAXX LOGISTICS FZCO.	12,719,323.08	16,449,074.18
	DHL-Sinotrans International Air Courier Ltd.	5,473,105.00	7,168,000.00
	Guangxi Yunyu Port Co., Ltd.	2,680,000.00	2,680,000.00
	Sinotrans Philippines Inc.	2,321,221.84	2,485,043.39
	Sinotrans Logistics (Pakistan) Limited	1,086,918.23	5,686,300.79
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	10,000.00	5,935,000.00
	Beijing Sinotrans Huali Logistics Co., Ltd.	-	1,000,000.00
	Sinotrans Turkey Limited	-	1,602,628.42
	Others	9,758,595.14	7,500,239.99
	Total other receivables	77,012,113.30	111,116,998.65

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Dividends receivable	Joint ventures and associates	37,507,529.28	38,223,072.98
	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	24,000,000.00	24,000,000.00
	Wuhan Port Container Co., Ltd.	6,112,000.00	-
	Xinjiang New Railway Sinotrans Logistics Co., Ltd.	4,152,519.48	5,168,041.35
	SINOTRANS ALMAJDOUIE MIDDLE EAST CO., Ltd.	1,860,983.72	1,860,983.72
	Shenyang Henglu Logistics Co., Ltd.	1,382,026.08	-
	China International Exhibition Transportation Co., Ltd.	-	2,797,362.80
	SIPG Sinotrans Container Depot Co., Ltd.	-	4,396,685.11
Interest receivable	Joint ventures	1,160,913.17	1,736,849.64
	MAXX LOGISTICS FZCO.	1,160,913.17	1,736,849.64
Prepayments	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	20,934,253.97	10,428,819.01
	Yingkou Xingang Ore Terminal Co., Ltd.	9,479,539.08	-
	Shanghai Changjiang Shipping Corporation	5,165,201.45	-
	Dandong Port Group Co., Ltd.	2,722,254.51	1,057,703.41
	Sinotrans Alashankou Company	1,531,685.64	-
	Ningbo Daxie Merchants International Terminal Co., Ltd.	-	4,595,117.74
	China Merchants Gangrong Big Data Co., Ltd.	-	1,991,827.08
	Liaogang Holding (Yingkou) Co., Ltd.	-	1,070,190.71
	Others	2,035,573.29	1,713,980.07

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Joint ventures and associates	153,741,522.38	239,698,112.11
	Jiangsu Jiangyin Port Group Co., Ltd.	52,456,749.73	9,157,746.08
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	47,239,100.00	184,386,376.85
	Sinotrans Medical Technology (Chengdu) Co., Ltd.	19,008,393.00	-
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	14,454,142.67	13,580,718.05
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	9,697,236.33	10,614,940.35
	Beijing Sinotrans Huali Logistics Co., Ltd.	1,329,155.34	-
	MAXX LOGISTICS FZCO.	1,289,918.77	763,796.48
	Sinotrans Turkey Limited	1,183,123.32	-
	Sinotrans Suzhou Logistics Center Co., Ltd.	1,167,032.12	156,943.30
	Tangshan Port Sinotrans Shipping Agency Co., Ltd.	1,039,356.20	1,437,766.65
	Sinotrans Logistics (Pakistan) Limited	924,761.96	3,830,707.73
	DHL-Sinotrans International Air Courier Ltd.	722,405.91	1,312,335.35
	Weihai Weidong Shipping Co., Ltd.	2,135.00	3,871,203.63
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	-	7,500,000.00
	Shenyang Jinyun Automobile Logistics Co., Ltd.	-	1,401,111.39
	Others	3,228,012.03	1,684,466.25
	Total prepayments	174,675,776.35	250,126,931.12

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Non-current assets due within one year	Joint ventures and associates	15,120,000.00	12,325,000.00
	Shanghai Puan Storage Co., Ltd.	15,120,000.00	5,200,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	-	7,125,000.00
Debt investments	Joint ventures and associates	-	36,495,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	-	21,375,000.00
	Shanghai Puan Storage Co., Ltd.	-	15,120,000.00
Accounts payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	155,513,788.62	315,932,845.44
	Hubei Sinotrans Bulk Cargo Transportation Co., Ltd.	31,029,675.01	-
	Sinotrans Container Lines (Hainan) Co., Ltd.	24,921,401.08	19,542,790.02
	Shanghai Changjiang Shipping Corporation	27,351,674.68	75,409,984.48
	YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	11,394,690.04	-
	Zhengzhou Merchants Logistics Co., Ltd.	9,818,736.27	27,397,397.39
	Nanjing Tanker Corporation	8,354,874.68	9,672,150.11
	Sinotrans Container Lines Co., Ltd.	8,294,119.37	86,937,718.12
	SCSC International Merchant & Shipping (Hong Kong) Company Limited	5,550,000.00	12,750,000.00
	Hailong No. 15 (Tianjin) Leasing Co., Ltd.	3,250,000.00	6,500,000.00
	Dalian Container Terminal Co., Ltd.	3,169,554.00	6,410,039.10
	Liaogang Holding (Yingkou) Co., Ltd.	2,537,548.82	-
	Shenzhen Lianda Tug Co., Ltd.	1,580,336.00	1,362,907.00
	Zhanjiang Port (Group) Co., Ltd.	1,572,719.52	2,402,624.63
	AVIC Property Management Co., Ltd.	1,500,000.00	-
	Shenzhen Chiwan Tug Co., Ltd.	1,067,880.00	569,531.00
	China Merchants Property Management Co., Ltd.	1,062,278.55	258,846.89
	Zhanjiang Port International Container Terminal Co., Ltd.	889,948.88	3,108,772.10
	China Merchants Container Service Co., Ltd.	759,062.21	1,895,112.56
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	694,179.32	2,049,771.37
	CSC Cargo Co., Ltd.	624,942.14	4,969,479.00
	Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	585,531.51	1,025,065.86
	Sinotrans Alashankou Company	522,145.20	1,563,637.63
	Zhanjiang Port Petrochemical Terminal Co., Ltd.	262,336.70	12,615,448.68
	Shekou Container Terminal Co., Ltd.	235,435.00	3,087,955.00
	Sinotrans Guangxi Guigang Company	1,350.00	1,234,083.33
	SINOTRANS Henan, Jiuling Transport & Storage Co.	-	9,307,105.38
	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
	Others	8,483,369.64	7,349,702.32

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Joint ventures and associates and their subsidiaries	221,137,748.94	355,651,776.72
	Xinjiang New Railway Sinotrans Logistics Co., Ltd.	32,013,793.25	-
	Beijing Sinotrans Huali Logistics Co., Ltd.	22,297,796.67	12,132,843.80
	Shandong Port & Shipping Sinotrans Supply Chain Development Co., Ltd.	18,839,295.51	-
	Jiangsu Sinotrans Lvsì Port Heavy Logistics Development Co., Ltd.	18,662,795.49	9,155,091.95
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	17,451,533.51	17,087,125.13
	China-Vietnam Sinotrans Logistics Co., Ltd.	13,502,601.82	6,093,256.76
	China-Europe Railway Express (Shenyang) Assembly Center Construction and Operation Co., Ltd.	10,219,174.99	-
	Jiangsu Jiangyin Port Group Co., Ltd.	9,619,861.69	5,308,441.91
	Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	8,533,100.69	8,254,201.13
	Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	8,219,382.62	8,321,423.51
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	8,174,282.94	7,157,695.21
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	6,067,612.54	4,151,365.83
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	5,662,359.69	193,581,610.26
	Weihai Weidong Shipping Co., Ltd.	5,457,991.19	17,976,548.07
	Sinotrans Logistics (Pakistan) Limited	5,018,126.80	16,467,250.70
	Wuhan Port Container Co., Ltd.	4,829,675.99	3,470,818.82
	Sinotrans Suzhou Logistics Center Co., Ltd.	2,478,371.35	3,816,226.39
	Nanjing Huaxing Loading and Unloading Service Co., Ltd.	2,191,446.86	2,800,492.11
	Ma'anshan Tianshun Port Co., Ltd.	2,138,820.46	3,407,973.91
	Shenyang Henglu Logistics Co., Ltd.	1,834,974.73	1,196,003.27
	SINOTRANS ALMAJDOUIE MIDDLE EAST CO., Ltd.	1,781,141.16	1,615,864.56
	Yantai Comprehensive Bonded Zone Baoyuntong Supply Chain Management Co., Ltd.	1,427,684.00	224,160.00
	Nissin-Sinotrans International Logistics Co., Ltd.	1,196,034.23	1,232,422.70
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	1,127,801.88	3,297,476.65
	DHL-Sinotrans International Air Courier Ltd.	1,080,671.18	1,657,371.93
	MAXX LOGISTICS FZCO.	1,076,515.80	371,529.04
	Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	803,395.25	1,780,289.01
	Ningbo Dagang New Century Container Co., Ltd.	579,251.69	1,904,604.53
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	322,046.09	4,186,612.66
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	108,521.79	1,012,990.52
	Tangshan Port Sinotrans Shipping Agency Co., Ltd.	45,849.81	3,997,804.51
	Sinotrans Turkey Limited	41,804.95	1,309,181.30
	Shenzhen Haiyitong Technology Co., Ltd.	-	3,193,892.91
	Nanjing Zhiyun Supply Chain Management Co., Ltd.	-	1,060,000.00
	Others	8,334,032.32	8,429,207.64
	Total accounts payable	376,651,537.56	671,584,622.16

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Other payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	532,323,451.97	551,214,459.83
	Shanghai Changjiang Shipping Corporation	175,128,068.45	281,895,718.72
	RED BRAVES FINANCE LTD.	119,265,784.68	116,796,342.00
	Sinotrans Container Lines Co., Ltd.	104,096,259.81	1,041,611.44
	Chongqing Changjiang Shipping Co., Ltd.	57,995,745.69	56,804,219.06
	SINOTRANS & CSC	24,078,674.27	24,051,000.00
	Hubei Sinotrans Bulk Cargo Transportation Co., Ltd.	18,136,121.60	-
	Chongqing Sinotrans Bulk Cargo Transportation Co., Ltd.	5,780,273.96	-
	Shanghai Foreign Trade Warehouse Pudong Company	4,351,624.62	12,589,119.00
	Shandong Sinotrans Co., Ltd.	4,009,638.56	109,076.10
	OCEAN LIFTER I LIMITED	3,688,752.18	-
	SINOTRANS Shanghai Zhang HUA BANG Storage and Transportation Co., Ltd.	2,751,512.73	-
	Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	1,846,000.00	1,846,000.00
	Sinotrans Shanghai (Group) Co., Ltd.	1,778,878.70	158,571.70
	Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	1,768,336.67	-
	Guangdong Sinotrans Co., Ltd.	1,357,177.33	24,334.00
	Sinotrans Nantong Co., Ltd.	1,121,531.02	-
	Sinotrans Beijing Co., Ltd.	988,750.77	6,668,000.00
	Sinotrans Jiangsu Co., Ltd.	138,275.49	2,650,000.00
	Shanghai Sinotrans Qiantang Co., Ltd.	110,000.00	5,170,833.75
	Dalian Port Container Logistics Co., Ltd.	100,000.00	-
	Sichuan Sinotrans Storage Service Co., Ltd.	-	29,467,007.96
	SINOTRANS Henan, Jiuling Transport & Storage Co.	-	4,145,459.14
	Shanghai Changjiang International Shipping Agency Co., Ltd.	-	3,187,391.28
	Others	3,832,045.44	4,609,775.68

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Joint ventures and associates and their subsidiaries	40,664,868.00	35,311,748.30
	Shanghai Tongyun International Logistics Co., Ltd.	14,596,360.00	14,696,360.00
	China United Tally (Shenzhen) Co., Ltd.	9,000,000.00	9,000,000.00
	Sinotrans Turkey Limited	3,413,732.20	3,356,810.16
	Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	2,299,378.80	2,296,200.00
	Shenyang Fuyun Cold Chain Logistics Co., Ltd.	2,079,460.21	2,079,460.21
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	1,533,771.40	417,253.91
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	1,519,708.08	-
	Sinotrans Suzhou Logistics Center Co., Ltd.	1,207,297.00	5,980.00
	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	2,938,398.51	1,382,922.22
	A subsidiary of an associate of the ultimate controlling party	-	469,014,764.14
	China Merchants Wealth Asset Management Co., Ltd.	-	469,014,764.14
	Total other payables	572,988,319.97	1,055,540,972.27
Dividends payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	22,536,259.86	53,911,490.62
	Sinotrans International Trading Company	11,232,000.00	8,824,500.00
	China Merchants Port Group Co., Ltd.	11,232,000.00	8,824,500.00
	Sinotrans Jiangxi Company	72,259.86	72,259.86
	SINOTRANS & CSC	-	36,125,719.92
	LONG LINK LIMITED	-	64,510.84

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Contract liabilities	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	31,148,261.90	14,343,020.54
	Associated Maritime Company (Hong Kong) Limited	13,908,687.56	7,059,418.88
	China Merchants Investment Development Company Limited	11,893,814.34	3,900,943.39
	Hong Kong Ming Wah Shipping Company Limited	3,635,358.52	2,337,646.71
	Others	1,710,401.48	1,045,011.56
	Joint ventures and associates	23,459,116.65	14,195,703.80
	Xinjiang New Railway Sinotrans Logistics Co., Ltd.	8,589,639.64	-
	Shenyang Fuyun Cold Chain Logistics Co., Ltd.	4,047,619.06	-
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	2,501,645.80	418,851.52
	DHL-Sinotrans International Air Courier Ltd.	2,153,647.80	2,565,152.19
	Tianjin Runfeng Logistics Co., Ltd.	2,151,800.00	-
	Shanghai Tongyun International Logistics Co., Ltd.	1,853,128.08	5,421,179.39
	Nissin-Sinotrans International Logistics Co., Ltd.	137,614.76	4,420,697.95
	Others	2,024,021.51	1,369,822.75
	Total contract liabilities	54,607,378.55	28,538,724.34
Long-term payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	20,000,000.00	115,170,529.13
	SINOTRANS & CSC	20,000,000.00	20,000,000.00
	Guangdong Sinotrans Co., Ltd.	-	91,938,455.02
	OCEAN LIFTER I LIMITED	-	3,232,074.11
Short-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	215,217,777.09	282,658,798.64
	China Merchants Group Finance Co., Ltd.	215,217,777.09	282,658,798.64
	An associate 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	415,217,777.09	482,658,798.64

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Long-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	107,257,228.75	80,249,021.13
	CHINA MERCHANTS INVESTMENTS LIMITED	79,257,228.75	43,749,021.13
	China Merchants Group Finance Co., Ltd.	28,000,000.00	36,500,000.00
	An associate of the ultimate controlling party	74,560,105.99	-
	China Merchants Bank Co., Ltd.	74,560,105.99	-
	Total long-term borrowings	181,817,334.74	80,249,021.13
Non-current liabilities due within one year	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	47,064,650.20	36,427,652.21
	Guangdong Sinotrans Co., Ltd.	47,033,850.20	-
	China Merchants Group Finance Co., Ltd.	30,800.00	31,277,566.41
	OCEAN LIFTER I LIMITED	-	4,504,696.32
	China Merchants Chongqing Communications Technology Research & Design Institute Co., Ltd.	-	645,389.48
	An associate of the ultimate controlling party	5,557,274.97	-
	China Merchants Bank Co., Ltd.	5,557,274.97	-
	Total non-current liabilities due within one year	52,621,925.17	36,427,652.21

(4) The Group had no related trustee management/contracting and entrusted management/outsourcing during the year.

(5) Related leases

1) The Group as the lessor

Name of lessee	Type of leased assets	Rental income recognised for the current year	Rental income recognised for the prior year
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation equipment	57,508,487.21	64,246,988.60
Sinotrans Container Lines Co., Ltd.	Transportation equipment	11,174,192.43	14,917,792.68
Xiamen Sinotrans Co., Ltd.	Buildings	1,678,340.64	-
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Buildings	8,095,238.12	8,095,238.12
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Buildings	4,797,460.41	2,281,558.94
Sinotrans Sunny Express Co., Ltd.	Buildings and transportation	-	1,573,773.59
Others	Buildings and transportation	924,257.40	7,310,177.09
Total	—	84,177,976.21	98,425,529.02

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(5) Related leases (Continued)

2) The Group as the lessee

Name of lessor	Type of leased assets	Rental expenditure for current year	Rental expenditure for the prior year
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Lands and buildings	49,916,490.14	56,105,098.68
Beijing Sinotrans Land Transportation Co., Ltd.	Lands and buildings	40,723,249.34	21,814,730.07
Beijing Sinotrans Logistics Center Co., Ltd.	Lands and buildings	36,948,437.08	19,075,703.36
Shanghai Foreign Trade Warehouse Pudong Company	Lands and buildings	26,430,114.05	9,324,269.50
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Lands and buildings	17,955,801.71	7,614,636.72
Shanghai Sinotrans Qiantang Co., Ltd.	Lands and buildings	15,925,184.16	–
SINOTRANS Shanghai Zhang HUA BANG Storage and Transportation Co., Ltd.	Lands and buildings	13,619,674.69	5,742,314.20
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Lands and buildings	8,841,683.33	1,944,197.99
SINOTRANS Henan, Jiuling Transport & Storage Co.	Lands and buildings	7,926,605.50	–
China Merchants Bonded Logistics Co., Ltd.	Lands and buildings	5,856,480.00	–
Sinotrans Shanghai (Group) Co., Ltd.	Lands and buildings	5,773,851.65	6,244,142.88
China Merchants International Terminal (Qingdao) Limited	Lands and buildings	5,248,697.18	–
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Lands and buildings	4,733,519.18	6,327,520.37
Sinotrans Nantong Co., Ltd.	Lands and buildings	4,437,561.53	7,870,092.26
Guangxi Sinotrans Automobile Transportation Co., Ltd.	Lands and buildings	3,356,557.13	–
Shandong Sinotrans Co., Ltd.	Lands and buildings	3,272,158.16	–
Sinotrans Erihan Co., Ltd.	Lands and buildings	3,142,831.85	–
Guangdong Sinotrans Co., Ltd.	Lands and buildings	2,975,688.53	2,405,758.61
Sinotrans Beijing Co., Ltd.	Lands and buildings	2,966,252.31	–
Liaoning Sinotrans Co., Ltd.	Lands and buildings	2,709,358.95	2,686,056.75
Xiamen Sinotrans Co., Ltd.	Lands and buildings	2,567,365.75	1,699,254.36
China Merchants Financial Leasing (Hong Kong) Holding Co. Limited	Lands and buildings	2,566,365.68	–
Shanghai Foreign Trade Yangxing Storage & Transportation Co., Ltd.	Lands and buildings	2,471,255.83	1,384,251.01
Wenzhou Sinotrans Logistics Co., Ltd.	Lands and buildings	2,130,450.00	3,652,200.00
Dalian Container Terminal Co., Ltd.	Lands and buildings	2,012,500.00	1,900,000.00
Shanghai Sinotrans Anda Storage and Transportation Co., Ltd.	Lands and buildings	1,940,447.47	1,531,340.69
Guangxi Sinotrans Fangchenggang Co., Ltd.	Lands and buildings	1,787,252.04	–
Changzhou Sinotrans Supply Chain Management Co., Ltd.	Lands and buildings	1,740,428.37	–
Sinotrans Hebei Company Yuanshi Warehouse	Lands and buildings	1,734,078.44	–
Guangxi Sinotrans Co., Ltd.	Lands and buildings	1,342,804.56	–
Fujian Sinotrans Co., Ltd.	Lands and buildings	1,307,310.54	–

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(5) Related leases (Continued)

2) The Group as the lessee (Continued)

Name of lessor	Type of leased assets	Rental expenditure for current year	Rental expenditure for the prior year
Sinotrans (Shenzhen) Co., Ltd.	Lands and buildings	1,295,560.00	1,270,422.00
China Merchants Landmark (Shenzhen) Co., Ltd.	Lands and buildings	1,228,049.57	1,333,700.63
Sinotrans Jinling Co., Ltd.	Lands and buildings	1,211,898.16	1,780,314.96
Sinotrans Suzhou Storage Co., Ltd.	Lands and buildings	1,138,290.37	-
China Merchants Financial Leasing Co., Ltd.	Buildings, other assets, etc.	1,002,483.66	1,002,483.66
Sinotrans Guangxi Guigang Company	Lands and buildings	43,083.00	1,179,999.96
SINOTRANS (HONG KONG) HOLDINGS LIMITED	Lands and buildings	-	1,144,054.80
Shenzhen Qianhai Shekou Enlightenment Industrial Co., Ltd.	Lands and buildings	-	5,211,625.48
Sinotrans Shaanxi Co., Ltd.	Lands and buildings	-	2,010,500.00
Others	Buildings, other assets, etc.	6,810,255.19	5,747,463.40
Total	—	297,090,075.10	178,002,132.34

(6) Related guarantees

1) The Group as the guarantor

Financing guarantees

Guaranteed parties	Guaranteed balance at the end of the year	Guaranteed balance at the beginning of the year	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
SE LOGISTICS HOLDING B.V.	813,427,200.00	805,384,650.00	2020-12-08	2027-12-07	No
SE LOGISTICS HOLDING B.V.	799,288,758.56	791,036,265.95	2020-12-08	2027-12-08	No
Shenzhen Haixing Harbor Development Co., Ltd.	459,418,502.52	106,835,461.82	2019-07-01	2037-07-01	No
China Merchants Great Stone Trade Logistics Co., Ltd.	240,063,765.45	334,395,003.49	2016-05-31	2027-04-15	No
Sinotrans Logistics Co., Ltd.	200,000,000.00	-	2023-08-02	2025-08-01	No
CHINA ASSESS INVESTMENT LIMITED	-	1,275,578,802.00	2020-12-22	2023-12-21	Yes
China Merchants Shipping Enterprise Co., Ltd.	-	850,385,868.00	2020-12-22	2023-12-21	Yes
Sinotrans Logistics Co., Ltd.	-	200,000,000.00	2022-08-29	2023-08-28	Yes
China Merchants Logistics Shenzhen Co., Ltd	-	100,000,000.00	2022-08-25	2023-08-24	Yes

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(6) Related guarantees (Continued)

1) *The Group as the guarantor (Continued)*

Credit guarantees:

The Group provides a guarantee for its subsidiaries to apply for credit lines from finance companies, China Merchants Bank and JPMorgan Chase Bank (China) Co., Ltd. The credit lines are generally valid for 1 to 4 years and the credit lines can be used in a rolling cycle during the validity period. As of 31 December 2023, the Group provided a guarantee for credit lines to its subsidiaries amounting to RMB1,340,900,000 (1 January 2023: RMB2,802,700,000).

In order to meet the daily operation and business development needs of the Group's subsidiaries, on 30 October 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 85 subsidiaries of the Group with an aggregate amount of RMB3,946,050,000, and it was confirmed that the debts incurred by the subsidiaries as a result of the use of the aforesaid credit limit were all included in the Maximum Amount Guarantee Contract, Application for Arrangement and Split of Credit Limit, or other guarantee contracts/clauses signed or to be signed between the Company and the Bank of China, which are guaranteed by the Company. The term of use of the credit limit (i.e. the guarantee term) is one year from the effective date of the new annual credit limit provided by the Bank of China to its subsidiaries. Among them, the guarantees given by the Company to five sub-affiliated subsidiaries, namely, China Marine Shipping Agency Ningbo Co., Ltd., Ningbo Transocean International Forwarding Agency Co., Ltd., Sinotrans Ningbo International Forwarding Agency Co., Ltd., Sinotrans Ningbo International Container Transportation Co., Ltd., and China Marine Shipping Agency Ningbo Co., Ltd. Beilun Branch, were all counter-guaranteed by the shareholders of the other party.

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. As at 31 December 2023, the balance of the aforementioned operating guarantees was RMB350,000,000 (1 January 2023: RMB30,861,893).

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(6) Related guarantees (Continued)

1) The Group as the guarantor (Continued)

Qualification guarantees:

The Group guarantees the futures delivery warehouse business of Sinotrans Central China, Sinotrans Eastern, Sinotrans South China, Sinotrans North China Co., Ltd., Sinotrans Northeast Co. Ltd., Qingdao Sinotrans Supply Chain Management Co., Ltd., Qingdao Sinotrans Smart Logistics Co., Ltd., subsidiaries of the Group, on the Shanghai Futures Exchange and its subsidiaries (including but not limited to Shanghai International Energy Exchange Co., Ltd.), Zhengzhou Commodity Exchange, Dalian Commodity Exchange, Guangzhou Futures Exchange and other futures exchanges, including the irrevocable joint and several guarantees for the full amount of all liabilities for all the operations of the guaranteed party in respect of the warehousing, storage, discharging and delivery of futures commodities. The guarantee period shall be for the duration of the corresponding futures delivery warehouse business agreement between the guaranteed party and the above-mentioned futures exchange (including the period of automatic renewal without objection by both parties) and for a period of two or three years from the expiry of the duration (to be determined according to the requirements of the futures exchange).

2) The Group as the guaranteed party

Guarantor	Guaranteed balance at the end of the year	Guaranteed balance at the beginning of the year	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
CHINA MERCHANTS GROUP (HONG KONG) COMPANY CO., LTD.	-	1,071,960,933.00	2015-06-25	2023-9-28	Yes

Note: In order to meet the financing needs of the construction of the Hong Kong "Tsing Yi 181 Project" logistics center, the Group's subsidiary, KONGWELL LOGISTICS LIMITED signed an agreement with the China Development Bank to obtain a bank facility of HKD2.9 billion (equivalent to RMB2,590,570,000). CHINA MERCHANTS GROUP (HONG KONG) COMPANY CO., LTD., a related party of the Company, provided a full guarantee. As of December 31, 2023, the guarantee was due for fulfillment.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(7) Related party fund lending

Related party	Loan amount	Starting date	Maturity date	Description
Borrowed				
China Merchants Bank Co., Ltd.	200,000,000.00	2023-12-29	2024-12-29	Short-term borrowings
China Merchants Bank Co., Ltd.	80,117,380.96	2023-01-16	2033-01-15	Long-term borrowings, non-current liabilities due within one year
CHINA MERCHANTS INVESTMENTS LIMITED	39,628,614.38	2022-09-21	2025-09-21	Long-term borrowings
CHINA MERCHANTS INVESTMENTS LIMITED	39,628,614.37	2023-01-03	2026-01-03	Long-term borrowings
Guangdong Sinotrans Co., Ltd.	47,033,850.20	2012-12-31	2024-06-30	Non-current liabilities due within one year
SINOTRANS & CSC	20,000,000.00	2016-03-07	2034-03-06	Long-term payables
OCEAN LIFTER I LIMITED	3,688,752.18	2020-06-15	2024-06-15	Other payables
China Merchants Group Finance Co., Ltd.	25,025,322.92	2023-09-27	2024-09-26	Short-term borrowings
China Merchants Group Finance Co., Ltd.	25,025,322.92	2023-05-29	2024-05-28	Short-term borrowings
China Merchants Group Finance Co., Ltd.	25,025,322.92	2023-07-31	2024-07-30	Short-term borrowings
China Merchants Group Finance Co., Ltd.	50,050,645.83	2023-08-07	2024-08-06	Short-term borrowings
China Merchants Group Finance Co., Ltd.	25,025,322.92	2023-08-28	2024-08-27	Short-term borrowings
China Merchants Group Finance Co., Ltd.	50,050,645.83	2023-09-08	2024-09-07	Short-term borrowings
China Merchants Group Finance Co., Ltd.	15,015,193.75	2023-01-17	2024-01-17	Short-term borrowings
China Merchants Group Finance Co., Ltd.	28,030,800.00	2022-07-12	2028-05-10	Long-term borrowings, non-current liabilities due within one year
Lent				
Shanghai Puan Storage Co., Ltd.	15,120,000.00	2017-04-18	2024-11-20	Non-current assets due within one year
MAXX LOGISTICS FZCO.	13,880,236.25	2017-12-20	2024-12-31	Other receivables

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(8) Remuneration of directors, supervisors, general managers, and senior managers

1) Remuneration of directors, supervisors, and general managers

Item	Current year	Prior year
Directors:	—	—
Fee (Note)	664,800.00	664,800.00
Other remuneration	—	—
– Wages and allowances	985,179.84	921,313.50
– Discretionary bonuses	470,601.37	546,000.00
– Contributions to the pension plan	231,144.00	221,500.80
– Share-based payments	578,570.30	809,531.85
Supervisors:	—	—
Fee	214,800.00	214,800.00
Other remuneration	—	—
– Wages and allowances	1,040,217.87	1,174,487.00
– Discretionary bonuses	436,194.30	558,948.00
– Contributions to the pension plan	253,652.40	229,619.76
– Share-based payments	—	—

Note: The directors' fees disclosed above represent the payment of RMB664,800 (prior year: RMB664,800) to independent non-executive directors.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(8) Remuneration of directors, supervisors, general managers, and senior managers (Continued)

2) cope of remuneration of directors, supervisors, and general managers

Item	Fee of directors	Wages and allowances	Discretionary bonuses	Contributions		Share-based payment	Total
				to the pension plan	Sub-total		
Current year							
Directors:							
- Boming Feng	-	-	-	-	-	-	-
- Dexing Song	-	-	-	-	-	-	-
- Rong Song	-	985,179.84	470,601.37	231,144.00	1,686,925.21	578,570.30	2,265,495.51
- Weidong Deng	-	-	-	-	-	-	-
- Jian Jiang	-	-	-	-	-	-	-
- Li Luo	-	-	-	-	-	-	-
- Kewei Xu	-	-	-	-	-	-	-
- Taiwen Wang	166,200.00	-	-	-	166,200.00	-	166,200.00
- Yan Meng	166,200.00	-	-	-	166,200.00	-	166,200.00
- Haiqing Song	166,200.00	-	-	-	166,200.00	-	166,200.00
- Qian Li	166,200.00	-	-	-	166,200.00	-	166,200.00
Supervisors:							
- Billie Huang	-	443,561.59	197,906.30	122,958.00	764,425.89	-	764,425.89
- Suiqi Kou	-	-	-	-	-	-	-
- Fangsheng Zhou	107,400.00	-	-	-	107,400.00	-	107,400.00
- Zhaoping Fan	107,400.00	-	-	-	107,400.00	-	107,400.00
- Shengyun Wang	-	596,656.28	238,288.00	130,694.40	965,638.68	-	965,638.68
Prior year							
Directors:							
- Boming Feng	-	-	-	-	-	-	-
- Dexing Song	-	-	-	-	-	-	-
- Rong Song	-	921,313.50	546,000.00	221,500.80	1,688,814.30	539,687.90	2,228,502.20
- Weidong Deng	-	-	-	-	-	-	-
- Jian Jiang	-	-	-	-	-	269,843.95	269,843.95
- Li Luo	-	-	-	-	-	-	-
- Kewei Xu	-	-	-	-	-	-	-
- Taiwen Wang	166,200.00	-	-	-	166,200.00	-	166,200.00
- Yan Meng	166,200.00	-	-	-	166,200.00	-	166,200.00
- Haiqing Song	166,200.00	-	-	-	166,200.00	-	166,200.00
- Qian Li	166,200.00	-	-	-	166,200.00	-	166,200.00
Supervisors:							
- Billie Huang	-	585,313.50	327,600.00	104,366.88	1,017,280.38	-	1,017,280.38
- Suiqi Kou	-	-	-	-	-	-	-
- Fangsheng Zhou	107,400.00	-	-	-	107,400.00	-	107,400.00
- Zhaoping Fan	107,400.00	-	-	-	107,400.00	-	107,400.00
- Shengyun Wang	-	589,173.50	231,348.00	125,252.88	945,774.38	-	945,774.38

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(8) Remuneration of directors, supervisors, general managers, and senior managers (Continued)

3) Five highest-paid individuals

Of the five highest-paid individuals for the current year, 1 of them is a director (prior year: 1), and details of their remuneration are set out above. The details of the remuneration of the remaining 4 (prior year: 4) highest-paid individuals who are not directors or supervisors for the current year are as follows:

Item	Current year	Prior year
Wages and allowances	2,860,296.18	2,897,009.10
Discretionary bonuses	1,322,114.23	1,534,409.59
Contributions to the pension plan	761,197.74	669,503.52
Share-based payment	1,487,880.66	1,481,835.00

The number of the highest-paid individuals with remuneration within the following bands who are not directors or supervisors are as follows:

Item	The number of individuals in current year	The number of individuals in prior year
Less than HKD1,000,000	0	0
HKD1,000,001 to HKD1,500,000	4	4
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 year, except for the directors of Boming Feng, Dexing Song, Jian Jiang, Weidong Deng, Li Luo, and Kewei Xu, who did not receive any remuneration from the Company during the year. During the previous record periods, the Company did not pay any remuneration to any of the directors, supervisors, or the five highest-paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(8) Remuneration of directors, supervisors, general managers, and senior managers (Continued)

5) *The remuneration of the major management*

The remuneration of the major management (including the amounts paid and payable to the directors, supervisors, and senior management) is as follows:

Item	Current year	Prior year
Wages and allowances	6,246,893.19	5,949,160.89
Discretionary bonuses	2,428,245.67	3,176,008.27
Contributions to the pension plan	1,594,147.26	1,369,548.88
Share-based payment	2,667,232.46	2,585,703.93
Total	12,936,518.58	13,080,421.97

(9) Related party deposits

The difference between deposits placed and withdrawals by the Group with China Merchants Bank in 2023 was net deposits of RMB9,047,012.18 (net withdrawals of RMB200,771,468.19 in 2022) and interest income from deposits of RMB4,804,026.70 in 2023 (RMB4,832,060.64 in 2022). The difference between deposits and withdrawals with the Finance Company in 2023 was net withdrawals of RMB487,292,014.85 (net withdrawals of RMB236,867,759.91 in 2022). Interest income from deposits of RMB87,289,563.76 in 2023 (RMB83,830,280.15 in 2022).

(10) Trademark licensing

The Company 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (Continued)

(11) Others

At the Twelfth Meeting of the Third Session of the Board of Directors of the Company held on 15 June 2022, the Proposal on the Provision of Loans to a Holding Subsidiary was considered and passed, agreeing that the Company, through Sinotrans (Hong Kong) Logistics Limited, a subsidiary, should provide loans to China Merchants Great Stone, a subsidiary of the Group, with its own funds and China Merchants Investment Company Limited in proportion to its shareholding in the Company, for the purpose of relieving the operational and financial pressure of China Merchants Great Stone and supporting its business development. The total amount of the loan is USD30 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% per annum. As of 31 December 2023, Sinotrans (Hong Kong) Logistics Limited and China Merchants Investment Company Limited had provided loans of USD8.4 million and USD11.6 million, respectively, to China Merchants Great Stone.

At the Twenty-first Meeting of the Third Session of the Board of Directors of the Company held on 18 May 2023, the Proposal on the Related Transaction of Entering into a Capital Increase Agreement was considered and passed, agreed to the capital increase of Sinotrans Changjiang Company, a wholly-owned subsidiary of the Company, whereby the related party, Changjiang Shipping Corporation, a related party, would subscribe for the additional registered capital of Sinotrans Changjiang Company with its 100% equity interest in Yangtze River Company and acquired 11% equity interest in Sinotrans Changjiang Company after the completion of the capital increase; agreed that its wholly-owned subsidiary Sinotrans Eastern Company would subscribe for the new registered capital of CSC Cargo Co., Ltd., a related party, with its 100% equity interest in Chongqing Bulk Cargo, 100% equity interest in Hubei Bulk Cargo and 49% equity interest in Shipping Agency Jiangsu, and obtain 13% equity interest in CSC Cargo Co., Ltd. after the completion of the capital increase. The financial impacts of the above transactions are detailed in Notes VIII. 2, 4 and 8.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's main financial instruments include cash and bank balances, accounts receivable, other receivables, other non-current financial assets, borrowings, bonds payable, accounts payable and other payables. The details of financial instruments are set out in the notes to items mentioned above. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. These risk exposures are managed and monitored by the management of the Group to ensure that the risks above are controlled within a limited range.

1. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group engages in risk management with the objective of striking an appropriate balance between risks and rewards, minimizing the negative impact of risks on the Group's operating results, and maximizing the interests of shareholders and other equity investors. Based on this risk management objective, the Group's basic strategy for risk management is to identify and analyze the various risks to which the Group is exposed, establish appropriate risk tolerance floors and conduct risk management, and monitor the various risks in a timely and reliable manner to keep them within the limits.

(1) Market risk

1) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange risk relates primarily to USD, HKD, and EUR. The Group's other major business activities are denominated and settled in RMB, except for the Group's companies established in the Hong Kong Special Administrative Region and outside Hong Kong, which make purchases and sales in the registered local currency. As at 31 December 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	6,712,794,240.74	8,855,715,604.06	2,947,725,571.33	3,503,669,654.88
HKD	954,261,934.00	896,027,077.90	2,620,752,284.75	5,730,174,737.77
EUR	452,491,906.52	423,953,760.19	2,215,535,533.34	1,951,695,682.56
Total	8,119,548,081.26	10,175,696,442.15	7,784,013,389.42	11,185,540,075.21

Note: The end of the period balance of foreign currency assets and liabilities are presented in RMB at the year-end exchange rate.

The Group pays close attention to the impact of exchange rate changes on the Group's foreign exchange risk. The management has made policies to control foreign exchange risk by optimizing the structure of net foreign currency assets.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 profit or loss and shareholders' equity are as follows:

	Current year		Prior year	
	Effect on total comprehensive income	Pre-tax effects on shareholders' equity	Effect on total comprehensive income	Pre-tax effects on shareholders' equity
Exchange rate changes				
USD appreciation by 5% against RMB	188,253,433.47	188,253,433.47	267,602,297.46	267,602,297.46
USD devaluation by 5% against RMB	-188,253,433.47	-188,253,433.47	-267,602,297.46	-267,602,297.46
HKD appreciation by 5% against RMB	-83,324,517.54	-83,324,517.54	-241,707,382.99	-241,707,382.99
HKD devaluation by 5% against RMB	83,324,517.54	83,324,517.54	241,707,382.99	241,707,382.99
EUR appreciation by 5% against RMB	-88,152,181.34	-88,152,181.34	-76,387,096.12	-76,387,096.12
EUR devaluation by 5% against RMB	88,152,181.34	88,152,181.34	76,387,096.12	76,387,096.12

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 long-term borrowings, non-current liabilities due within one year, etc.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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)

2) Interest rate change risk (Continued)

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 fair value of other financial assets and liabilities that are calculated using the discounted cash flow method at the prevailing market interest rate at the date of the statement of financial position.

On the basis of the above assumptions, and with other variables remaining unchanged, the pre-tax effects of the possible reasonable changes in interest rates on current profit or loss and shareholders' equity are as follows:

	Current year		Prior year	
	Effects on total profit	Pre-tax effects on shareholders' equity	Effects on total profit	Pre-tax effects on shareholders' equity
Interest rate changes				
Interest rate rises by 0.5%	-14,906,292.06	-14,906,292.06	-36,210,395.00	-36,210,395.00
Interest rate is lowered by 0.5%	14,906,292.06	14,906,292.06	36,210,395.00	36,210,395.00

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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)

3) Other price risks

Held-for-trading financial assets, other equity instrument investments, and other non-current financial assets held by the Group are measured at fair value at the date of the statement of financial position. As a result, the Group bears the risk of price changes in the securities market. The Group adopts the method of holding multiple equity securities portfolios to reduce the price risk of equity securities investments. With other variables remaining unchanged, the pre-tax effects of the possible reasonable changes in stock prices on shareholders' equity are as follows:

Item	Stock price changes	Current year			Prior year		
		Effect on other comprehensive income (without effects on total profit)	Pre-tax effects on shareholders' equity		Effect on other comprehensive income (without effects on total profit)	Pre-tax effects on shareholders' equity	
Financial assets held for trading	Stock price rises by 10%	52,018.98	-	52,018.98	66,409.67	-	66,409.67
Other non-current financial assets		8,862,831.60	-	8,862,831.60	13,506,696.00	-	13,506,696.00
Other equity instrument investments		-	2,117,294.20	2,117,294.20	-	3,057,672.82	3,057,672.82
Financial assets held for trading	Stock price falls by 10%	-52,018.98	-	-52,018.98	-66,409.67	-	-66,409.67
Other non-current financial assets		-8,862,831.60	-	-8,862,831.60	-13,506,696.00	-	-13,506,696.00
Other equity instrument investments		-	-2,117,294.20	-2,117,294.20	-	-3,057,672.82	-3,057,672.82

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(2) Credit risk

As at 31 December 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. 40 and the Note X. 4. (6).

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.11.2 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(2) Credit risk (Continued)

As part of the Group's credit risk management, the Group uses the aging of accounts receivable to assess the expected credit losses on receivables arising from operations. This type of business involves a large number of small customers who have similar risk characteristics. The aging information can reflect the solvency of these customers when the receivables are due. As at 31 December 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	12,228,062,952.00	177,306,912.80
1 to 2 years (including 2 years)	41.68	144,146,384.34	60,080,212.99
2 to 3 years (including 3 years)	88.26	34,965,837.88	30,860,848.51
Over 3 years	100.00	82,945,971.42	82,945,971.42
Total	—	12,490,121,145.64	351,193,945.72

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 31 December 2023, there have been no significant changes to the Group's valuation approach and material assumptions.

As at 31 December 2023, the maximum amount of financial guarantees provided by the Group for joint ventures and associates was RMB459,418,502.52. Details of the financial guarantee contracts are set out in Note X. 4. (6). As at 31 December 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 31 December 2023, there have been no significant changes to the Group's valuation approach and material assumptions.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 year amounted to RMB19,678 million (1 January 2023: RMB21,222 million).

According to the maturity date of undiscounted contract or expected cash flows, the financial liabilities and others held by the Group are analysed as follows:

Item	Book value	Within 1 year	1 to 5 years	Over 5 years	Total
1. Non-derivative financial liabilities, etc.	—	—	—	—	—
Short-term borrowings	610,217,777.09	623,301,688.53	-	-	623,301,688.53
Long-term borrowings	2,355,004,648.70	76,952,515.53	2,394,659,733.48	173,026,442.46	2,644,638,691.47
Accounts payable	12,370,364,373.41	12,370,364,373.41	-	-	12,370,364,373.41
Notes payable	80,827,292.06	80,827,292.06	-	-	80,827,292.06
Other payables	2,318,749,515.89	2,318,749,515.89	-	-	2,318,749,515.89
Non-current liabilities due within one year	5,211,189,002.62	5,378,512,442.15	-	-	5,378,512,442.15
Bonds payable	1,999,383,890.41	63,000,000.00	2,098,728,767.12	-	2,161,728,767.12
Lease liabilities	2,497,732,805.59	-	1,879,899,834.64	1,434,490,080.11	3,314,389,914.75
Estimated liabilities	151,935,993.70	5,651,676.33	119,812,354.49	26,471,962.88	151,935,993.70
Long-term payables	23,525,000.00	424,181.25	4,630,810.16	21,243,397.26	26,298,388.67

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. TRANSFER OF FINANCIAL ASSETS

(1) Classification of transfer modalities

Transfer method	Nature of financial assets transferred	Amount of financial assets transferred	Status of derecognition	Basis for determining derecognition
Accounts receivable factoring and securitization	Accounts receivable	1,230,341,547.23	Note 1	Note 1
Bill endorsement or discounting	Bank acceptance bills	3,205,705,220.76	Note 2	Note 2
Bill endorsement or discounting	Commercial acceptance bills	591,018,360.87	Note 3	Note 3
Total	—	5,027,065,128.86	—	—

Note 1: During the year, Sinotrans South China, a subsidiary of the Group, entered into the Non-recourse Domestic Rongxinda Business Contract with Bank of China Limited Guangzhou Development Zone Branch (hereinafter referred to as Bank of China Guangzhou Development Zone Branch), under which the accounts receivable and the corresponding insurance rights and benefits of the accounts receivable which were insured against domestic credit insurance with Bank of China Insurance Co., Ltd. Guangdong Branch designated by Bank of China Guangzhou Development Zone Branch were assigned to Bank of China Guangzhou Development Zone Branch. After the transfer of the above accounts receivable, Sinotrans South China retained the right to collect the cash flows but assumed the contractual obligation to pay the collected cash flows to the Bank of China Guangzhou Development Zone Branch without material delay, Sinotrans South China had no advance or guarantee obligation, had no right to sell or pledge the above accounts receivable separately, no longer assumed the credit risk of the transferred accounts receivable, and did not assume the risk of insurance claims and the risk of the difference in the amount of the insurance indemnification and therefore, it was derecognized.

During the year, Sinotrans Logistics Ltd., a subsidiary of the Group, entered into a receivables securitization transaction with Central China Trust Co., Ltd. (hereinafter referred to as Central China Trust), in which both parties entered into the Accounts Receivable Transfer Contract, under which Central China Trust issued the “Central China Wealth-Growth 2307 Issue – Sinotrans Logistics Warehouse Income Right Investment Pooled Fund Trust Plan” to be transferred the accounts receivable claims held by Sinotrans Logistics. After the transfer of the above accounts receivable, Sinotrans Logistics Ltd. retained the right to collect the cash flows but assumed the contractual obligation to pay the collected cash flows to Central China Trust without material delay, Sinotrans Logistics Ltd. had no advance and guarantee obligations, had no right to sell or pledge the above accounts receivable separately, nor does he hold any shares of trust plan, and no longer assumed the credit risk of the transferred accounts receivable, and therefore it was derecognized.

Note 2: 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. Details of bank acceptances endorsed or discounted at the end of the year and outstanding at the balance sheet date are shown in Note IX.5.

Note 3: The Group’s commercial acceptance bills are not derecognized upon endorsement or discounting. Details of commercial acceptances endorsed or discounted at the end of the year and outstanding at the balance sheet date are shown in Note IX.3.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. TRANSFER OF FINANCIAL ASSETS (Continued)

(2) Financial assets derecognized by transfer

Item	Transfer methods for financial assets	Amount of financial assets derecognized	Gains or losses related to derecognition
Accounts receivable	Accounts receivable factoring and securitization	1,230,341,547.23	-19,768,357.31
Bank acceptance bills	Bill endorsement or discounting	3,205,705,220.76	-4,914,925.50
Total	—	4,436,046,767.99	-24,683,282.81

(3) As at 31 December 2023, there were no financial assets transferred, such as securitization and factoring with accounts receivable, that continued to be involved in assets and liabilities recognized.

3. 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

3. FAIR VALUE (Continued)

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.

(1) Assets measured at fair value on a continuous basis

Item	Fair value at the end of the year			Total
	Level I measurement at fair value	Level II measurement at fair value	Level III measurement at fair value	
I. Continuous measurement at fair value	—	—	—	—
(I) Financial assets held for trading	520,189.78	-	-	520,189.78
1. Financial assets at fair value through profit or loss	520,189.78	-	-	520,189.78
(II) Receivables financing	-	457,564,278.87	-	457,564,278.87
(III) Other equity instrument investments	21,172,941.98	-	394,050,500.00	415,223,441.98
(IV) Other non-current financial assets	88,628,316.00	-	888,212,779.30	976,841,095.30
Total assets measured at fair value on a continuous basis	110,321,447.76	457,564,278.87	1,282,263,279.30	1,850,149,005.93

(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.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

3. FAIR VALUE (Continued)

(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 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

3. FAIR VALUE (Continued)

(5) Continuing Level III fair value measurements, reconciliation information between beginning and end of year book values and sensitivity analysis of unobservable parameters

Reconciliation information between the beginning of year and end of year book values:

Item	Opening balance	Total current year gains or losses				Purchase, issuance, sale, and settlement					Effects from translation in foreign currency statements	Closing balance	Unrealized gains or losses for the year through profit or loss on assets held at the end of the reporting year
		Transfer to Level III	Transfer from Level III	Included in profit or loss	Charge to other comprehensive income	Purchase	Issuance	Sale	Settlement	Others			
Financial assets held for trading	-	-	-	-	-	-	-	-	-	-	-	-	-
Other equity instrument investments	-	-	-	-	-	394,050,500.00	-	-	-	-	-	394,050,500.00	-
Other non-current financial assets	573,350,846.54	-	-	315,129,143.39	-	-	-	-	-	-	-267,210.63	889,212,779.30	315,129,143.39
Financial assets at fair value through profit or loss	573,350,846.54	-	-	315,129,143.39	-	-	-	-	-	-	-267,210.63	889,212,779.30	315,129,143.39
Investments in equity instruments	573,350,846.54	-	-	315,129,143.39	-	-	-	-	-	-	-267,210.63	889,212,779.30	315,129,143.39
Total	573,350,846.54	-	-	315,129,143.39	-	394,050,500.00	-	-	-	-	-267,210.63	1,282,263,279.30	315,129,143.39

Note: Dividend gains and disposal gains totaling RMB69,759,266.03 (gains and losses not in the current year) were obtained from the continuous items of Level III measurement at fair value during the year.

Sensitivity analysis of unobservable inputs:

Indicator changes	Current year	
	Effect on total comprehensive income (without considering income taxes)	Pre-tax effects on shareholders' equity
Lack of market liquidity discount increased by 5%	-64,113,163.97	-64,113,163.97
Lack of market liquidity discount decreased by 5%	64,113,163.97	64,113,163.97

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

3. FAIR VALUE (Continued)

- (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 year**

The Group's continuous fair value items measured at fair value have not been converted between levels during the current year.

- (7) **Changes in valuation techniques occurred during the current year and the reasons for the changes**

There were no changes in the valuation techniques of the Group during the current year.

- (8) **The fair value of financial assets and financial liabilities not measured at fair value**

According to the Group's Management, the book value of financial assets and financial liabilities measured at amortised cost in the financial statements approximates their fair value as at 31 December 2023.

4. 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 were no significant changes to the Group's capital management objectives, policies, or procedures for FY2023 and FY2022. The Group's leverage ratio at the date of the statement of financial position is as follows:

Item	31 December 2023	31 December 2022
Short-term borrowings	610,217,777.09	582,764,215.31
Non-current liabilities due within one year	5,211,189,002.62	3,226,984,448.63
Long-term borrowings	2,355,004,648.70	5,347,701,871.99
Bonds payable	1,999,383,890.41	3,997,705,534.28
Long-term payables	23,525,000.00	164,017,516.89
Lease liabilities	2,497,732,805.59	2,404,995,304.96
Less: cash and cash equivalents	13,821,461,962.17	16,405,563,975.61
Net liability	-1,124,408,837.76	-681,395,083.55
Shareholders' equity	40,119,280,811.80	36,929,705,851.74
Shareholders' equity and net liabilities	38,994,871,974.04	36,248,310,768.19
Leverage ratio	-3%	-2%

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XII. CONTINGENCIES

Item	Closing balance	Opening balance
Contingent liabilities arising from external guarantees	—	—
Including: Loan guarantee for fellow subsidiaries	2,052,779,724.01	4,356,780,589.44
Loan guarantee for associates	459,418,502.52	106,835,461.82
Total	2,512,198,226.53	4,463,616,051.26

(1) AS AT 31 DECEMBER 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:	—	31,537.22	3,120.56	—
Hefei High-tech Industrial Development Zone Investment Promotion Bureau	The Group invested and operated in Hefei High-tech Industrial Development Zone and disputes resulted from the investment, tax and other indicators not meeting the required standards.	13,896.64	1,450.00	First trial in progress
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
Aircraft Maintenance & Engineering Corporation	The Group had a dispute with Aircraft Maintenance & Engineering Corporation over cargo damage arising from the provision of transportation services. Aircraft Maintenance & Engineering Corporation sued the Group for liability for indirect losses beyond the scope of its insurance coverage.	2,772.00	—	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 the Group should bear joint and several liabilities.	2,510.33	744.70	Second trial in progress
Jiangsu Sailboat Petrochemical Co., Ltd.	In the course of the Group's provision of transportation services for large equipment, the transportation 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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XII. CONTINGENCIES (CONTINUED)

(1) AS AT 31 DECEMBER 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
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	-	Second instance pending trial
Guangzhou Salvage Bureau of the Ministry of Transport	The Group was required by the Guangzhou Salvage Bureau to bear the rescue cost due to the grounding of vessels in the course of providing transportation services.	1,700.00	-	First trial in progress
China Life Property and Casualty Insurance Company Limited Ningbo Branch	The Group provided in-plant logistics services to 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.	1,371.00	925.86	Second trial in progress
Dongguan Desheng Building Materials Co., Ltd.	The Group subleased the wharf operation site to Dongguan Desheng Building Materials Co., Ltd. and was required to pay the relevant losses and expenses because the berth in question did not apply for the relevant documents for berthing operation in a timely manner, which led to the suspension of work and rectification.	1,294.50	-	Second instance pending trial
Major cargo damage disputes (not yet sued):	-	6,649.19	6,649.19	—
Aircraft Maintenance & Engineering Corporation	The Group had a dispute with Aircraft Maintenance & Engineering Corporation over cargo damage due to the provision of transportation services. The direct losses involved in this cargo damage case were paid by the insurance company insured by Aircraft Maintenance & Engineering Corporation and the insurance company will recover the losses from the Company after payment. Aircraft Maintenance & Engineering Corporation has sued the Group, details of which are set out in the disclosure information relating to significant pending litigation and arbitration in the table herein.	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	—

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XII. CONTINGENCIES (CONTINUED)

(2) CONTINGENT LIABILITIES ARISING FROM OTHER MATTERS OF THE GROUP AS AT 31 DECEMBER 2023

The details of capital commitments are described in Note XIII.

(3) AS AT 31 DECEMBER 2023, THERE WERE NO CONTINGENT ASSETS RESULTING FROM THE CONTINGENT EVENTS.

XIII. CAPITAL COMMITMENT

Item	Closing balance	Opening balance
Capital expenditures contracted but not recognised in the financial statements	—	—
Including: Purchase and construction of assets (Note 1)	1,152,045,518.64	1,338,159,634.12
Investments in associates, joint ventures and other invested entities (Note 2)	321,284,275.15	277,134,009.42
Port investment projects	29,179,505.90	30,587,999.42
Total	1,502,509,299.69	1,645,881,642.96

Note 1: As at 31 December 2023, the Group's capital expenditure relating to the acquisition and construction of assets contracted but not recognized in the financial statements mainly represented unrecognized capital expenditure in relation to the contracts entered into by the Group for the construction and general contracting of Sinotrans Lingang International Logistics Center Project, Jiaxing Haiyan Logistics Center Project, Taicang Port Free Trade Zone Comprehensive Logistics Park Project, etc., with China Construction Eighth Engineering Division Corp., Ltd., CCCC Third Harbor Engineering Co., Ltd. Ningbo Branch, Nantong Wujian Holding Group Co., Ltd., etc.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XIII. CAPITAL COMMITMENT (CONTINUED)

Note 2: On 1 February 2018, according to the National Development and Reform Commission's approval on the approval of China Merchants Logistics Group Co., Ltd. to jointly establish the China-Belarus Industrial Investment Fund Project (Fa Gai Wai Zi No.214 [2018]), the China-Belarus Industrial Investment fund was established in the Cayman Islands and adopted a limited partnership. China Merchants Logistics Group Co., Ltd., a subsidiary of the Group, is a limited partner and has agreed to contribute USD15 million. As at 31 December 2023, it has invested USD9.5246 million, and the amount committed but not funded is approximately RMB38.7806 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 establish China Merchants Sinotrans (Shenzhen) Industry Innovation Private Equity Investment Fund Partnership (Limited Partnership), with the Company as a limited partner contributing RMB150 million. As at 31 December 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 Air Transport 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 Air Transport Co., Ltd. contributed RMB100 million, representing 20%. As at 31 December 2023, RMB10 million had been contributed and RMB90 million had been committed but not yet contributed.

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 31 December 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 31 December 2023, the Company had actually contributed RMB50 million and RMB50 million had been committed but not yet contributed.

XIV. NON-ADJUSTMENT EVENTS AFTER THE DATE OF THE BALANCE SHEET

As approved at the 29th meeting of the third board of directors held on March 22, 2024, the Company plans to distribute cash dividends of RMB0.145 per share (including tax) based on the total share capital (net of shares in the Company's repurchase special account) of 7,244,936,875 shares registered on the equity distribution equity registration date in 2023, with an estimated distribution of RMB1,050,515,846.88. The profit distribution plan still needs to be approved by the shareholders' meeting of the Company.

The Group has no other material events after the balance sheet date other than the above-mentioned events.

XV. NON-MONETARY ASSET EXCHANGE

There were no significant non-monetary asset exchanges and transactions for the Group during the current year.

XVI. DEBT RESTRUCTURING

There was no significant debt restructuring transaction of the Group during the current year.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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	—	—	10,492.70	—	—	116,973.88
Including: RMB	-	1.0000	-	85,234.16	1.0000	85,234.16
USD	-	7.0827	-	2,952.74	6.9646	20,564.65
Others	—	—	10,492.70	—	—	11,175.07
Cash at banks	—	—	5,271,952,723.00	—	—	5,918,868,617.07
Including: RMB	4,622,459,134.22	1.0000	4,622,459,134.22	5,194,782,309.72	1.0000	5,194,782,309.72
USD	91,350,031.89	7.0827	647,004,870.87	96,259,695.12	6.9646	670,410,272.62
Others	—	—	2,488,717.91	—	—	53,676,034.73
Other cash and bank balances	—	—	11,401,329.07	—	—	85,465,437.12
Including: Deposits with external financial institutions	—	—	242,583.44	—	—	242,392.92
Including: RMB	242,583.44	1.0000	242,583.44	242,392.92	1.0000	242,392.92
Deposits with finance companies	—	—	11,158,745.63	—	—	85,223,044.20
Including: RMB	11,158,745.63	1.0000	11,158,745.63	85,223,044.20	1.0000	85,223,044.20
Deposits with finance companies	—	—	1,406,696,855.07	—	—	2,116,412,174.34
Including: RMB	1,363,426,951.19	1.0000	1,363,426,951.19	1,342,978,248.78	1.0000	1,342,978,248.78
USD	6,109,238.55	7.0827	43,269,903.88	111,052,167.47	6.9646	773,433,925.56
Total	—	—	6,690,061,399.84	—	—	8,120,863,202.41
Including: Total amount deposited abroad	—	—	-	—	—	-

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

Item	Closing balance	Opening balance	Reasons for restricted use
Interest receivable	11,158,745.63	85,223,044.20	Not yet settled
Credit card deposits	134,797.50	134,797.50	Credit card deposits
Security margin	107,785.94	107,595.42	Security margin
Total	11,401,329.07	85,465,437.12	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 year.

(3) There were no bills receivable endorsed or discounted at the end of the year 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 year.

(5) Credit loss provision for accounts receivable

Category	Closing balance				Opening balance			
	Book balance		Credit loss provision		Book balance		Credit loss provision	
	Amount	Proportion (%)	Amount	Accrual ratio (%)	Amount	Proportion (%)	Amount	Accrual ratio (%)
Credit loss provisions by portfolio	-	-	-	-	24,600,513.95	100.00	-	-
Total	-	-	-	—	24,600,513.95	100.00	-	—

(6) There were no actual write-offs of bills receivable during the year.

(7) There were no amounts due from shareholders' entities holding 5% (or more) of the voting shares of the Company at the end of the year.

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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

(1) Overall status of accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	1,083,564,670.73	1,064,165,615.89
Less: Credit loss provision	42,723,391.03	47,677,032.83
Total	1,040,841,279.70	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)	1,014,446,547.99	93.62	12,266,160.09	999,972,533.02	93.97	20,333,506.48
1 to 2 years (including 2 years)	48,411,660.67	4.47	16,999,374.78	50,435,066.30	4.74	19,978,012.29
2 to 3 years (including 3 years)	8,754,861.07	0.81	7,648,374.73	4,542,059.39	0.43	1,688,845.09
Over 3 years	11,951,601.00	1.10	5,809,481.43	9,215,957.18	0.86	5,676,668.97
Total	1,083,564,670.73	100.00	42,723,391.03	1,064,165,615.89	100.00	47,677,032.83

(3) Classification of accounts receivable

Category	Closing balance					Opening balance				
	Book balance		Credit loss provision		Book value	Book balance		Credit loss provision		Book value
Amount	Proportion (%)	Amount	Accrual ratio (%)	Amount		Proportion (%)	Amount	Accrual ratio (%)		
Credit loss provisions on an individual basis	276,485.00	0.03	276,485.00	100.00	-	22,898,873.17	2.15	9,804,225.41	42.82	13,094,647.76
Credit loss provisions by portfolio	1,083,288,185.73	99.97	42,446,906.03	3.92	1,040,841,279.70	1,041,266,742.72	97.85	37,872,807.42	3.64	1,003,393,935.30
Including:										
Low risk portfolio	182,361,934.19	16.83	-	-	182,361,934.19	229,290,157.16	21.55	-	-	229,290,157.16
Aging portfolio	900,926,251.54	83.14	42,446,906.03	4.71	858,479,345.51	811,976,585.56	76.30	37,872,807.42	4.66	774,103,778.14
Total	1,083,564,670.73	100.00	42,723,391.03	—	1,040,841,279.70	1,064,165,615.89	100.00	47,677,032.83	—	1,016,488,583.06

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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 (Continued)

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

Company name	Book balance	Credit loss provision	Expected credit loss (%)	Reasons for accrual
Entity 1	175,000.00	175,000.00	100.00	Involved in litigation
Entity 2	101,485.00	101,485.00	100.00	Involved in litigation
Total	276,485.00	276,485.00	—	—

(4) Accounts receivable of low-risk portfolio

Item	Book balance	Accrual ratio (%)	Credit loss provision
Accounts receivable from related parties	182,361,934.19	—	—
Total	182,361,934.19	—	—

(5) Accounts receivable of aging portfolios

Item	Book balance	Accrual ratio (%)	Credit loss provision
Within 1 year (including 1 year)	845,942,075.42	1.45	12,266,160.09
1 to 2 years (including 2 years)	40,785,448.07	41.68	16,999,374.78
2 to 3 years (including 3 years)	8,665,731.62	88.26	7,648,374.73
Over 3 years	5,532,996.43	100.00	5,532,996.43
Total	900,926,251.54	—	42,446,906.03

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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	Amount of change during the year			Closing balance
			Recovery or reversal	Carry forward or write-off	Other changes	
Current year	47,677,032.83	4,947,199.42	9,527,740.41	373,100.81	-	42,723,391.03
Prior year	48,837,241.61	11,181,733.95	5,207,942.05	7,134,000.68	-	47,677,032.83

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

Company name	Book balance of accounts receivable	Reason for recovery or reversal	Basis for determining the original credit loss provision	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	169,288.44	Payment recovery	Involved in litigation	169,288.44	169,288.44
Total	22,622,388.17	—	—	9,527,740.41	9,527,740.41

(8) Accounts receivable actually written off during the year

Company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related transactions
Entity 1	Logistics business	237,038.01	Uncollectible due to aging of accounts	Approved by the General Manager's Office	No
Entity 2	Logistics business	136,062.80	Uncollectible due to aging of accounts	Approved by the General Manager's Office	No
Total	—	373,100.81	—	—	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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) There were no amounts due from shareholders' entities holding 5% (or more) of the voting shares of the Company at the end of the year.

(10) Top five in terms of accounts receivable

Company name	Relationship with the Company	Amount	Aging	Credit loss provision	Percentage of total accounts receivable(%)
Entity 1	Client	223,550,726.23	Within 1 year	3,241,485.53	20.63
Entity 2	Client	79,225,931.06	Within 1 year	1,148,776.00	7.31
Hunan Zhongnan International Land Port Co., Ltd.	Subsidiary	71,861,808.35	Within 1 year	-	6.63
Entity 3	Client	71,059,827.88	Within 1 year	1,030,367.50	6.56
Sinotrans (Shenyang) International Liner Co.	Subsidiary	53,352,809.29	Within 1 year	-	4.92
Total	—	499,051,102.81	—	5,420,629.03	46.05

(11) The Group had no accounts receivable involving government grants at the end of the year.

4. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bank acceptance bills	21,949,473.78	22,897,160.22
Total	21,949,473.78	22,897,160.22

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

(2) There were no pledged receivables financing at the end of the year.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

(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)

- (3) Receivables financing that has been endorsed or discounted at year-end and is not yet due at the balance sheet date

Type	Amount derecognized at year-end	Amount not derecognized at year-end
Bank acceptance bills	109,514,027.12	—
Total	109,514,027.12	—

Note: The Company determines whether the bank acceptance bills receivable should be derecognised upon endorsement or discounting based on the credit risk rating of the acceptance bank. As the acceptance bank of the bank acceptance bills obtained by the Company are mainly large commercial banks and listed joint-stock commercial banks with high credit ratings, and other bank acceptance bills do not account for a significant proportion and the individual amounts are small and numerous, the Company derecognizes bank acceptance bills upon endorsement or discounting based on the materiality principle, unless public information indicates that there are significant abnormal changes in the credit risk of the acceptance bank.

- (4) There were no receivables financings at the end of the year that were transferred to accounts receivable as a result of the non-performance of the issuer.

(5) Credit loss provision for receivables financing

Category	Closing balance				Opening balance			
	Book balance		Credit loss provision		Book balance		Credit loss provision	
	Amount	Proportion (%)	Amount	Accrual ratio (%)	Amount	Proportion (%)	Amount	Accrual ratio (%)
Credit loss provisions by portfolio	21,949,473.78	100.00	-	-	22,897,160.22	100.00	-	-
Total	21,949,473.78	100.00	-	—	22,897,160.22	100.00	-	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(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)

(5) Credit loss provision for receivables financing (Continued)

1) Receivables financing with credit loss provision on a portfolio basis

Type	Closing balance		Accrual ratio (%)
	Book balance	Credit loss provision	
Bank acceptance bills portfolio	21,949,473.78	-	-
Total	21,949,473.78	-	-

Note: As at 31 December 2023 and 31 December 2022, there were no bank acceptance bills held by the Group subject to significant credit risk and resulted in significant losses due to bank default (bills receivables are expected to be collected in full), the Company had no provision for credit losses based on materiality considerations.

(6) There were no actual write-offs of receivables financing during the year.

(7) Changes in receivables financing and fair value movements during the year

Bank acceptance bills held by the Company at fair value through other comprehensive income are mainly accepted by large commercial banks with high credit ratings 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.

(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 year.

(9) The maturity date of the bank acceptance bills mentioned above is all within 360 days.

5. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivable	-	-
Dividends receivable	63,165,640.92	26,872,094.63
Other receivables	12,985,094,217.00	9,355,440,361.02
Total	13,048,259,857.92	9,382,312,455.65

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(1) Dividends receivable

Invested entities	Opening balance	Increase due to changes in the scope of consolidation	Increase in current year	Decrease in current year	Effects from translation in foreign currency statements	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Dividend receivables aged within 1 year	-	-	3,445,174,518.76	3,406,083,609.67	-	39,090,909.09	—	—
Sinotrans Changjiang Co., Ltd.	-	-	212,113,156.68	173,022,247.59	-	39,090,909.09	Support the development of subsidiary	No
DHL-Sinotrans International Air Courier Ltd.	-	-	1,896,126,019.17	1,896,126,019.17	-	-	—	—
Sinotrans South China Co., Ltd.	-	-	352,883,808.94	352,883,808.94	-	-	—	—
Sinotrans Air Transport Development Co., Ltd.	-	-	266,004,401.93	266,004,401.93	-	-	—	—
Sinotrans Central China Co., Ltd.	-	-	211,490,439.48	211,490,439.48	-	-	—	—
Sinotrans Fujian Co., Ltd.	-	-	180,331,579.29	130,331,579.29	-	-	—	—
Sinotrans Logistics Co., Ltd.	-	-	112,156,117.27	112,156,117.27	-	-	—	—
Sinotrans North China Co., Ltd.	-	-	73,135,273.49	73,135,273.49	-	-	—	—
China Southern Airlines Logistics Co., Ltd.	-	-	60,000,000.00	60,000,000.00	-	-	—	—
Sinotrans Northeast Co. Ltd	-	-	35,714,542.38	35,714,542.38	-	-	—	—
Sinotrans Express Co., Ltd.	-	-	29,666,535.15	29,666,535.15	-	-	—	—
Jiangsu Jiangyin Port Group Co., Ltd.	-	-	21,937,500.00	21,937,500.00	-	-	—	—
Sinotrans Korea Shipping Co., Ltd.	-	-	11,976,118.33	11,976,118.33	-	-	—	—
Sinotrans (Japan) Co., Ltd.	-	-	10,599,642.00	10,599,642.00	-	-	—	—
Nissin-Sinotrans International Logistics Co., Ltd.	-	-	7,500,000.00	7,500,000.00	-	-	—	—
Financial redemption of Wuhu Sanshan Port Co., Ltd.	-	-	5,868,116.68	5,868,116.68	-	-	—	—
Sinotrans Chongqing Co., Ltd.	-	-	4,104,643.97	4,104,643.97	-	-	—	—
China Marine Shipping Agency Co., Ltd.	-	-	1,558,316.30	1,558,316.30	-	-	—	—
Shanghai Tongyun International Logistics Co., Ltd.	-	-	966,512.61	966,512.61	-	-	—	—
Ma'anshan Tianshun Port Co., Ltd.	-	-	700,000.00	700,000.00	-	-	—	—
New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	-	351,795.09	351,795.09	-	-	—	—
Dividend receivables aged over 1 year	26,872,094.63	-	298,405,680.48	301,203,043.28	-	24,074,731.83	—	—
Sinotrans Eastern Company Limited	10,904,887.09	-	298,405,680.48	298,405,680.48	-	10,904,887.09	Support the development of subsidiary	No

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(1) Dividends receivable (Continued)

Invested entities	Opening balance	Increase due to changes in the scope of consolidation	Increase in current year	Decrease in current year	Effects from translation in foreign currency statements	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Sinotrans Anhui Co., Ltd.	8,067,261.02	-	-	-	-	8,067,261.02	Support the development of subsidiary	No
Trade Sky International Limited	3,241,600.00	-	-	-	-	3,241,600.00	Support the development of subsidiary	No
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., Ltd.	1,860,983.72	-	-	-	-	1,860,983.72	Incomplete payment approval process	No
China International Exhibition Transportation Co., Ltd.	2,797,362.80	-	-	2,797,362.80	-	-	—	—
Total	26,872,094.63	-	3,743,580,199.24	3,707,286,652.95	-	63,165,640.92	—	—

(2) Other receivables

1) Analysis by aging

Item	Closing balance			Opening balance		Credit loss provision
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	
Within 1 year (including 1 year)	7,918,229,439.12	60.98	-	4,293,511,350.90	45.89	-
1 to 2 years (including 2 years)	988,911,777.41	7.61	-	774,838,812.18	8.28	-
2-3 years (including 3 years)	251,491,267.78	1.94	-	334,726,141.63	3.58	-
Over 3 years	3,826,461,732.69	29.47	-	3,952,364,056.31	42.25	-
Total	12,985,094,217.00	100.00	-	9,355,440,361.02	100.00	-

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(2) Other receivables (Continued)

2) Classification of other receivables

Category	Closing balance					Opening balance				
	Book balance		Credit loss provision			Book balance		Credit loss provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	Book value	Amount	Proportion (%)	Amount	Accrual ratio (%)	Book value
Credit loss provisions on an individual basis	-	-	-	-	-	-	-	-	-	-
Credit loss provisions by portfolio	12,985,094,217.00	100.00	-	-	12,985,094,217.00	9,355,440,361.02	100.00	-	-	9,355,440,361.02
Including:										
Low risk portfolio	12,985,094,217.00	100.00	-	-	12,985,094,217.00	9,355,440,361.02	100.00	-	-	9,355,440,361.02
Aging portfolio within 1 year	-	-	-	-	-	-	-	-	-	-
Aging portfolio over 1 year	-	-	-	-	-	-	-	-	-	-
Total	12,985,094,217.00	100.00	-	-	12,985,094,217.00	9,355,440,361.02	100.00	-	-	9,355,440,361.02

3) Other receivables of low-risk portfolio

Item	Book balance	Accrual ratio (%)	Credit loss provision
Related party payments	12,919,699,813.31	-	-
Advances	37,817,866.60	-	-
Deposits, collateral	18,320,427.30	-	-
Government grants	5,000,000.00	-	-
Others	4,256,109.79	-	-
Total	12,985,094,217.00	-	-

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(2) Other receivables (Continued)

4) 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	12,919,699,813.31	-	12,919,699,813.31	9,329,201,431.87	-	9,329,201,431.87
Advances	37,817,866.60	-	37,817,866.60	11,050,892.20	-	11,050,892.20
Deposits, collateral	18,320,427.30	-	18,320,427.30	13,382,733.28	-	13,382,733.28
Government grants	5,000,000.00	-	5,000,000.00	-	-	-
Others	4,256,109.79	-	4,256,109.79	1,805,303.67	-	1,805,303.67
Total	12,985,094,217.00	-	12,985,094,217.00	9,355,440,361.02	-	9,355,440,361.02

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

Company name	Closing balance		Opening balance	
	Amount owed	Amount of credit loss provision	Amount owed	Amount of credit loss provision
SINOTRANS & CSC	-	-	288,708.00	-
Total	-	-	288,708.00	-

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(2) Other receivables (Continued)

6) 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	4,777,991,394.76	within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	36.80	-	Related party payments
Sinotrans (HK) Logistics Limited	Subsidiary	1,625,967,177.07	within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	12.52	-	Related party payments
Sinotrans South China Co., Ltd.	Subsidiary	1,384,179,058.05	within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	10.66	-	Related party payments
Sinotrans Logistics Investment Holdings Co., Ltd.	Subsidiary	1,210,193,640.51	within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	9.32	-	Related party payments
Sinotrans Eastern Company Limited	Subsidiary	974,169,792.13	within 1 year, 1 to 2 years, over 3 years	7.50	-	Related party payments
Total	—	9,972,501,062.52	—	76.80	-	—

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(2) Other receivables (Continued)

7) Related party payments

Company name	Relationship with the Company	Amount	Percentage of total other receivables (%)
Sinotrans Logistics Co., Ltd.	Subsidiary	4,777,991,394.76	36.80
Sinotrans (HK) Logistics Limited	Subsidiary	1,625,967,177.07	12.52
Sinotrans South China Co., Ltd.	Subsidiary	1,384,179,058.05	10.66
Sinotrans Logistics Investment Holdings Co., Ltd.	Subsidiary	1,210,193,640.51	9.32
Sinotrans Eastern Company Limited	Subsidiary	974,169,792.13	7.50
Sinotrans Air Transport Co., Ltd.	Subsidiary	900,000,000.00	6.93
Sinotrans Central China Co., Ltd.	Subsidiary	315,105,836.66	2.43
Sinotrans Logistics Development Co., Ltd.	Subsidiary	256,292,075.46	1.97
Sinotrans Fujian Co., Ltd.	Subsidiary	173,327,998.84	1.33
Sinotrans Cold Chain Logistics Co., Ltd.	Subsidiary	136,025,800.63	1.05
Ningbo Meishan Bonded Port Area Sino Foreign Supply Chain Management Co., Ltd.	Subsidiary	130,597,374.00	1.01
Sinotrans Express Co., Ltd.	Subsidiary	129,109,171.98	0.99
Sinotrans Heavy-lift Logistics Co., Ltd.	Subsidiary	113,633,476.71	0.88
Sinotrans Guangxi Co., Ltd.	Subsidiary	90,120,580.29	0.69
Sinotrans Northeast Co. Ltd	Subsidiary	80,441,945.48	0.62
Shenzhen Sinotrans Logistics Co., Ltd.	Subsidiary	80,160,377.33	0.62
Sinotrans Innovative Technology Co., Ltd.	Subsidiary	60,241,623.64	0.46
Zhongshan Sinotrans Logistics Co., Ltd.	Subsidiary	56,669,049.00	0.44
Dongying Sinotrans Logistics Co., Ltd.	Subsidiary	40,909,490.00	0.32
Sinotrans Chemical International Logistics Co., Ltd.	Subsidiary	23,759,153.00	0.18
Sinotrans Overseas Development Co., Ltd.	Subsidiary	20,161,368.36	0.16
Guangdong Sinotrans Huangpu Warehouse Code Co., Ltd.	Subsidiary	20,020,987.00	0.15
Others	—	320,622,442.41	2.47
Total	—	12,919,699,813.31	99.50

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(2) Other receivables (Continued)

8) Other receivables in relation to government grants

Company name	Government grant items	Closing balance	Closing aging	Expected time received and amount
Entity 1	Relocation grants	5,000,000.00	Within 1 year	Full payment is expected to be recovered in 2024
Total	—	5,000,000.00	—	—

9) There were no prepayments transferred to other receivables during the year.

10) The Company had no other receivables related to the centralized management of funds at the end of the year.

6. LONG-TERM EQUITY INVESTMENTS

(1) Classification of long-term equity investments

Item	Opening balance	Increase in investment	Decrease in investment	Other increase (Decrease denoted by "-")	Effects from translation in foreign currency statements	Closing balance
Investment in subsidiary	16,251,387,827.55	631,461,583.15	-	-	-	16,882,849,410.70
Investments in joint ventures	2,382,115,969.51	50,000,000.00	-	-122,989,142.35	-	2,309,126,827.16
Investments in associates	496,758,703.28	42,996,379.67	397,480,882.44	55,128,567.26	-	197,402,767.77
Sub-total	19,130,262,500.34	724,457,962.82	397,480,882.44	-67,860,575.09	-	19,389,379,005.63
Less: Impairment provision of long-term equity investments	-	-	-	-	-	-
Total	19,130,262,500.34	724,457,962.82	397,480,882.44	-67,860,575.09	-	19,389,379,005.63

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (Continued)

(2) Details of long-term equity investments

2) Investment in subsidiary

Name of invested entities	Opening balance	Increase in current year	Decrease in current year	Effects from translation in foreign currency statements	Closing balance
Sinotrans Air Transport Development Co., Ltd.	5,856,464,955.30	1,265,352.38	-	-	5,857,730,307.68
Sinotrans Logistics Co., Ltd.	4,737,815,444.10	-	-	-	4,737,815,444.10
Sinotrans South China Co., Ltd.	1,276,339,564.54	3,768,615.77	-	-	1,280,108,180.31
Sinotrans Eastern Company Limited	1,082,104,637.48	2,563,177.79	-	-	1,084,667,815.27
Sinotrans Changjiang Co., Ltd.	791,882,755.57	213,243,358.73	-	-	1,005,126,114.30
Sinotrans Central China Co., Ltd.	631,468,104.53	1,997,122.43	-	-	633,465,226.96
Sinotrans Logistics Investment Holdings Co., Ltd.	97,603,944.28	397,980,925.31	-	-	495,584,869.59
Wide Shine Development Limited	430,372,292.05	-	-	-	430,372,292.05
Trade Sky International Limited	341,057,315.76	-	-	-	341,057,315.76
Sinotrans Fujian Co., Ltd.	201,028,283.93	97,569.34	-	-	201,125,853.27
Sinotrans Northeast Co. Ltd	136,451,020.38	1,326,333.22	-	-	137,777,353.60
Sinotrans North China Co., Ltd.	135,693,744.76	1,295,842.80	-	-	136,989,587.56
Sinotrans Heavy-lift Logistics Co., Ltd.	134,713,743.32	295,757.06	-	-	135,009,500.38
Sinotrans Hubei Company Limited	121,281,198.72	71,194.39	-	-	121,352,393.11
Sinotrans Innovative Technology Co., Ltd.	100,229,434.85	240,874.31	-	-	100,470,309.16
Others	176,881,387.98	7,315,459.62	-	-	184,196,847.60
Total	16,251,387,827.55	631,461,583.15	-	-	16,882,849,410.70

Note: The increase in long-term equity investments in subsidiaries during the year was mainly due to the capital increase of RMB213,002,500 for Sinotrans Changjiang Co., Ltd., and the increase of RMB397,480,900 for the transfer of equity interest in Jiangsu Jiangyin Port Group Co., Ltd. to the Logistics Investment Company without compensation, and the granting of stock options by the Company to employees of certain subsidiaries (please refer to Note IX.72 for details), which increased the long-term equity investment in subsidiaries by RMB20.7680 million.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (Continued)

- (3) As at 31 December 2023, the Company reviewed the operating conditions, asset status, and industry operating environment of its major subsidiaries, joint ventures and associates, and found no obvious signs of impairment. Therefore, no impairment provision was made for long-term equity investments this year.
- (4) As at 31 December 2023, there were no significant restrictions on the Company's ability to transfer funds from joint ventures or associates to the Company.
- (5) As at 31 December 2023, the Company had no significant excess losses incurred in its joint ventures or associates.

7. LONG-TERM BORROWINGS

Type of loan	Closing balance	Opening balance	Interest rate range at the end of the year (%)
Fiduciary loans	67,000,000.00	95,500,000.00	1.20
Total	67,000,000.00	95,500,000.00	—
Less: Long-term borrowings due within one year	—	—	—
Including: Fiduciary loans	—	—	—
Long-term borrowings due after one year	67,000,000.00	95,500,000.00	—

- (1) There were no long-term borrowings outstanding at the end of the year.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 BORROWINGS (Continued)

(2) Top five long-term borrowings in the closing balance (including long-term borrowings 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	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
Agricultural Development Bank of China	2016-08-10	2026-08-10	RMB	1.20	-	-	-	28,500,000.00

(3) There were no long-term loans rolled over at the end of the year.

8. BONDS PAYABLE

(1) Details of bonds payable

Item	Closing balance	Opening balance
2021 corporate bonds (phase I)	1,999,383,890.41	1,999,143,890.41
2021 medium term notes (phase I)	-	1,998,561,643.87
Total	1,999,383,890.41	3,997,705,534.28

Note: The details of bonds payable are described in Note IX. 36

(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)	1,999,383,890.41	1,999,143,890.41
Total	1,999,383,890.41	3,997,705,534.28

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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. BONDS PAYABLE (Continued)

(3) Specifics of bonds payable

Bond name	Face value	Coupon rate (%)	Issue date	Bond term	Issue amount	Opening balance	Effects from changes in the scope of consolidation	Issued in current year	Interest accrued at face value	Amortisation of premium and discount	Current repayments and interest payments	Effects from transition in foreign currency statements	Closing balance	In default
2021 corporate bonds (phase I)	2,000,000,000.00	3.15	2021-07-26	5 years	2,000,000,000.00	2,026,415,122.24	-	-	62,999,999.98	240,000.00	63,000,000.00	-	2,026,655,122.24	No
2021 medium term notes (phase I)	2,000,000,000.00	3.50	2021-06-07	3 years	2,000,000,000.00	2,037,876,712.38	-	-	70,000,000.01	1,000,000.02	70,000,000.00	-	2,038,876,712.41	No
Total	4,000,000,000.00	-	-	-	4,000,000,000.00	4,064,291,834.64	-	-	132,999,999.99	1,240,000.02	133,000,000.00	-	4,065,531,834.65	-
Less: Bonds payable due within one year	-	-	-	-	-	66,366,301.36	-	-	-	-	-	-	2,065,147,945.24	-
Bonds payable due after one year	-	-	-	-	-	3,997,715,533.28	-	-	-	-	-	-	1,999,383,889.41	-

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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. CAPITAL RESERVES

2023

Item	Opening balance	Increase in current year	Decrease in current year	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	30,047,571.42	363,745.21	64,917,625.37
1. Other changes in equity of investees other than net gains and losses, other comprehensive income and profit distributions	5,662,191.08	-	363,745.21	5,298,445.87
2. Share-based payment for unexercised rights	30,116,077.73	30,047,571.42	-	60,163,649.15
3. Others	-544,469.65	-	-	-544,469.65
Total	10,756,312,325.64	30,047,571.42	73,051,633.04	10,713,308,264.02
Including: Exclusively state-owned capital reserves	—	—	—	—

2022

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Share capital premium	10,764,553,016.02	-	43,474,489.54	10,721,078,526.48
1. Capital invested by investors	10,845,010,221.40	-	43,474,489.54	10,801,535,731.86
2. Others	-80,457,205.38	-	-	-80,457,205.38
II. Other capital reserves	2,560,541.56	32,673,257.60	-	35,233,799.16
1. Other changes in equity of investees other than net gains and losses, other comprehensive income and profit distributions	3,105,011.21	2,557,179.87	-	5,662,191.08
2. Share-based payment for unexercised rights	-	30,116,077.73	-	30,116,077.73
3. Others	-544,469.65	-	-	-544,469.65
Total	10,767,113,557.58	32,673,257.60	43,474,489.54	10,756,312,325.64
Including: Exclusively state-owned capital reserves	—	—	—	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 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. UNDISTRIBUTED PROFITS

Item	Current year amount	Prior year amount
Closing balance of the prior year	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 year	3,722,636,168.94	2,962,226,208.37
Including: Net profit for the year	3,722,636,168.94	2,962,226,208.37
Decrease in current year	2,144,623,361.26	2,377,222,747.96
Including: Appropriation to statutory surplus reserves for the year	372,263,616.89	296,222,620.84
Dividends distribution	1,772,359,744.37	2,080,591,039.93
Others	-	409,087.19
Closing balance of the current year	6,686,280,777.84	5,108,267,970.16

11. OPERATING INCOME, COSTS

Item	Accumulated for the year		Accumulated prior year	
	Income	Costs	Income	Costs
Agency and related business	3,736,371,911.02	3,570,577,239.94	3,224,471,679.59	3,113,864,215.50
Professional logistics	1,801,339,340.16	1,622,816,862.86	2,005,160,628.31	1,824,407,019.91
Total	5,537,711,251.18	5,193,394,102.80	5,229,632,307.90	4,938,271,235.41

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

11. OPERATING INCOME, COSTS (Continued)

(1) Information related to performance obligations

2023

Item	Agency and related business	Professional logistics
Operating income	—	—
Including: Recognition at a certain point	3,736,371,911.02	1,801,339,340.16
Recognition within a certain period	—	—
Lease income	—	—
Total	3,736,371,911.02	1,801,339,340.16

2022

Item	Agency and related business	Professional logistics
Operating income	—	—
Including: Recognition at a certain point	3,224,471,679.59	2,005,160,628.31
Recognition within a certain period	—	—
Lease income	—	—
Total	3,224,471,679.59	2,005,160,628.31

The contents and prices of services are usually explicitly agreed in the contracts (agreements, orders, etc.) entered into between the Company and its customers, which do not involve complicated payment arrangements, and the Company has an unconditional right to receive payment upon completion of the relevant services, except for advance payment arrangements.

The services provided by the Company to its customers can be classified into two types: agency and related business and professional logistics. The entrustment of a single customer may involve a single logistics process or multiple logistics processes. When multiple logistics processes are involved, the Company decides whether or not to treat them as a performance obligation, taking into account factors such as the degree of interconnection and dependence of each logistics process. The professional logistics and agency and related businesses carried out by the Company usually provide customers with point-to-point logistics services. This enables customers to both obtain and consume economic benefits from the Company's performance at the same time as the Company's performance. As these services are typically completed within a relatively short period within an accounting period, the provision of services across accounting periods is not significant for the Company. Therefore, the Company recognizes the realization of income at the point of completion of the aforementioned services.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

11. OPERATING INCOME, COSTS (Continued)

(1) Information related to performance obligations (Continued)

The Company recognizes income from the agency and related business conducted in the capacity of an agent when the related act of the agency is completed.

The Company determines whether its identity at the time of performing a transaction is that of a principal or an agent based on whether it has control over the goods or services prior to transferring the goods or services to the customer. In the case of agency and related business, the Company's identity as a principal or agent is determined primarily by considering whether the corresponding risks and responsibilities has been assumed.

The logistics services provided by the Company to its customers are immediate consumable services, which usually do not involve warranty, refund or other arrangements. The Company accrues estimated liabilities, as appropriate, when it is required by customers to pay compensation for damage to goods in the course of providing services.

(2) Statement of apportionment to remaining performance obligations

The Company has entered into contracts (agreements, orders, etc.) with customers at the end of the year, but the portion of the transaction price for performance obligations that have not yet been performed or have not yet been fulfilled that has been received or receivable from the customer of RMB89,920,552.60 (end-year 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.

(3) The Company had no significant contract changes or significant transaction price adjustments during the year. The income adjusted previously for the performance obligations already performed (or partially performed) in the current year was RMB0.00.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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. FINANCE COSTS

Item	Accumulated for the year	Accumulated prior year
Interest expenses	304,333,643.16	242,000,800.14
Including: Bank and other borrowings	1,103,966.67	5,180,987.50
Bond interest	134,240,000.01	134,240,000.01
Interest expenses on lease liabilities	26,297,976.43	27,185,012.92
Interest on collection of funds from subsidiaries	142,691,700.05	75,394,799.71
Less: Capitalized interest expenses	-	-
Less: Interest income	322,313,711.93	269,524,302.74
Net exchange loss (net gains denoted by "-")	-5,352,187.59	-82,324,638.95
Others	3,408,477.80	2,849,227.90
Total	-19,923,778.56	-106,998,913.65

13. INVESTMENT INCOME

Item	Accumulated for the year	Accumulated prior year
Income from long-term equity investments under the equity method	1,859,650,164.75	1,979,464,003.36
Income from long-term equity investments under the cost method	1,697,897,960.21	1,299,187,171.52
Investment income from holding other non-current financial assets	118,452,207.25	59,475,882.36
Investment income from the disposal of receivables financing	-510,574.55	-638,782.87
Investment income from the disposal of other non-current financial assets	-12,091,826.62	-
Total	3,663,397,931.04	3,337,488,274.37

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

14. SUPPLEMENTARY INFORMATION OF THE COMPANY IN THE CASH FLOW STATEMENT

Item	Accumulated for the year	Accumulated prior year
1. Reconciliation of net profit to cash flows from operating activities:	—	—
Net profit	3,722,636,168.94	2,962,226,208.37
Add: Impairment of assets	—	—
Credit impairment losses	-4,580,540.99	5,973,791.90
Depreciation of fixed assets and investment properties	8,842,443.64	12,023,970.59
Depreciation of right-of-use assets	25,948,531.68	26,016,436.04
Amortisation of intangible assets	49,956,539.07	81,523,002.12
Amortisation of long-term prepaid expenses	404,794.65	322,148.63
Losses from disposal of assets (gains denoted by “-”)	-14,889.11	3,932.43
Losses from damage and scrapping of non-current assets (gains denoted by “-”)	110,782.70	-1,133.61
Losses from changes in fair value (gains denoted by “-”)	-317,808,265.86	—
Finance costs (income denoted by “-”)	279,849,763.47	83,979,089.67
Investment losses (income denoted by “-”)	-3,663,397,931.04	-3,337,488,274.37
Decrease in deferred tax assets (increase denoted by “-”)	—	—
Increase in deferred tax liabilities (decrease denoted by “-”)	—	—
Decrease in inventories (increase denoted by “-”)	117,157.47	-143,233.41
Decrease in operating receivables (increase denoted by “-”)	-125,783,451.37	-499,491,885.96
Increase in operating payables (decrease denoted by “-”)	68,046,361.95	18,455,621.42
Net cash flows from operating activities	44,327,465.20	-646,600,326.18
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 balance cash	6,678,660,070.77	8,035,397,765.29
Less: Opening balance of cash	8,035,397,765.29	6,680,346,115.38
Add: Adjustments of the classification of account settlement reserves at the beginning of the year	—	—
Net increase in cash and cash equivalents	-1,356,737,694.52	1,355,051,649.91

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2023

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

XVIII. SUPPLEMENTARY INFORMATION

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE YEAR

In accordance with the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – Non-operating Profit or Loss (as amended in 2023) issued by the China Securities Regulatory Commission, the Group's non-recurring profit or loss for 2023 are as follows:

Item	Accumulated for the year	Accumulated prior year	Description
Gains and losses on disposal of non-current assets, including offsetting of asset impairment provision	201,831,564.08	350,540,722.71	—
Government grants recognized in profit or loss for the current period, except for the government grants that are closely related to the Company's normal business operations, in line with the national policies and regulations, and in accordance with the determined criteria, and have a continuous impact on the Company's profit or loss	457,354,478.82	310,188,323.62	—
Gains and losses from changes in fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging business related to the Company's normal operations	336,641,169.45	-33,173,887.57	—
Fees charged to non-financial enterprises for fund occupancy included in current profit or loss	2,165,495.36	4,202,336.71	—
Gains or losses from entrusting others to invest or manage assets	-	-	—
Profit or loss from external entrusted loans	-	-	—
Loss of assets due to force majeure factors, such as natural disasters	-	-	—
Reversal of provision for impairment of receivables subject to separate impairment tests	19,756,232.63	19,622,046.75	—
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	-	-	—
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	30,322,246.79	31,743,765.86	—
Profit or loss from the exchange of non-monetary assets	-	-	—
Profit or loss from debt restructuring	-	-1,107,968.89	—

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2023
(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. SUPPLEMENTARY INFORMATION (CONTINUED)

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE YEAR (Continued)

Item	Accumulated for the year	Accumulated prior year	Description
One-time costs incurred by the enterprise due to the fact that the relevant business activities are no longer continuing, such as expenses for relocating employees	-	-	—
One-time effect on current period's profit or loss due to adjustments in tax, accounting and other laws and regulations	-	-	—
One-time share-based payment expense recognized for cancellation and modification of equity incentive plans	-	-	—
For cash-settled share-based payments, gains and losses arising from changes in the fair value of employee compensation payable after the date of exercise of options	-	-	—
Profit or loss from changes in fair value of investment properties subsequently measured using the fair value model	-	-	—
Gains arising from transactions at significantly unfair prices	-	-	—
Profit or loss arising from contingencies irrelevant to the normal business operations of the company	-	-	—
Trusteeship fee income from entrusted operations	-	-	—
Other non-operating income and expenses not mentioned above	9,713,577.16	-27,646,046.93	—
Other profit and loss items that meet the definition of non-recurring profit or loss	82,062,043.30	103,686,105.15	Note
Sub-total	1,139,846,807.59	758,055,397.41	—
Income tax effect amount	-213,467,777.82	-124,367,018.61	—
Amount of minority interest impact (after tax)	-161,176,623.65	-89,243,789.55	—
Total	765,202,406.12	544,444,589.25	—

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.

The Group does not have any non-recurring gains or losses recognized as items not listed in “Explanatory Announcement No. 1 on Information Disclosure of Companies Issuing Public Securities – Non-recurring Gains and Losses”, and the cases in which the non-recurring profit and loss items listed in “Explanatory Announcement No. 1 on Information Disclosure of Companies Issuing Public Securities – Non-recurring Gains and Losses” are defined as recurring gain or loss.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 2023 are as follows:

Profit during the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the Company	11.59	0.5827	0.5822
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	9.47	0.4771	0.4767

XIX. OTHER SIGNIFICANT EVENTS

The Group has no other significant events required to be disclosed during the year.

XX. APPROVAL OF THE FINANCIAL STATEMENTS

The Group's financial statements for 2023 were approved for presentation by the Board of Directors of the Group on 22 March 2024.

Chairman: Wang Xiufeng

Submission date for Board approval: 22 March 2024

REVISION HISTORY

Applicable Not applicable



中國外運股份有限公司
SINOTRANS LIMITED

Address: Sinotrans Building Tower B, Building 10,
No. 5 Anding Road, Chaoyang District, Beijing, China

Postcode: 100029

Fax: 8610 52296519

Email: ir@sinotrans.com

Company website: <http://www.sinotrans.com>