Stock Abbr.: SF Holding

Stock Code: 002352



2019

S.F. Holding Co., Ltd.

Annual Report

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Notice

The Company prepared its 2019 Annual Report in accordance with relevant regulations and guidelines set forth by the China Securities Regulatory Commission and the Shenzhen Stock Exchange, including the "Publicly Listed Company Information Disclosure Content and Format Guideline No. 2 Annual Report Content and Format," the "Shenzhen Stock Exchange Listing Rules," the "Shenzhen Stock Exchange Standard Operating Guidelines for Small and Medium Enterprises," and the "Small and Medium Enterprise Information Disclosure Memorandum No. 2 – Matters Related to Periodic Disclosures." The Company's 2019 Annual Report was prepared and published in Chinese and the English version is for reference only. Should there be inconsistency between the Chinese version and the English version, the Chinese version shall prevail. Investors can access the Company's 2019 Annual Report on Cninfo (www.cninfo.com.cn), which is designated by the China Securities Regulatory Commission for Publishing the Annual Report.

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01

Important Information, Table of Contents and Definitions



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Important Information

The Company's Board of Directors, Supervisory Committee, directors, supervisors, and senior management hereby guarantee that the contents of the Annual Report are true, accurate, and complete, and that there are no misrepresentations, misleading statements, or material omissions, and shall assume individual and joint legal liabilities.

Wang Wei, the Company's responsible person, NG Wai Ting, the person in charge of accounting work, and Wang Lixiu, the person in charge of the accounting department (accounting officer), hereby declare and warrant that the financial report within the Annual Report is true, accurate, and complete.

All directors have attended the Board meeting approving the Annual Report.

Forward-looking statements such as future development plans in this report do not constitute the Company's promise to investors. Investors are advised to invest rationally and to take into account possible investment risks.

The Company is required to comply with the disclosure requirements presented in the *Shenzhen Stock Exchange for Industrial Information Disclosure No.9 – Listed Companies Engaged in the Express Delivery Services Business*.

In this Annual Report, the Company details the possible risk factors and countermeasures that may occur in the future. For more information, refer to "Possible Risks and Countermeasures" in "Section IX. Prospects of the Company," found in "Chapter 4. Management Discussion and Analysis of Business Operation." Investors shall refer to this information.

The profit distribution proposal reviewed and approved by the Company's Board of Directors on March 23, 2020 is as follows: based on the share capital of 4,403,300,190 (calculated by deducting the 11,010,729 shares in the Company's repurchase special accounts from the total share capital 4,414,310,919 as of March 23, 2020), a cash dividend of RMB2.70 (including tax) will be distributed for every 10 shares held. There will be no equity dividend or conversion of equity reserve into share capital of the Company.

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Definitions

Term	Description
Reporting period	January 1, 2019 to December 31, 2019
The same period of previous year	January 1, 2018 to December 31, 2018
The Company, The listed Company, SF Holding	S.F. Holding Co., Ltd., formerly known as Maanshan Dingtai Rare Earth and New Materials Co., Ltd. After completing a major asset restructuring (as defined below) in December 2016, it was officially renamed to S.F. Holding Co., Ltd. in February 2017.
RMB	Renminbi yuan
Mingde Holding	Shenzhen Mingde Holding Development Co., Ltd., the controlling shareholder of S.F. Holding Co., Ltd.
Dingtai New Materials	Maanshan Dingtai Rare Earth and New Materials Co., Ltd., The predecessor of S.F. Holding Co., Ltd., it was renamed to S.F. Holding Co., Ltd. in February 2017.
Taisen Holding	Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a subsidiary of S.F. Holding Co., Ltd.
Shunda Fengrun	Ningbo Shunda Fengrun Venture Capital Partnership (Limited Partnership), formerly known as Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership)
Jiaqiang Shunfeng	Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership)
Zhaoguang Investment	Shenzhen Zhaoguang Investment Co., Ltd.
Oriza Shunfeng	Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership)
Guyu Qiuchuang	Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership)
Shunxin Fenghe	Ningbo Shunxin Fenghe Venture Capital Partnership (Limited Partnership), formerly known as Ningbo Shunxin Fenghe Investment Management Partnership (Limited Partnership)
Hive Box Technology	Shenzhen Hive Box Technology Co., Ltd.
The restructuring counterparties	Shenzhen Mingde Holdings Development Co., Ltd., Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership) (renamed Ningbo Shunda Fengrun Venture Capital Partnership (Limited Partnership) on October 17, 2019), Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership), Shenzhen Zhaoguang Investment Co., Ltd., Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership), Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership), and Ningbo Shunxin Fenghe Investment Management Partnership (Limited Partnership) (renamed Ningbo Shunxin Fenghe Venture Capital Partnership (Limited Partnership) on October 15, 2019)
Major asset restructuring	In December 2016, all assets and liabilities (exchange-out assets) of the Company's predecessor, Dingtai New Materials, was replaced with the equivalent 100% equity (exchange-in assets) of Taisen Holding held by all shareholders of Taisen Holding as of December 31, 2015. The difference between the exchange-in assets and the exchange-out assets was purchased by Dingtai New Materials, the Company's predecessor, from all shareholders of Taisen Holding, in the form of issuing shares.
Exchange-out assets	All assets and liabilities of the Company's predecessor, Dingtai New Materials, as of December 31, 2015.
Exchange-in assets	100% equity of Taisen Holding as of December 31, 2015

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Company Profile and Key Financial Indicators

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I. Company Profile

Stock Abbreviation	SF Holding	Stock Code	002352
Listed Stock Exchange	Shenzhen Stock Exchange		
Chinese Name of the Company	顺丰控股股份有限公司		
Chinese Name Abbreviation of the Company	顺丰控股		
English Name of the Company	S.F. Holding Co., Ltd.		
English Name Abbreviation of the Company	SF Holding		
Legal Representative of the Company	Wang Wei		
Registered Address	Room 801, Floor 8, Wanfu Building, No. 303 Fuyong Avenue, Bao'an District, Shenzhen, Guangdong Province		
Zip Code of Registered Address	518103		
Office Address	Wanji Business Building, Xinzhou 11th Street, Futian District, Shenzhen, Guangdong Province		
Zip Code of Office Address	518048		
Company Website	http://www.sf-express.com		
Email	sfir@sf-express.com		

II. Contacts and Contact Methods

	Board Secretary	Securities Affairs Representative
Name	Gan Ling	Zeng Jing
Address	Wanji Business Building, Xinzhou 11th Street, Futian District, Shenzhen, Guangdong Province	Wanji Business Building, Xinzhou 11th Street, Futian District, Shenzhen, Guangdong Province
Tel No.	0755-36395338	0755-36395338
Fax	0755-36646400	0755-36646400
Email	sfir@sf-express.com	sfir@sf-express.com

III. Information Disclosure and Location of Annual Report

Company's Designated Information Disclosure Media	Securities Times, Shanghai Securities News, China Securities Journal, Securities Daily
Website Designated by the China Securities Regulatory Commission for Publishing the Annual Report	http://www.cninfo.com.cn
Place Where the Annual Report is Available for Inspection	Board Office

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IV. Registration Changes

Organization Code	91340500150660397M
Changes in Main Business Since the Company's Listing (If Any)	There was no change during the reporting period.
Change of Previous Controlling Shareholders (If Any)	There was no change during the reporting period.

V. Other Relevant Information

Accounting firm hired by the Company

Accounting Firm Name	PricewaterhouseCoopers Zhong Tian LLP
Office Address of the Accounting Firm	Floor 11, PricewaterhouseCoopers Center, Tower 2 of Link Reit Corporate Plaza, No. 202 Hubin Road, Huangpu District, Shanghai, China
Signing Accountants' Names	Chen Anqiang, Liu Jingping

Sponsor institution engaged by the Company to perform continuous supervision duties during the reporting period

√ Applicable □ Not applicable

Sponsor institution	Office Address	Financial Adviser Sponsors	Continuous Supervision Period
Huatai United Securities Co., Ltd.	Floor 26, Hong Kong China Travel Building, No. 4011 Shennan Road, Futian District, Shenzhen, China	Zhang Guanfeng, Long Wei	2019.11.14-2020.12.31

Financial adviser engaged by the Company to perform continuous supervision duties during the reporting period

√ Applicable □ Not applicable

Financial Adviser	Office Address	Financial Adviser Sponsors	Continuous Supervision Period
Huatai United Securities Co., Ltd.	Floor 26, Hong Kong China Travel Building, No. 4011 Shennan Road, Futian District, Shenzhen, Guangdong Province, China	Zhang Guanfeng, Fang Yuhui	2016.12.07-2019.12.31
CITIC Securities Co., Ltd.	North Tower of Superior Times Square (Phase II), No. 8 Center Road 3, Futian District, Shenzhen, Guangdong Province, China	Wu Caojian, Deng Shufang	2016.12.07-2019.12.31
China Merchants Securities Co., Ltd.	China Merchants Securities Building, 111 Fuhua Yi Road Futian District Shenzhen, Guangdong Province, China	Fu Cheng, Wu Hongxing	2016.12.07-2019.12.31

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VI. Key Accounting Information and Financial Indicators

Does the Company need to adjust its financial information retrospectively or restate its previous year accounting information?

√ Yes □ No

Rationale for retrospective adjustments or restatements

Business combination involving enterprises under common control

	2019	2018		Increase/ Decrease over the previous year	2017	
		Before restatements	After restatements	After restatements	Before restatements	After restatements
Revenue (RMB)	112,193,396,064.26	90,942,694,239.83	90,942,694,239.83	23.37%	71,272,633,122.78	71,272,633,122.78
Net profit attributable to shareholders of the parent company (RMB)	5,796,505,532.20	4,556,048,279.54	4,555,906,237.39	27.23%	4,774,131,883.45	4,774,184,798.66
Net profit after deducting nonrecurring profit or loss attributable to shareholders of the parent company (RMB)	4,207,763,900.82	3,483,589,642.99	3,483,589,642.99	20.79%	3,702,637,496.23	3,702,637,496.23
Net cash flow from operating activities (RMB)	9,121,273,475.49	5,424,885,792.11	5,458,300,549.11	67.11%	6,333,932,523.79	6,283,968,829.62
Basic earnings per share (RMB/share)	1.32	1.03	1.03	28.16%	1.12	1.12
Diluted earnings per share (RMB/share)	1.32	1.03	1.03	28.16%	1.12	1.12
Weighted average return on net assets	14.86%	13.21%	13.19%	An increase of 1.67 percentage points	18.15%	18.14%

	Year End 2019	Year End 2018		Increase/ Decrease Over Previous Year End	Year End 2017	
		Before restatements	After restatements	After restatements	Before restatements	After restatements
Total assets (RMB)	92,535,386,807.84	71,614,568,816.64	71,764,601,474.11	28.94%	61,247,068,892.62	61,297,237,980.93
Total equity attributable to shareholders of the parent company (RMB)	42,419,713,739.80	36,561,011,876.15	36,710,922,749.21	15.55%	32,878,378,815.09	32,928,431,730.30

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VII. Differences arising from accounting standard of the PRC and the International Accounting Standards

1. Differences between net profits and net assets disclosed in the financial reports in accordance with Chinese accounting standards and international accounting standards

☐ Applicable √ Not applicable

There is no difference between the net profits and net assets disclosed in accordance with Chinese accounting standards and those disclosed in accordance with international accounting standards in the reporting period.

2. Differences between net profit and net assets disclosed in the financial reports in accordance with Chinese accounting standards and overseas accounting standards

☐ Applicable √ Not applicable

There is no difference between the net profits and net assets disclosed in accordance with Chinese accounting standards and those disclosed in accordance with overseas accounting standards in the reporting period.

VIII. Quarterly key Financial Indicators

Unit: RMB

	The First Quarter	The Second Quarter	The Third Quarter	The Fourth Quarter
Revenue	24,027,959,841.71	26,046,744,192.14	28,695,392,176.35	33,423,299,854.06
Net profit attributable to shareholders of the parent company	1,263,228,586.24	1,837,883,052.39	1,210,384,736.05	1,485,009,157.52
Net profit after deducting nonrecurring profit or loss attributable to shareholders of the parent company	835,983,098.41	1,494,327,018.02	1,180,977,650.38	696,476,134.01
Net cash flow from operating activities	1,421,831,229.75	3,395,055,319.93	2,830,339,876.67	1,474,047,049.14

Do the above financial indicators differ significantly from those disclosed in the Company's quarterly and semi-annual reports?

☐ Yes √ No

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IX. Non-Recurring Profit or Loss

√ Applicable □ Not applicable

Unit: RMB

Item	2019	2018 (Restated)	2017 (Restated)	Note
Investment income from disposal of subsidiaries	848,211,045.94	807,518,533.61	–	For details, please refer to Note 5(3)(a) of Chapter 12 Financial Report.
Gains on disposals of non-current assets (including offsetting amount for the provision of impairment of assets)	31,356,737.19	71,160,937.90	1,075,903,723.03	
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the Company's business operations, in accordance with national uniform standards)	545,508,216.82	295,443,847.50	230,922,102.34	It mainly represents government subsidies arising from fiscal appropriation, transportation capacity subsidies and tax refund, etc.
Net loss/profit arising from business combinations involving enterprises under common control from the beginning of reporting period to the combination date	-2,123,517.28	-43,047,655.76	3,495,095.51	
Gains or losses from changes in fair value of financial assets and liabilities held for trading, derivative financial assets and liabilities, and investment (losses)/ gains arising from the disposal of financial assets and liabilities held for trading, derivative financial assets and liabilities and other debt investments, excluding hedging activities related to the normal business operations of the Company	364,072,933.26	-8,398,916.11	14,060,964.04	It mainly attributable to the gains arising from changes in fair value of other non-current financial assets.
Income from external entrusted loans	–	416,510.40	5,060,742.88	
Net amount of other non-operating income and expenses	-38,285,034.94	13,515,766.49	24,976,445.24	
Less: Income tax effect	159,282,664.33	63,672,015.52	281,823,573.43	
Profit or loss attributable to minority shareholders (after tax)	716,085.28	620,414.11	1,048,197.18	
Non-recurring profit or loss attributable to shareholders of the parent company	1,588,741,631.38	1,072,316,594.40	1,071,547,302.43	–

Provide explanations for classifying non-recurring profit and loss items defined in the *Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Profits and Losses*, and for classifying non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Profits and Losses* as recurring profit and loss items.

□ Applicable √ Not applicable

The Company has not classified non-recurring profit and loss items defined or listed in the *Explanatory Announcement No. 1 for Public Company Information Disclosures – Non-recurring Profits and Losses* in the reporting period.

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Business Overview

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I. Primary business of the Company during the reporting period

Is the Company required to comply with disclosure requirement of a particular industry?

Yes

Express Delivery Service Industry

The Company is required to comply with the disclosure requirements of the "Guidelines of the Shenzhen Stock Exchange for Industrial Information Disclosure No.9 –Listed Companies Engaged in the Express Delivery Services Business."

(I) Primary business, products, operating models etc. of the Company during the reporting period

SF Holding is a leading integrated express logistics service provider in China. After years of development, it has basically established the capabilities of providing integrated comprehensive logistics solutions to customers. Not only does it provide high quality logistics services from the delivery end, it has also extended its services to segments of production, supply, sales and distribution in the front-end of the value-chains, and catered to consumer demand by using data technologies such as big data analysis and cloud computing to provide customers with comprehensive solutions including intelligent warehouse management, sales forecasting and self-service big data analytics. The logistics products of the Company mainly include various types of express services such as express delivery, economy express delivery, intra-city delivery, warehousing service and international express delivery; express transportation services focused on LTL (less than truckload) service; and cold chain transportation services for customers in the fresh produce, food products and pharmaceutical segments. Moreover, SF Holding also provides value-added services such as insurance and Cash on Delivery (COD) as well as diversified and refined services to customers.

Based on the diverse needs of different industries, customers and scenarios, SF Holding adheres to the "customer-centric, demand-driven and experience-based" product design philosophy that focuses on each industry's unique characteristics, and starts from the application scenarios of customers to drill into their requirements for different use cases within the end-to-end whole process and other individual requirements of customers. Thus SF Holding is able to design suitable products, services and solutions for customers while creating value-added differentiation, and such product design in turn drives internal resource allocation and optimizes the product system. SF Holding continues to enhance the competitiveness of its service quality by providing customers with experience of fast product delivery and high service quality; continues to optimize operation model and enhance resource efficiency while reducing costs and increasing efficiency, providing customers with cost-effective services and achieving win-win for the Company and its customers. Meanwhile, SF Holding enables product innovation with technologies to create industry solutions and provide customers with integrated comprehensive logistics services.

SF Holding is also a smart logistics operator with network scale advantages. SF Holding has a gigantic logistics network at home and abroad, including an "aviation network" consisting of all-cargo aircraft, commercial flight and drones; a "ground network" consisting of operating service points, transit and distribution service points, land transportation networks, customer hotline networks, and last mile networks; and an "information network" consisting of various types of big data, blockchain, machine learning and planning optimization, AI recognition for voice/image/computer graphics/smart security checks and smart logistics map. The three networks are integrated into one "aviation +ground + information" network. This directly operated network has domestic and overseas coverage and is a comprehensive logistics network system with the most powerful network control, the highest stability, and the most unique resources in the industry domestically.

SF Holding adopts a direct operation model. The headquarter implements centralized operation and management of all branch offices. It also centralizes collection, delivery, distribution, processing, transit and transportation, and allocates network resources according to the actual needs of business development. Meanwhile, SF Holding uses a large number of information technologies to ensure that the entire network implements uniform standards, and has established a number of industry-leading business information systems to ensure the quality of overall network operations. SF Holding is currently the first express delivery A-share company that adopts the direct operation model.

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SF Holding offers diversified and comprehensive logistics services based on customer needs

Major Time-definite Products

Same Day Delivery
Shipments made within specified service locations and time frames can be delivered by 8 p.m. on the same day

Next Morning Delivery
Shipments made within specified service locations and time frames can be delivered by 12 p.m. on the following day

Next Day Delivery
Shipments made within specified service locations and time frames can be delivered by 6 p.m. on the following day

Major Cold Chain Products

Cold Chain Economy Express
Exclusive express service characterized by whole-journey cold chain transport by land and prioritized end delivery for food with temperature control requirements on the basis of cold warehousing resources

Cold Chain to Store
Regular point-to-point or point-to-multipoint delivery service with refrigerated vehicles

Cold Chain LTL
Multi-batch small-quantity city-to-city LTL logistics services for goods that do not meet the requirements for a full truck-load, with temperature-control provided throughout the transportation process

Cold Chain FTL
Inter-district full truck-load direct transportation service with relatively fixed routes and refrigerated vehicles

Main Value-added Services

- Shipment Protection Plus
- Return Proof of Delivery
- Cash on Delivery
- Customs Declaration
- Food Preservation
- Pickup Authorization
- Packaging
- Scheduled Delivery

Major Freight Products

Heavy Parcels
For single-ticket 20-100 kg parcels, To C large parcels, and some To B transfers between warehouses

Heavy Cargo Special Services
Full truck-load transportation (3+ tonnes) for large-volume plant-warehouse and warehouse-ware-house transfers

Small Ticket LTL
For single-ticket 100-500 kg parcels, mostly pallet-load and bulk shipments

Large Ticket LTL
For single-ticket 500-3,000 kg parcels, mainly offered for medium/large-sized businesses and factory-warehouse, warehouse-warehouse and warehouse-store transfers

Major Pharmaceutical Products

Pharmaceutical Special Delivery
Door-to-door delivery service for temperature-sensitive drugs/reagents and low-temperature transportation of biological samples

Pharmaceutical FTL
Cold storage whole-vehicle direct transportation service for pharmaceutical products with relatively fixed routes

Pharmaceutical LTL with fixed-time collection/delivery
Cold-chain pharmaceutical logistics service that transports biopharmaceuti-cal and special new IVD and DTP drugs within the temperature range of 2-8 ℃

Pharmaceutical LTL via regular vehicles
LTL logistics service designed for medical supplies such as biopharma-ceutical products and vaccines within the temperature range of 2-8 ℃

Supply chain solutions & integrated supply chain services

Leveraging SF artificial intelligence, system R&D and big data technologies, fully developed logistics networks and product portfolios, as well as SF DHL's and New HAVI's professional expertise in supply chain services, we provide enterprises with end-to-end, smart and integrated supply chain solutions and comprehensive supply chain services covering various industries and application scenarios, encompassing three levels of operations – strategic supply chain planning, tactical planning and optimization, and operational execution and management.

Economy & Warehousing Products

Economy Express
Shipments made within specified service locations and time frames can be delivered by 23.59 p.m. on the second day

Warehousing Service
Professional warehousing services such as single-storage, nationwide warehousing, and digital cloud warehousing

Major Intra-city Products

Help Me Send
Fast intra-city delivery service provided for retail customers; average delivery time: within 60 minutes on average

Help Me Buy
Intra-city shopping service provided for retail customers

Customized products
Customized intra-city logistics services for strategic clients, new forms of business and new business models

Standard products
Standardized instant logistics products, including: high-quality branded delivery service with 100% order acceptance; time-definite services with the delivery timeframe guaranteed; and cost-effective economy products with high price/performance ratio

Major International Products

International Standard Express
Door-to-door, fast processing throughout the process, with formal customs declaration service provided

International Economy Express
Economy international express services for customers not sensitive to transit time

International E-parcel
Cross-border E-parcel services via international air transportation, customs clearance and delivery for cross-border e-commerce businesses

Note: Time-effectiveness for the above is for reference only.

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(II) Development stage and cyclicality of the industry, and the Company's market position

The life-cycle of an industry generally consists of four development stages: startup, growth, maturity, and decline. The Chinese express delivery industry is currently going through a transition from the growth stage toward the maturity phase – a time characterized by fast-growing demand, consolidation of logistics technology and high market-entry barriers. On the other hand, the market as a whole relies substantially on upstream demand, market participants have limited means of competition, and user stability tends to be low. China's express delivery industry currently has the following characteristics:

1. Consistent rapid growth and growing market concentration

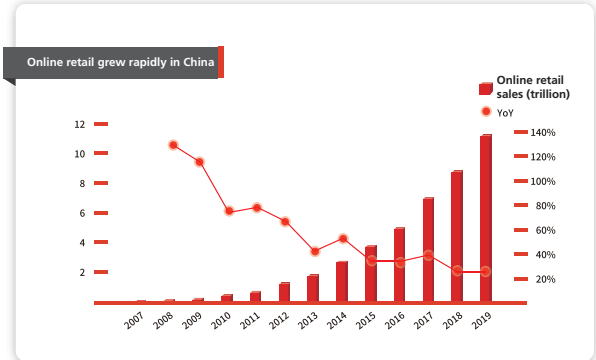
The express delivery industry started in China between the late 1970s and early 90s. Thanks to the economic open-up policy, trade activities between China and foreign countries became increasingly commonplace and China's economic growth accelerated, resulting in a dramatic increase in domestic and international delivery services. After many years of rapid development, China has grown into the world's largest express delivery market by business volume. In 2019, a total of 63.52 billion shipments were delivered by Chinese express delivery companies, up 25.3% year-on-year (yoy); and their operating revenues grew by 24.2% yoy to RMB749.78 billion, data from the State Post Bureau shows. As the fastest-growing and most dynamic emerging express delivery market in the world today, China's parcel delivery volume has surpassed that of the United States, Japan and Europe combined, and accounts for more than 50% of total global growth, making it the powerhouse and stabilizer for the international post industry. According to the "Report on the Operation of the Chinese Express Delivery Industry in 2019" released by the State Post Bureau, the brand concentration index, CR8, came in at 82.5% in 2019, with all major market players registered faster growth in business volume relative to the industry average, indicating consistent increases in market concentration.

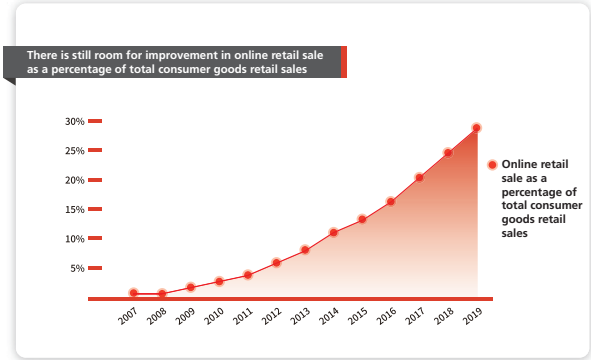
2. A shift away from the labor- and capital-intensive business model toward technology-intensive operations

In its early years, China's express delivery industry scaled up through labor-intensive development; during the following two decades or so, the leading players succeeding in securing funding from external sources or via stock listings, and then continued to expand businesses via mergers and acquisitions (M&As); in recent years, however, labor costs have risen consistently in line with the expansion of delivery networks, and technology application capabilities have become the main driving force for industry upgrade. The market has reached the technology-intensive stage, prompting the leading players to adopt automation technology to boost productivity. By integrating technology seamlessly with business operations, some of them managed to achieve breakthroughs in business volume and reduce labor costs at the same time. In the current stage of development, companies with strong technology R&D and application capacities will have a sustainable competitive edge over their peers.

3. E-commerce remains a key growth driver for express delivery businesses

Unlike its counterparts in the U.S. and other developed economies, the Chinese express deliver industry has benefitted enormously from the rise of the traditional e-commerce market. The e-commerce shipping market has grown at a relatively fast pace in recent years, amid rising penetration of e-commerce in small Chinese cities, a boom of cross-border e-commerce sales and proliferation of internet celebrity e-commerce platforms. Nationwide online retail sales rose by 16.5% yoy to RMB10.63 trillion in 2019, data from the National Bureau of Statistics shows. Specifically, online retail of physical goods surged 19.5% yoy to RMB8.52 trillion, accounting for 20.7% of the total retail sales of consumer goods. From a macro-level perspective, there is still plenty of room for increase in online retail sales relative to total consumer goods retail sales.

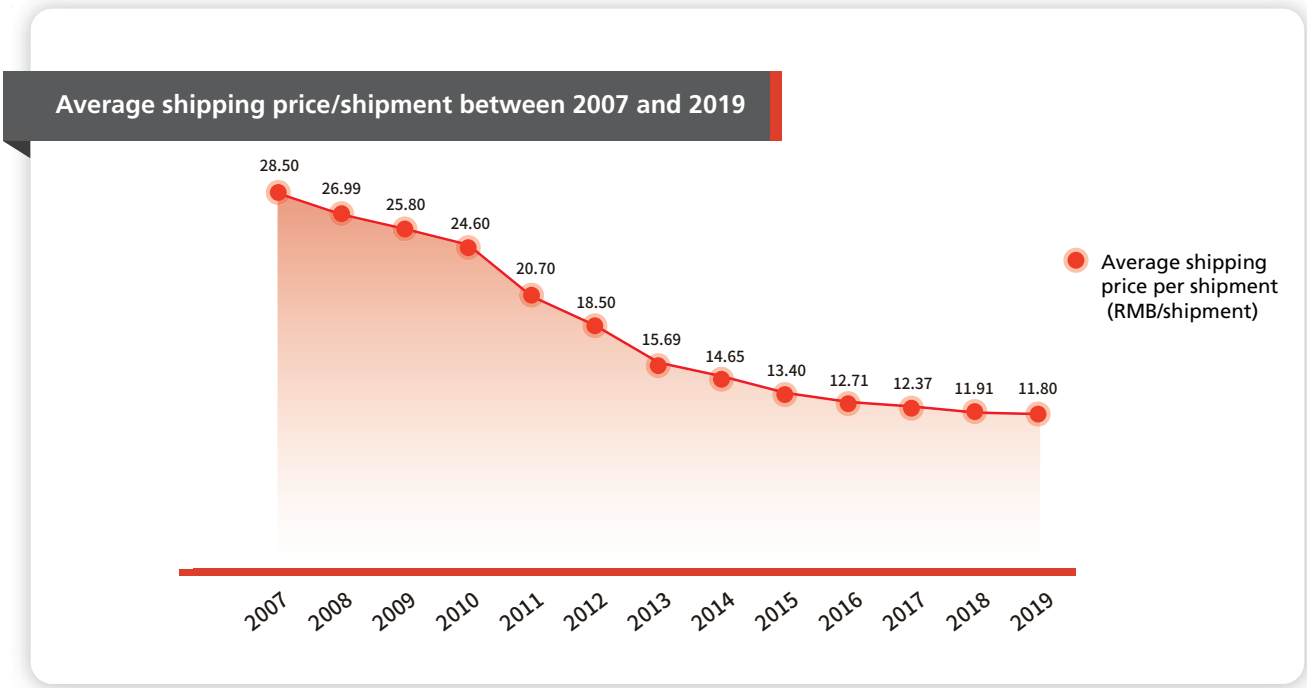




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4. Homogeneous competition among e-commerce delivery service companies

The express delivery price per shipment has declined consistently in recent years – from RMB28.50 in 2007 to RMB11.80 in 2019. It is mainly attributable to the rapid development of the e-commerce express delivery business (one of the major business segments for express delivery companies), as well as homogeneous competition among e-commerce delivery services – most e-commerce delivery businesses rely heavily on price competition to grow market share.



Source: State Post Bureau

5. Express delivery markets tend to be regionally divided with a high degree of seasonality

China's express delivery industry demonstrates a high degree of regionality. Due to differences in economic development levels, most delivery businesses are concentrated in eastern regions, with central and western regions clearly lagging behind, where the growth potential is relatively more significant. According to statistics released by the State Post Bureau, in 2019, eastern, central and western regions chipped in 79.7%, 12.9% and 7.4% of the total volume of express delivery businesses, respectively, and 80.2%, 11.3% and 8.5% of the total revenue.

Shipping orders are also highly seasonal. Major holidays and the fourth quarter, a time when social, trade and transport activity reaches a peak, are the high seasons with a spike in demand for express delivery service, while the Lunar New Year period is the low season due to a decline in production and business activity.

6. Technology allows companies to build logistics ecosystems, as market leaders branch out into new businesses

Growing market demand for different logistics services in recent years has made "pure-play" logistics businesses unsuitable for consumer needs, prompting leading players in the country to diversify their businesses. On the one hand, major delivery firms have expanded their businesses and networks through M&As, asset reorganization and affiliation schemes. On the other hand, e-commerce and logistics companies and private investors have forayed into the express delivery market at an accelerating pace. The constant inflow of new market participants has greatly stimulated market vitality and given rise to new forms of businesses. There has been a gradual transition from the labor-intensive model toward a technology-intensive one. The leaders have seen continuous improvement in productivity and risk-resistance. Furthermore, they have built their own logistics ecosystems by synergizing various business operations.

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7. SF Holding targets precisely at mid- to high-end markets to build an industry solution technology service company through direct operation

Targeting precisely at mid- to high-end markets, SF Holding has secured its leading position in the express delivery industry in China leveraging on its direct operation model, the "aviation + ground + information" three-in-one integrated network resources, and its strong technological capabilities. The Company has preliminarily built up the capabilities to provide customers with integrated comprehensive logistics solutions extending from distribution and delivery to the front-end segments of the value chain such as production, supply, sales and distribution segments. Customer-demand-oriented, the Company uses big data analysis coupled with diversified services such as express delivery, economy express delivery, intra-city, freight and warehousing services to provide customers with integrated logistics services such as trunk route transportation, store delivery, sales forecast and warehouse management with top service efficiency and quality, which enable the Company to win brand reputation and market influence successfully.

II. Major Changes in Key Assets

1. Major Changes in Key Assets

Key Assets	Description on major Changes
Accounts receivable	Increased due to business growth.
Other current assets	Increased due to increase in wealth management products.
Investments in other equity instruments	Increased due to increase in equity investments.
Equity assets	No major changes.
Fixed assets	Increased due to the addition of buildings, aircraft and accessories.
Construction in progress	Decreased due to conversion of some office buildings and aircraft modification projects into fixed assets.
Intangible assets	Increased due to the recognition of intangible assets arising from business combination, completion of self-developed software and land purchases.
Goodwill	Increased due to the business combination.

2. Key Overseas Assets

√ Applicable □ Not applicable

Details of Assets	Method of Formation	Asset Size (RMB)	Location	Operating Model	Controls	Net Profits (RMB)	Proportion of Company's Net Assets	Significant Risk of Impairment?
CHUI YUK HOLDING LIMITED and its subsidiaries	Acquisition	3,960,045,751.69	Hong Kong	Industrial park	——	7,955,657.17	9.34%	No

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III. Core Competitiveness Analysis

(I) Extensive technological capabilities contribute to its unique core competitiveness in the industry

Logistics Technology

Drone

Complete and independent innovation capability: mastery of a complete range of core technology and production techniques

Industry-leading operational capability: standardized operational control, highly duplicate operating models

Active involvement in formulation of industry standards: main contributor and drafter of industry standards

More than 340 patents, including patents granted or under application
Obtained first UAV Commercial Operation License (pilot)

Smart wearables

Smart Bluetooth headset: single-step voice command with superior performance

Smart handheld terminals: front-end information collection and efficient delivery

Quick mobile measurement: volume measurement, fast and accurate

Smart Packaging

Green packaging platform: standardized, green and sustainable

Package pre-processing center: offer support for first mile delivery of fresh food

PV transportation project: transformation and upgrade plan of the photovoltaic market supply chain

More than 340 patents,
including patents granted or under application

Information Security

A champion of network information security and regulatory compliance

Make breakthrough with innovations and exercise privacy and security management over the entire chain

Ensure information security of enterprises in all aspects by means of open cooperation

Passed ISO29151、ISO27701:2019
Completed **6** safety improvement programs
Participated in the setting of **3** industry standards

Green Logistics & Information Security

Digital Smart Decision-making

Building Data Ecology

Application of big data technology: network-wide smart digital management

Consulting about big data: smart supply chain solution

Application of blockchain technology: whole-process tracking, quality supervision

Data traffic tops **40PB** with average daily traffic exceeding **1PB**

Smart Logistics Map

Accurate location service: daily average of a billion bytes of geographic information with accurate positioning of data

Address-matching service: change wrong address-matching and standardize data entry

Visual resource allocation: refined operation, smart scheduling

The average daily demand for cloud services reaches **330 million**
The SDK requests at terminals are **700 million** times per day

Smart offices

Efficient coordination, IT-based management

490,000 users, **87%** of whom are daily active users

AI Smart Decision-making

Services forecast: collection and delivery, transit, warehouse management etc.

Location planning: distribution points, collection and delivery points , transit site etc.

Route planning: network design, route planning

Smart scheduling: collection and delivery, warehouse management, customer service, etc.

Route pricing: efficient, reasonable and transparent auto-pricing

Digital distribution: comprehensive monitoring before, during and after the transit

AI recognition

Safe driving platform: vehicle environment tracking, effective monitoring to guard against risks

Intelligent security inspection: contraband identification, high accuracy and high efficiency

AI Argus: service standardization, 6S site management

Automation Equipment

Automatic sorting: stable and efficient, customized and modular

Vison based singulator system: large irregular pieces, high-speed separation

Unmanned provision: high quality, highly efficient provision of goods

Smart Transit

Smart AI decision-making based on big data

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SF Holding continues to emphasize on and proactively invests in the construction of its various smart logistics infrastructures, aiming to grow into a technology-driven industry solution service company. In 2019, SF Holding continued to enhance investment in research and development technologies in areas such as big data and products, artificial intelligence (AI) and application, precise map platform, smart equipment, intelligent hardware and integrated logistics solutions, which yielded stable enhancement of its scientific capabilities. SF Holding had a total of 2,361 patents and 1,220 copyrights awarded or under application. The number of invention patent applications in 2019 accounted for 60% of the total patent applications in 2019. In terms of the number of patents held, SF Holding ranks first in the domestic express delivery industry. In 2019, through technological innovations, SF Holding empowered the logistics industry with intelligent, digital, visual and customized transformation. SF Holding was successively granted 30 industry accolades including the "World's 50 Smartest Companies 2019" by MIT Technology Review, and 2019 China's Top 10 Leading Innovative Logistics Enterprises in Smart Logistics, in addition to the important qualifications of "Shenzhen Key Software Enterprise" and "Shenzhen High-tech Enterprise".

1. Big data ecosystem construction

(1) Big data technology applications

In 2019, SF Holding continues to optimize data collection and integration, desensitization and security mechanisms, machine learning and data visualization, big data operation and maintenance and other big data service capabilities. The amount of business data collected amounted to exceed 40PB, and daily average calculation exceeds 1PB. Through the big data technology framework, the Company integrated data from all segments of collection, transfer, transportation and distribution. The Company also improved data development efficiency and data service quality by establishing big data products and services, and further supported the business expansion in various sectors including delivery, warehousing, transportation, cold chain, pharmaceutical, international, and supply chain. SF Holding developed and launched smart big data solutions based on scenarios in the areas of fresh food, retail, telecommunications, energy, government affairs, finance, agriculture, pharmaceutical, among others. In 2019, SF Data Lighthouse was granted the First Prize of Science and Technology Award by China Express Association and SF Big Data Platform was granted the Top Ten Big Data Cases Award by the Ministry of Industry and Information Technology.

(2) Big data consultancy

On the basis of its data strength and supply chain construction experience, SF Holding provided customer-oriented big data consultancy and created smart supply chain solutions for over 40 industry leading companies. The solutions cover many industries including, among others, fast-moving consumer, retail, auto parts, manufacturing, pharmaceutical, 3C, and worked hand in hand with customers to build smart supply chain benchmarks in the industry.

As of now, SF Holding has set up a supply chain intelligent planning and management platform to establish a one-stop intelligent supply chain system based on technologies including machine learning, operations research & optimization and big data analysis. SF has established an end-to-end solution covering areas from system planning to operation execution through an enhanced supply chain product matrix, SF's own warehouse allocation resources and operation capability, which constitutes the core competitiveness of SF's supply chain. To solve the supply chain problems of enterprise customers, SF provided customers with systematic, intelligent and integrated solutions, including data consultancy services and corresponding software products in demand forecasting, warehouse network planning, inventory planning, intelligent replenishment, route optimization and other aspects, and ultimately realized supply chain system optimization, cost reduction and efficiency improvement.

(3) Application of Blockchain Technology

SF Holding further enhanced the application of blockchain technology in various scenarios such as vaccine, drug and agriculture traceability and cross-border retail traceability, based on its business development demands and strategic development. The Company actively explored and achieved remarkable progress in various areas including construction of traceability platform, certificate storage platform and supply chain finance platform, declaration and acquisition of a number of patents, participation in and formulation of industry standards for blockchain, and the base layer of blockchain, trusted access to the IoT, partnership governance, privacy protection and computing.

"SF's Application of Blockchain Technology in Tracing of Agricultural Products" was conferred with the award of High-value Case by Trusted Blockchain Summit 2019.

2. Smart logistics map

SF's smart logistics map platform, based on the high-precision address platform of SF, is extensively applied to the whole process of logistics including customer ordering, smart scheduling, transit sorting, planning transportation, terminal distribution and operation management, providing smart location decision service more tailored to logistics scenarios. Operation iteration has created the first logistics map service product of industrial grade in China which has become the infrastructure for the construction of SF's digital and smart facilities. The Smart Logistics Map manages 700 million pieces of data of couriers' locations as well as ground track data covering some 21 million square kilometres on a daily basis; the daily average request volume of cloud services has reached 330 million and the number of daily average request volume of terminal SDKs has exceeded 700 million.

3. AI smart decision-making

(1) Machine learning and planning optimization

1) Business demand forecasting

SF Holding, has built a business demand forecasting system with deep learning, machine learning and time series forecasting technology, that is highly compatible with characteristics of the logistics industry, to create business forecasts on hourly, daily, monthly and other dimensions. This service has been used to support business scenarios such as manpower planning, smart scheduling and task dispatch at peak periods to effectively help resource allocation, providing data for all the service points throughout the network.

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2) Site selection programming

SF Holding has established a site selection planning system for the logistics industry by using big data, operations research algorithms and machine learning technology, fully considering various factors such as site function positioning, transfer capability coordination, customer experience, site costs, and timeline. Meanwhile, SF Holding has also constructed a high-standard and visualized information system that can support site planning and operation management, to assist the Company in planning and making decision of investment and management through online streamlining process and model intelligent recommendation science.

3) Intelligent network and route planning

SF Holding has already built a versatile system consisting of a comprehensive network and route planning algorithm that can be applied in various business scenarios. This system, integrating models of network design, route planning, resource optimization and random simulation, improves the timeliness and reduce cost in transportation. The network design and resource optimization models output corresponding network structure and configure capacity and operational resources based on specific logistics product requirements together with various key indicators of network such as timeliness, cargo capacity and node processing capability.

4) Smart staff scheduling

Smart staff scheduling aims at optimizing staff management by creating a platform that can make all staff and shift related information accessible online by using cutting-edge technologies such as operation planning and machine learning, and then automatically generate the scheduling results according to the historical off-line scheduling results and more importantly, automatically generate the optimized staff scheduling results. As a result, the staff arrangement is more optimal and flexible and resource planning is more scientific. The service is being used for couriers, warehouse management and customer service positions.

5) Route Pricing

SF Holding has developed a route pricing solution based on its extensive experience in logistics and transportation data accumulation foundation, and expertise in business and multiple transaction scenarios. The solution is developed through the application of AI, operations research and other technologies and it is suitable for various route scenarios. By doing so, SF has established efficient and scientific automatic pricing system. The route pricing solution helps provide transport capacity prices in line with various transaction modes in the logistics market, in order to solve the practical problems of untransparent pricing, low transaction efficiency and high cost in the freight market.

6) Digital distribution

SF Holding has built a digitalized transit operation platform for different business scenarios at gateway hubs. Through operation algorithm and machine learning technology, pre-preparation, in-process early warning and post-analysis are carried out for comprehensive monitoring of various operation processes, while digitalised operation solutions, core data-based analysis and panoramic perspective of core resources are provided to realize express lifecycle management, enable intelligent decision-making and accelerate online and intelligent information and resource management, hence driving transformation of traditional management models.

(2) AI recognition

Through comprehensive utilization of computer vision, deep learning and other technologies, video and pictures relating to parcels, personnel, vehicles and sites in logistics scenarios are analyzed. The smart vision system is able to detect the working status of personnel, track the trajectory of parcels and vehicles as well as predicting abnormal behaviors so as to realize smart management and deployment of personnel, vehicles, and sites, etc. It can also effectively prevent damage to parcels and increase the efficiency of site operation. The overall solution includes subsystems for vehicle operation analysis, site 6S management, personal appearance and behavior detection, whole process of cargo traceability, parcel volume measurement, X-ray illegal contraband detection, high-precision map information recognition, 3D perceptual measurement, and smart retail for segmentation of different business scenarios.

1) Safe driving platform collects environmental data inside and outside the vehicles by installing video cameras on operating vehicles to identify and track static and moving objects. The real-time detection and safety alert features significantly improve the safety of the drivers, and dramatically reduce safety risks for both the couriers and goods delivered. With the help of big data analysis offered by the platform, driving behaviors of drivers are analyzed and assessed, and relevant training and learning plans are formulated to continuously increase safety consciousness and driving skills of drivers, thereby reducing traffic accidents. Thus far, the system has been installed and operated on more than 10,000 self-operated vehicles, and will be promoted to cover the entire fleet of vehicles.

At the same time, based on the demand for high-precision map information in the logistics industry, SF Holding has developed a set of traffic information identification technologies. The products have realised collection of traffic information for road and district areas automatically during the parcel delivery process. Several sub-projects are included, such as traffic sign detection and recognition, detection of traffic lanes and district buildings as well as shop POI information among others. It can not only be integrated into the driving assistance system, but also can be utilized in route planning and help vehicles make decisions in finding accessible route.

2) The intelligent security inspection system tackles various problems, including typical issues with traditional security inspection machines such as inability to connect to networks, process data in real time, or perform retroactive tracing, and unreliable quality and efficiency of security inspections. It collects and displays data on the operating status of security screening machines, the number of packages passing through, the types and the number of illegal and prohibited products, etc., and improves the efficiency and accuracy of security inspections. SF's intelligent security inspection system is highly scalable and compatible, and can be used in a wide variety of scenarios such as public transportation facilities, exhibitions, border inspections, highways and logistics parks.

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3) "AI Argus (慧眼神瞳)" can monitor various types of non-compliant incidents, including violated actions like throwing and kicking, stacking and blocking of belt conveyors in operating sites in real-time. Therefore, it effectively enhances identification rate of issues and reduces the probability of damaged and lost items. It provides base data for the entire network including parcels traceability, loading rate detection, vehicle scheduling, transportation capacity monitoring, and staff efficiency analysis. The AI Argus provides full-process image and video segment query capabilities based on package number, as well as detects and issues warnings about damages in each segment in real time. The AI Argus identifies the customers and staff at stores, calculates the customer flow dynamically, and analyzes the self-service conversion rates of stores. In addition, it realizes standardized business process management, site 6S management in the field of the entire network and eliminates management blackholes.

4) Smart retail solutions provide integrated services of data collection, visual analysis and operation management for retail industry and brand manufacturers. Shelves are analyzed in real-time, stands, piles, refrigerators and other data are analyzed based on photos of stores. The analysis facilitates accurate identification of commodity SKU, display location and other information, forming display images of single stores and multi-store chains. The material, duration and frequency of advertisement placement are accurately positioned by identifying the main body in the video/image. Statistical analysis of passenger flow and user attributes are realized through analysis of multi-dimensional information such as faces, pedestrians and key points. Smart retail solutions can be widely applied to patrol tasks in retail scenarios, enhancing efficiency of patrolling significantly, and further providing industry consultancy solutions including store location and store displays based on multi-dimensional information.

4. Automatic and smart wearable device

(1) Automatic sorting system

A variety of smart automatic sorting systems that are low-cost, highly reliable, highly customized and modularized, which have been deployed in transit fields by SF Holding on a massive scale. Particularly, a product series of linear/circular cross-belt sorting system with high applicability, whose processing capacity covers from 10,000 pieces/hour to 19,000 pieces/hour and the allowed number of sorting direction is between 40 and 360, has been developed for sorting small packages. As for the hybrid scenario with single delivery items and others with or without destination information, a product series, including the multi directional wheels sorting system and the module-belt sorting system, has been developed.

(2) Vision based singulator system

The vison based singulator system detects the positions of large packages on dense arrays through real-time visual recognition. Its high-speed control algorithms can achieve high-speed real-time singulation of different volumes and different types of large parcels. It operates at a singulation speed of 4,000 pieces/hour/unit of equipment, with a stable singulation rate of 98%, which is higher than the industry average (96%).

(3) Unmanned parcel supply system

The unmanned parcel supply system mainly solves site operation problems including low efficiency of automated sorting equipment in manual supply, low quality of supply, excessive number of supply personnel. Based on the computer vision AI algorithm, the system realizes automatic singulation of mixed small packages, and realizes unmanned supply of mixed packages through cooperative high-speed control with cross belts. The system is capable of automatic singulation of 5,000 mixed packages per hour per unit of equipment, as well as completely automated high-speed supply.

(4) Smart Bluetooth headset

Smart Bluetooth headset ("Xiaofeng") takes automatic speech recognition technology as the core, combines TTS voice broadcast and natural language understanding system, and activates the daily terminal manual operation of collection and delivery through voice instruction. When it is activated by voice, you can use voice command. "Xiaofeng" supports 8 hours of continuous talk and 72 hours of standby time with an innovative lapel clip anti-lost design and IPX5 waterproof function. Xiaofeng is fitted with a dual microphone for noise reduction so that excellent voice recognition can be achieved even in extreme environments.

"Xiaofeng", can free up the hands of couriers, and the original 8-10 steps manual operation was reduced to a simple voice command, further boosting the couriers' work efficiency. At the same time, it supports continuous generation change and online upgrading without replacing hardware. It has high flexibility and can adapt to the business needs of different scenarios, and help improve data collection for operation at the collection and delivery end and promotes the digital transformation of SF Holding.

(5) Smart hand-held terminals

The seventh-generation smart handheld terminals (HHT7) are customized based on the Android 8.1 operating system. By collecting information in advance, information can travel faster than cargo while also guiding and monitoring the flow of parcels. The high extending capability and compatibility of the terminals allow them to support 1st-tier and 2nd-tier employees in accessing peripherals, which are highly compatible with business needs while allowing on-demand configuration.

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(6) Quick mobile measurement

Insta 3D's mobile-end measurement features offer a solution to the issue of light parcel measurement facing collection and dispatching staff. Measurement takes less than one second to complete with a volume error of less than 4%. For larger-sized objects, Insta 3D is equipped with a new fixed device measurement function to measure the volume of large-sized objects that are difficult to move around. Furthermore, Insta 3D has also been applied in areas such as animal husbandry insurance and warehousing supply chains on a pilot basis.

5. Smart offices

SF Holding provides users with a one-stop smart office platform through SFIM's multi-terminal applications and smart mobile technologies. Through perfect integration of third-party business applications, data applications, and scenario applications, the platform connects both upstream and downstream enterprises in SF's ecosystem. SFIM significantly improved the efficiency of enterprise collaboration, enterprise management and information application. In 2019, approximately 490,000 users used SFIM for work communication and business processing, with an average daily activity rate of 87%.

6. Digital warehousing and benchmark warehouses

A complete SF cloud-based digital and automatic system has been constructed to support E-commerce warehouses, automatic benchmark warehouse, cold chain warehouses, medical warehouses, food warehouses, international shipping warehouses, SF operation and logistics warehouse, front warehouse, micro warehouses, and other business-specific warehouses. The handling capabilities for daily operation and peak season has been comprehensively enhanced. Omnichannel supply chain management, multi-dimensional data analysis, application of big data and AI technology in intelligent warehouse network route, development and application of system solutions for segmental industries, support for improving customer experience in warehousing is available. SF Holding has also invested in an industry-leading web-based comprehensive warehousing service platform – Warehouse In Cloud, to provide warehouse searching, warehouse leasing, integration of warehousing and distribution and other services, upon which it has built the country's leading "warehouse as a service" digital warehouse network platform. An open digital warehouse ecosystem network is built for integrating online and offline warehouse resources, to provide more diversified warehousing solutions for customers.

SF automated warehouse having the state of the art level in the industry is the benchmarking of modern logistics. With the combination of automated warehouse, AGV system, robot system, multi shuttle system, automatic weighing, automatic packaging, electronic labelling and other systems, the warehouse management system is highly integrated with Warehouse Control System. The standardized, digital, and intelligent automated warehouse management system has been completed. "Goods-to-person" picking, robotic sorting, "Pick-to-light" seeding and other technology applications have truly realized the transformation of operation methods and improved SF's warehouse automation processing capability and industry competitiveness significantly.

7. Logistics drones

(1) Strong innovation capability

SF Holding has a comprehensive plan for massive deployment of logistics drones for commercial purposes. It seeks to build a standard management system for the R&D, flight-testing, production, and operations of logistics drones to complement the existing transportation capacity of the company, and extend service coverage. The drones will be deployed in mountainous regions and other less accessible areas, and perform point-to-point transportation and even asynchronous handover, solving transportation issues under exceptionally challenging conditions. The Company has mastered the core technology of logistics drones. The number of patents granted to us, including those currently being filed for, exceeded 340, some 50% of which are invention patents.

SF Holding has developed drone express delivery solutions for its clients, established a logistics drone testing, production and operation system and mastered the key technologies and production processes of logistics drones. A number of products have been developed including H4, Ark, and Manta Ray, covering a wide variety of drone models ranging from multi-coper and vertical take-off/landing to fixed-wing drones, which are capable of delivering parcels of up to 10kg within 100km.

(2) Industry-leading operational capacity

Logistics drone operation management and ground control system can perform basic tasks such as route management, drone status monitoring and job dispatching, as well as automatically matching tasks with drone models and batteries. In addition, the ground control system collects and processes operational data to build the big data ecosystem. SF Holding has established standard data format and information interface for the operation and ground control system, which will be integrated into the civil aviation information and control platform in the future, laying a solid foundation for fully integrated airspace operations.

On March 27, 2018, SF Holding received the first drone airspace operation (pilot project) license ever granted by the Civil Aviation Administration of China Eastern Region Administration, marking the start of commercialization of logistics drones in China. After nearly two years of drone logistics distribution trial operations, SF Holding has established a scalable operation model that can be easily replicated in other locations. Thus far, we have been approved to operate in the airspace in the southwestern region of Sichuan Ganzi Tibetan Autonomous Region, Aba Tibetan and Qiang Autonomous Region, Yunnan Diqing Tibetan Autonomous Region, etc. covering more than 30 cities and counties, benefiting more than 2.5 million low-income population.

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(3) Major participant in setting the industry standard

In March 2019, SF Holding participated in the drafting and preparation of the "Regulations for the Operational License of drone Logistics Distribution Operators" of the Civil Aviation Administration of China Eastern Region Administration. In April 2019, SF Holding, in partnership with the State Post Bureau, has applied for the establishment of "Regulations for the Joint Information Collection and Exchange of Postal Express Delivery Drones" and "Code for the Operation of drone Logistics Delivery".



8. Smart packaging

(1) Construction of green packaging ecosystem and smart platform

SF Holding has always been committed to promoting the lightweight, reused, reduced, recyclable, degradable, intelligent application and implementation of packaging to build a sustainable packaging ecosystem. It has applied for more than 340 patents on packaging solutions for cold chain, pharmaceutical, freight, special goods, intra-city catering and other industries. SF Holding has implemented standardized packaging over products such as cherry, lychee, Chinese bayberry and peach. The "recyclable container management platform" realizes the unified management of various recyclable containers, in which the reusable packaging box "Feng Box" has put into application in 96 cities and has been recognized by dozens of domestic and foreign leading brands. SF Holding reduced carbon emissions by 33,000 tons in 2019. SF Holding has reserved resources for environmental protection decomposition programs and achieved remarkable results in decomposition.

(2) Scenario-based packaging preprocessing center

In order to facilitate the standardization, industrialization and automation of post-harvest fresh fruits in production sites, to protect the "first mile" shipment of fresh products, to improve the quality of fresh products and the consumer experience. SF Holding has established pre-treatment centers with an integrated model of "smart fresh technology + automatic pre-treatment + packaging scenarios". SF Holding has established 16 different types of pre-treatment centers production sites. The centers are tasked with tackling the pain points of the fresh food industry and help customers to realize efficiency improvement and industrial upgrading.

(3) PV transportation project

In response to the special business demands of the PV market proposed in business circles and given the current national planning requirements for PV energy, SF Holding formulated integrated solution of "green packaging + warehousing and transportation + digitalization" that serve the interests of the country, customers, and the Company. SF Holding helped customers solve a series of issues ranging from excessive packaging costs and high product cracking rates to difficulties in IT-based transformation.

9. Information security

(1) Maintain network security and ensure compliance

In 2019, SF Holding has successively completed six security governance tasks initiated by the Ministry of Public Security, the State Post Office, the Guangdong Provincial Communications Administration, the Ministry of Industry and Information Technology and other departments, including: personal information protection, postal network security, big data governance, blockchain security, oversight.

(2) Innovative breakthroughs and practice of full-chain privacy and security management

In 2019, SF Holding successfully passed the ISO29151 personal identity information protection practice guide certification and ISO27701: 2019 new international standard for privacy information management based on the implementation of the ISO27001 certification standard and the second and third level requirements of network security level protection. SF Holding is the third in the world and the first in the logistics industry to pass the ISO27701: 2019 standard certification. The international certification agency DNV GL highly affirms SF's long-standing efforts and endeavors to protect customer information security.

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(3) Open cooperation and comprehensive protection of corporate information security

SF Holding participated in the formulation of three security standards of the industry led by the Central Cyberspace Affairs Commission and other institutions. The standards involved include "Cloud Computing Security Technology Specification (《云计算安全技术规范》)", "IoT Platform Security Technology Specification (《物联网平台安全技术规范》)" and "Information Security Technology Hybrid Cloud Security Technology Requirements (《信息安全技术混合云安全技术要求》)". SF released a set of life-cycle data security solution products,namely the "Cuiyu Data Security Solution (粹御数据安全解决方案)". SF proposed a data security solution based on natural language content learning, thereby realized in-depth learning to achieve automatic recognition of privacy information, and detection of sensitive information.

(II) Top ranking in quality for consecutive years, and good branding image has been established

SF Holding has established itself as a well-recognized and reputable express delivery service provider through more than 20 years' development. It is synonymous with "efficiency", "punctuality" and "safety", widely noted for its excellent corporate and brand image.

1. Top ranking in customer satisfaction for 11 consecutive years

According to the 2019 Express Delivery Service Satisfaction Survey issued by the State Post Bureau(《2019年快递服务满意度调查结果通报》), S.F. Express ranked No. 1 in "Overall Satisfaction of Express Delivery Enterprises." SF Holding has topped the ranking for eleven consecutive years since the State Post Bureau began announcing the rankings for the first time in 2009.

2. Ranked No. 1 in timeliness throughout the entire process of express delivery service

In January 2020, the State Post Bureau released the 2019 Express Delivery Service Punctuality and Timeliness Test Results (《2019年快递服务时限准时率测试结果》), which evaluated the ten major express delivery companies. SF Holding ranked No. 1 in all the six indicators, including timeliness throughout the entire process, timeliness of handling at the place of origin, timeliness of transportation and handling at the place of destination, delivery timeliness and 72-hour punctuality. SF Holding ranked No. 1 for seven consecutive years since the State Post Bureau first announced entire process rankings for express delivery in 2013.

3. The SF brand is universally recognized across the society

On May 29, 2018, WPP, a global communications group, and Kantar announced the list of ranking for "2018 BrandZ Top 100 Most Valuable Global Brands". SF entered in the ranking list for the first time. On May 6, 2019, WPP and Kantar announced the list of ranking for "BrandZ 2019 Top 100 Most Valuable Chinese Brands". S.F. Express ranked 16th, and ranked among the top in the list of ranking for two consecutive years, maintaining the top position among express enterprises. SF Holding ranked No. 9 in the Fortune 2019 Most Admired Chinese Companies released in October, 2019. In December 2019, SF Holding won the "New Brand of the Year" (年度新锐品牌) award at the 2019 CCTV China Best Brand Ceremony (2019CCTV中国品牌强国盛典).



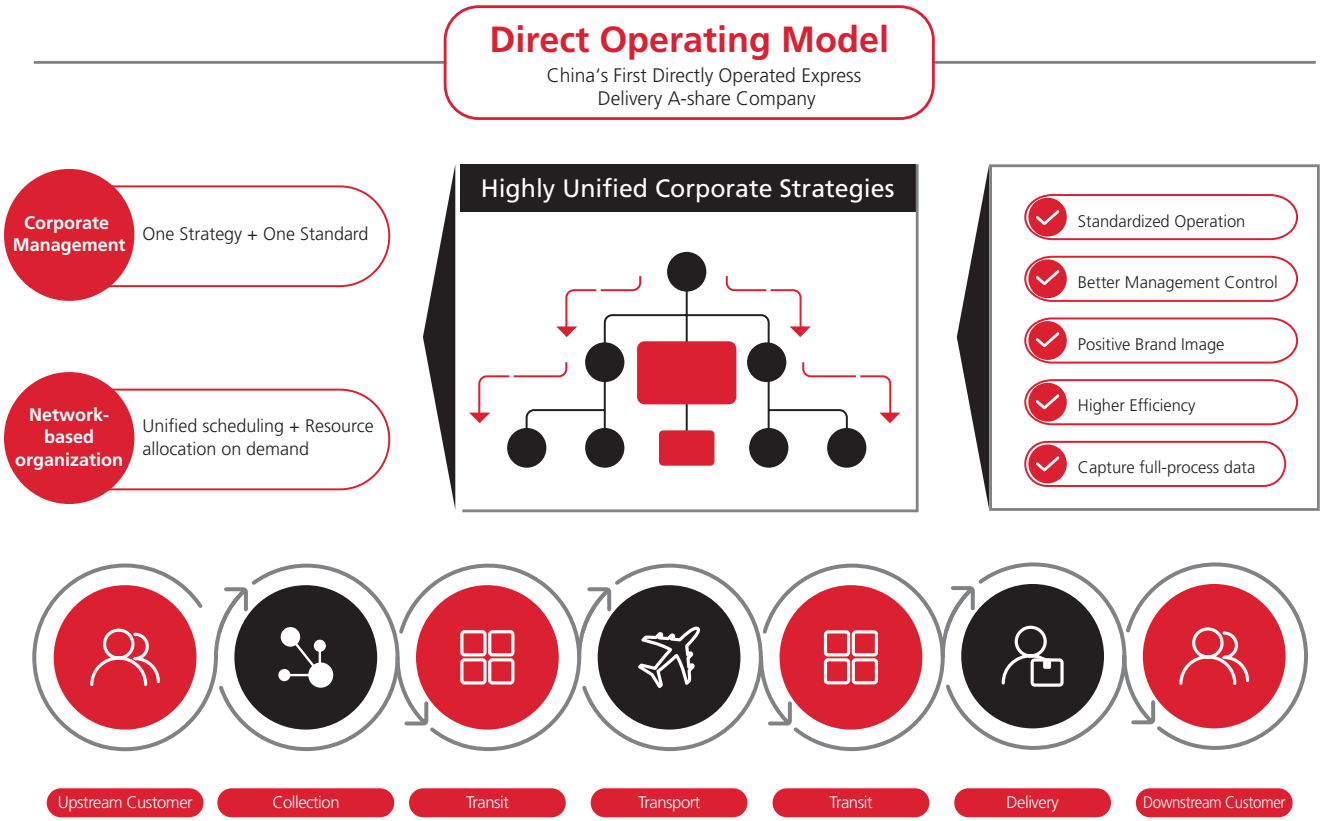
Ranking	Brand	Industry
1	Huawei Investment & Holding Co., Ltd.	Telecommunications, communications and telecommunications equipment
2	Sany Group Co., Ltd.	Manufacturing
3	Zhuhai Gree Group Co., Ltd.	Electronics, electrical appliances, electrical equipment
4	Alibaba Group Holding Limited	Internet/Internet services
5	Ping An Insurance (Group) Company of China, Ltd.	Insurance
6	China Baowu Steel Group Corporation Limited	Metals
7	Qingdao Haier Co., Ltd.	Electronics, electrical appliances, electrical equipment
8	China Kweichow Moutai Distillery Group	Food and beverages
9	S.F. Holding Co., Ltd.	Transportation, transport and logistics ★
10	CRRC Corporation Limited	Manufacturing

Most Admired Chinese Companies for 2019

SF EXPRESS 顺丰速运

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(III) The first express delivery A-share company with direct operation model



Globally, all Fortune 500 express delivery firms (USPS, DHL, FedEx, UPS, La Poste) adopt the direct operating model.

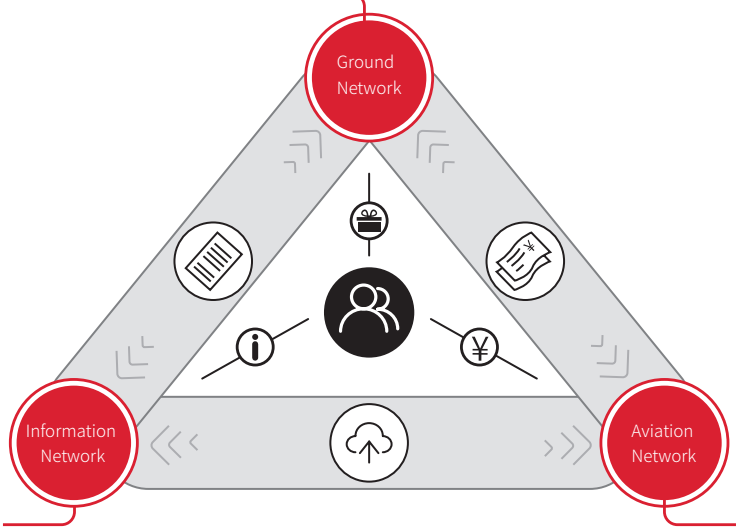
SF Holding adopts an operating model with strong management and control over the whole network, and it is the first A-share express delivery company that adopts the direct operation model. The headquarters of SF Holding controls all express delivery networks and core resources, including collection and delivery points, transit depot, trunk and branch routes, aviation hub, aircraft, vehicles and employees. **The direct operation model has absolute control over the whole logistics operation and helps ensure unified in top-down corporate strategies,** to ensure effective achievement of corporate strategies and operation goals.

The direct operation model has the following advantages: **(1) Ensure operating stability and control.** The express delivery industry is characterized by scale and networking, involving tens of thousands of operating service points and hundreds of thousands of employees; and how to ensure the stability and control of the company's operations is the key to ensure future sustainable development. All levels of SF Holding's business entities from headquarters to service points, and the core business segments from collection to transit, and from transit to delivery, have primarily adopted the direct operation model. Only a portion of non-core operations is complemented by outsourcing. This model not only guarantees the stability of the Company's business operations, but also ensures the control in handling abnormal risk events, time sensitivity, quality and cost of operations, and ensures the Company's sustainable and healthy development in the future. **(2) Facilitate standardized customer service and operation management, thereby improving quality and efficiency.** SF Holding adopts standardized management across the entire network, together with a uniform top-down approach in operation monitoring and appraisal mechanism within the company, it can effectively maintain service quality and timeliness to ensure the customer experience and improve service perception. **(3) Enhancement of standardization and compliance in internal management.** Benefiting from the advantage of being uniform, standardized, and well-controlled, the direct operation model ensures that the Company's external operations, internal management, fiscal and taxation management, corporate governance, and other controls are standardized and compliant to avoid various types of compliance risk, and accountable to the State, regulatory authorities, and all shareholders. **(4) Facilitate the new business to use the resources of the whole network to achieve collaboration in terms of customers, systems, personnel and resources, etc., as well as fast incubation and expansion. (5) Improvement in customer loyalty and brand reputation.** The direct operation model enables the Company to stay close to its customers and to fully and precisely understand their needs at first instance. When a problem occurs, the direct operation model enables the Company to handle and respond to customers immediately and ensure that service quality and customer satisfaction are maintained. As a result, SF Holding held the top ranking in the industry's customer satisfaction and brand reputation for ten consecutive years. **(6) Better control of the entire data process and core information.** Under the direct operation model, information systems and data of full processes are managed and controlled in a centralized and unified manner, which is beneficial to the valuable big data analysis and application conducted by the Company on customer service. Especially in the process of exploring the creation of smart logistics, the direct operation model helps black technology integrate internal and external resources of the Company for fast application, upgrade and iteration into relevant businesses.

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(IV) Unique and scarce intelligent logistics network, the "Aviation + Ground + Information" three-in-one network

Leveraging on the resources of abundant terminal service points, transit allocation network, transportation fleet, delivery fleet and customer service teams, SF Holding has built a nationwide express delivery network and expands to major countries globally.



SF TECHNOLOGY 顺丰科技

Through integrated application of big data, blockchain, AI, machine learning and smart equipment, hands are released by machines and AI assists in decision-making to facilitate upgrading of smart logistics.

SF AIRLINES 顺丰航空

The aviation network system is formed by mutually complementary "all-cargo aircrafts + commercial flights + drones", with all-cargo aircrafts maintaining an industry leading position in terms of number of cargo aircrafts, flight routes and transportation capacity.

After years of dedicated operations with a forward-looking strategic framework, SF Holding has built up a comprehensive logistics service network that integrates three networks "aviation network + ground network + information network" into one with both domestic and overseas coverage. Under the direct operation model, with strongest network control and highest stability, together with SF Holding's heavy investment in information network, SF Holding now owns abundant network resources that are most unique and scarce among industry peers in China.

1. Aviation network

In 2009, SF Airlines became the first privately-owned air freight company in China, and currently it has developed into an air freight company with the largest air cargo fleet in China. As at the end of the reporting period, among the domestic express delivery companies, only three companies, namely SF Holding, EMS, and YTO Express, have established logistic airlines with independent air transportation capabilities. SF Holding is a leader in domestic industries in terms of quantity of cargo aircraft, number of routes and transportation capacity.

Cargo aircraft: (1) Fleet building: As at the end of the reporting period, SF Holding had a total of 58 self-owned all-cargo aircraft (including Boeing 767: 8 aircraft, Boeing 757: 31 aircraft, Boeing 747: 2 aircraft and Boeing 737: 17 aircraft), with 23.52 years of average service time, and 13 chartered all-cargo aircraft, operating a total of 73 flight routes. SF Holding had 10 wide-body airliners, Boeing 767 and 747, as of the end of the reporting period. Wide-body cargo aircraft has bigger space for transportation, higher fuel efficiency, and better performance in transportation capacity and capability. **(2) Traffic rights and airport slots:** Based on the allocation principle of "seniority" in civil aviation flight schedules, SF Airlines has certain first-mover advantages when compared with other companies. As at the end of the reporting period, SF Airlines had a total of 147 pairs of slots, covering 40 large and medium-size cities nationwide and international cities including Chennai, Hahn, Delhi, and Ho Chi Minh. **(3) Reserve of pilot resources:** As at the end of the reporting period, SF Airlines had a total of 500 pilots, including 205 captains, 260 co-pilots, and 35 student pilots. **(4) Global operating capacity:** SF Airlines launched international China-India and China-Europe B747 routes. The latter is the first inter-continental flight route ever operated by SF Airlines, marking the expansion of our all-cargo carrier businesses from Asia to global markets, in line with the objective of globalizing independent operations. Preparations for launching inter-continental routes typically take more than 12 months. By contrast, SF Airlines completed preparations for the route within three months, attesting to our strengths in terms of coordinating aviation

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resources and seizing market opportunities. Independent operation of the international routes will further improve our business development capabilities in overseas markets. **(5) Aviation safety assurance:** From the first flight to the end of the reporting period, SF Airlines has operated approximately 345,700 hours safely and passed safety assessments conducted by the Central and Southern Regional Administration of the Civil Aviation Administration of China (CAAC) in 10 consecutive years.

Commercial flight resources: SF has also secured stable passenger aircraft bellyhold resources from about 100 commercial airlines at home and abroad through direct operations (cooperating directly with airlines), agents (freight forwarders), or tripartite cooperation (SF, airlines, and agents) to operate 2,029 flight routes at home and abroad.

As at the end of the reporting period, SF Holding's all-cargo aircraft and commercial flights operated a total of 2,102 aviation routes, the total number of flights in 2019 was 1,545,500, with a daily average of 4,234 flights. Total air cargo volume handled by the Company in 2019 was approximately 1,353,200, tonnes, and daily average cargo volume handled was 3,707 tonnes.

Freight capacity of SF Holding's air transport business

Resources		End of the current reporting period/ Current reporting period	Daily average during the reporting period
All-cargo aircrafts	Number of self-owned aircrafts	58 aircrafts	–
	Number of external chartered aircrafts	13 aircrafts	–
	Number of all-cargo aircraft routes	73 routes	–
	Total number of flights	37,800 flights	103 flights
	Total cargo volume	578,700 tonnes	1,585 tonnes

Resources		End of the current reporting period/ Current reporting period	Daily average during the reporting period
Commercial flights	Number of commercial flight routes	2,029 routes	–
	Total number of flights	1,507,700 flights	4,131 flights
	Total cargo volume	774,500 tonnes	2,122 tonnes

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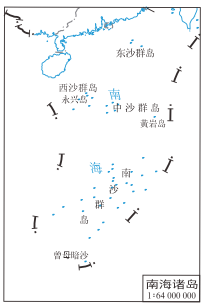
Aviation Network: the largest cargo airline in China + the largest air freight operator in China

71 cargo aircrafts

2,102 commercial and chartered flight routes

4,234 daily average flights

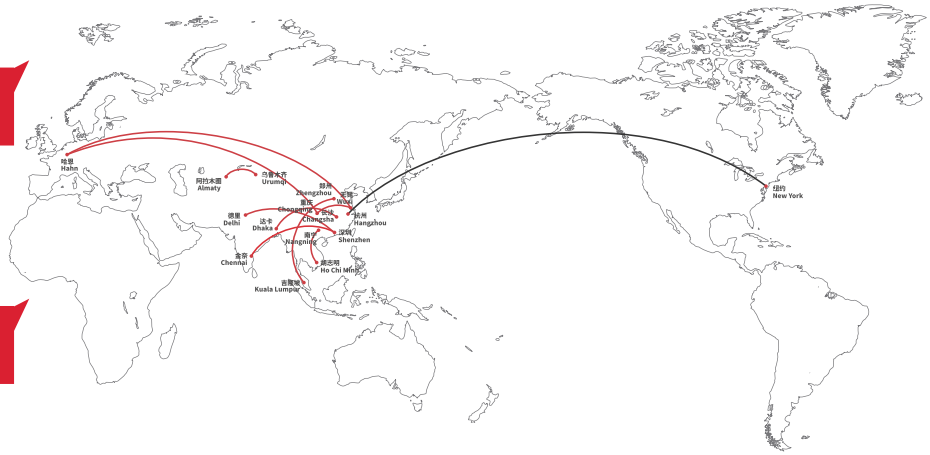




1.35 million tonnes/ **870** million shipments
Air delivery volume

Approximately **18%**
As a percentage of total business volume of the Company

Approximately **24.80%**
As a percentage of total cargo and mail transportation in China



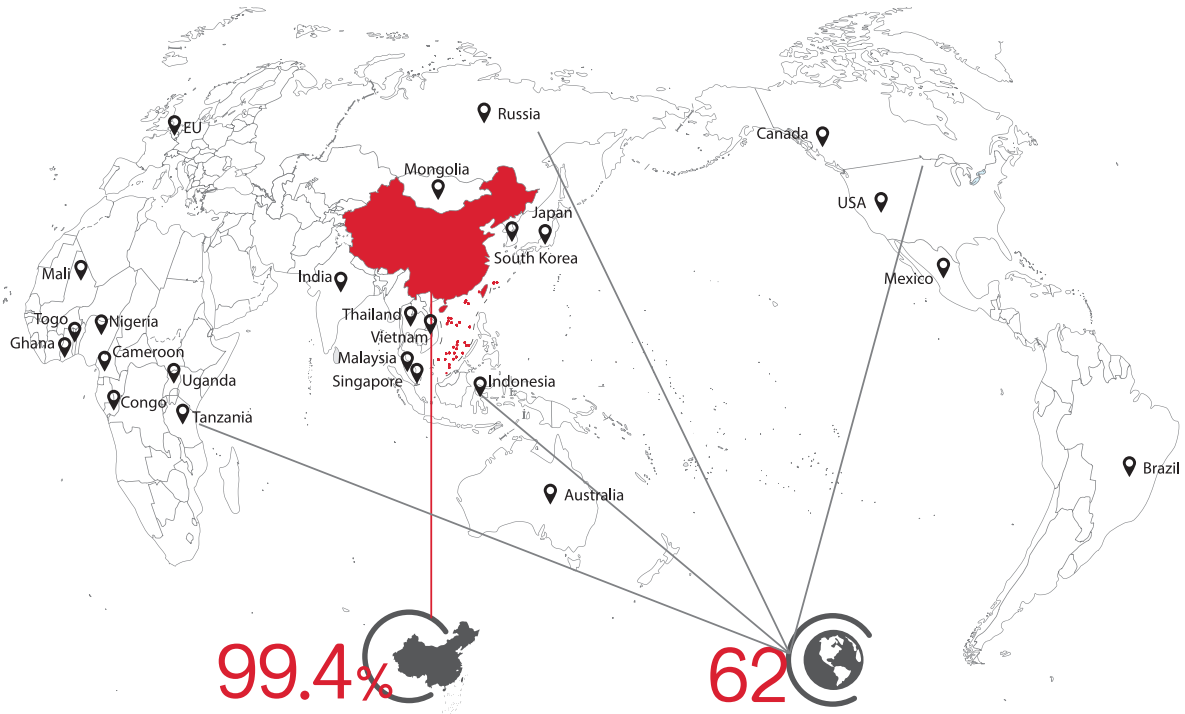
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Future airport construction: The Hubei International Logistics Hub project lies at the core of SF Airlines' transportation system. In the future, SF will use this hub as the center of its air route network that covers the entire country and reaches the world. The construction of the logistics hub project will provide good fundamental support for increasing the coverage of time-definite products, enhancing timeliness of products, improving the stability of services, building high-end integrated logistics service capabilities, and improving customer satisfaction, and is an important way to optimize the Company's aviation network structure and reduce its operating costs.

2. Ground network:

Service points: SF Holding has built a nationwide express delivery service network and expanded it to major countries around the world. As at the end of the reporting period, SF Holding's business covered 335 prefecture-level cities and 2,834 county-level cities, with nearly 18,000 directly-operated service points. For international business, the international standard express and international economy express businesses cover 62 countries including the United States, the European Union, Russia, Canada, Japan, South Korea, ASEAN, India, Brazil, Mexico and Chile. Among which, the international economy express business commenced in 8 African countries including Congo (DRC), Uganda and Mali in June 2019. The international small parcel business, E-parcel, covers 225 countries and regions around the world.

Ground Network: a service network with nationwide and overseas coverage



99.4%

Covers 335 prefecture-level cities nationwide with urban coverage ratio at 99.4%, and covers 2,834 county-level cities with county coverage ratio at 96%.

62

International standard and economy express cover 62 countries and regions; cross-border B2C and e-commerce courier business cover 225 countries and regions.

Self-operated service points	17,832
Including: East China	3,426
North China	5,195
Central China	3,365
South China	2,855
West China	2,781
Hong Kong, Macau and overseas	210

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Courier quantity: As at the end of the reporting period, the Company had about 320,300 couriers. The Company responds to the call of the country's drive for "Mass Entrepreneurship and Innovation" and encourages some employees to start businesses that provide the Company with services of unified brand and quality standards; and on the other hand, the Company actively makes use of social resources. This has not only significantly improved employee motivation and labor flexibility, thereby improving resource efficiency and reducing costs, but also effectively guaranteed the stability of customer service standards and quality.

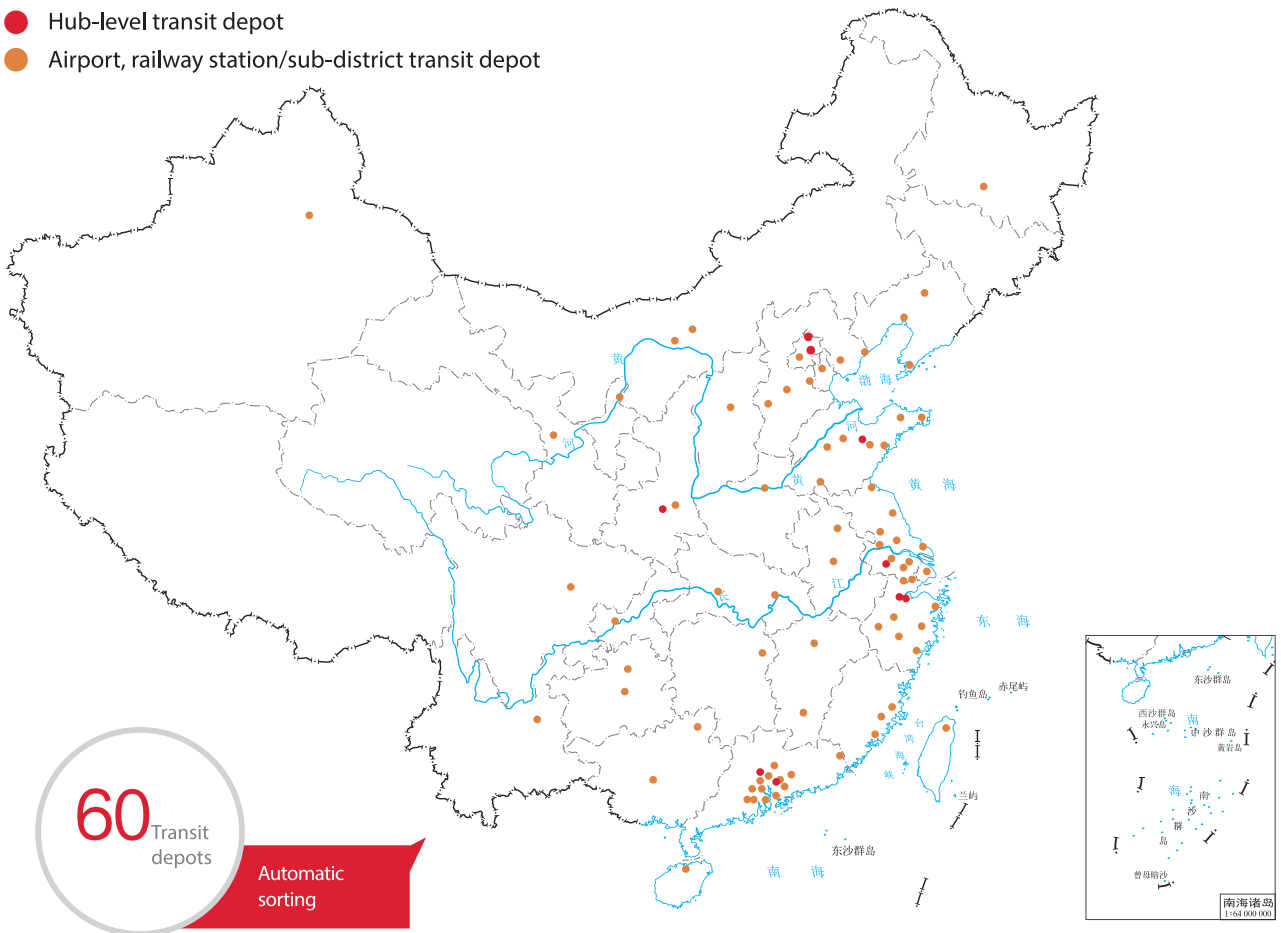
Transit Hub Distribution: As at the end of the reporting period, SF Holding had 9 hub-level transit depots, service points at 36 aviation and railway stations (excluding stations sharing sites with transit depots), and 129 sub-district transit depots (excluding SF freight and SX Freight), of which 60 transit depots have adopted the automatic sorting system.

Ground Network: a transit depots network with nationwide coverage.

9 Hub-level transit depots

36 Airline and railway stations

129 Sub-district transit depots



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Ground transportation network: As at the end of the reporting period, SF Holding had about 43,000 directly-operated and outsourced vehicles for more than 100,000 long-haul and branch routes. The total number of vehicles for terminal collection and delivery was 90,000 (excluding motorcycles and electric vehicles). 161 high-speed railway lines, 122 standard railway lines and 6 express lines have been launched. The ground transportation network of SF Holding covers the entire country. A joint venture CR-SF International Express Co., Ltd., was established with China Railway Express Co., Ltd., a subsidiary of China State Railway Group Co., Ltd. The two sides have continuously built on the joint product networks ever since the inception of the joint venture. As at the end of the reporting, Rail Speedy Express (极速达) services had been made available in 63 cities covering a total of 313 flow-directions, and SF Easy Ship (高铁顺手寄) services were launched in 34 cities, with 78 dispatch points (69 located at high-speed rail stations, and nine outside railway stations) built. The Beijing-Moscow international express freight service was launched, and the China-Russia cross-border e-commerce transportation pilot program was successfully completed. Apart from express delivery businesses developed based on high-speed and regular railway services, the Company piloted multi modal transport operations for bulk materials such as food, fertilizers and aluminum products, in line with the State Council's call for transport industry restructuring aimed at replacing road transportation with rail freight services.

Ground Network: Densely distributed trunk and branch routes, operating vehicles of various tonnages and cooperation with high-speed railway resources enrich the land transportation network.



100,000
Transportation long-haul/branch routes

43,000
Vehicles for long-haul/branch routes

90,000
Terminal collection and distribution vehicles

161
High-speed railway lines

122
Standard railway lines

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Warehouse network: the end of the reporting period, SF Holding owned 175 warehouses of various types (including the New HAVI cold-chain logistics center) in more than 100 high-priority cities across China, with a total area of almost 2.28 million square meters. A nationwide warehousing service network has taken shape. Furthermore, we synergized online and offline resources by seamlessly integrating cloud warehousing platforms and the SF warehousing system, which enables us to deliver professional, efficient and high-quality warehousing services to nearly 1,000 clients. Specially designed for household supplies, apparel, 3C, beauty and cosmetics products as well as cross-border businesses, SF Warehouses have won widespread recognition among market leaders across industries. In 2019, SF Holding continued to build on core capacities, with breakthroughs achieved in the overall competitiveness of SF Warehouses: business strategies covering supply-chain, e-commerce and bulk cargo warehousing and distribution have been developed, revolving around leading brands in market segments; major players in fields such as auto parts, beverages, special logistics and bulk agricultural goods have been acquired; the warehousing and distribution product portfolios were further diversified, providing customer service agents with warehousing solutions covering more categories and application scenarios; both operating scale and unit production capacity hit all-time highs – we reached the industry benchmark in terms of operating efficiency, and our peak processing capacity increased sharply, with a 55% increase yoy in warehousing business volume during the "Single's Day" shopping season. Warehousing solution design capacity has become an integral part of SF supply chain solutions. Offering technical support for key account acquisition efforts, it is one of the core competitivenesses that will fuel the Company's transformation into a "provider of technical services required for developing industry solutions".

Ground Network: covers nationwide warehousing network, provides integrated warehousing and delivery services in all scenarios for e-commerce, cold chain transportation of food products and pharmaceuticals and other industries.

113 E-commerce warehouses

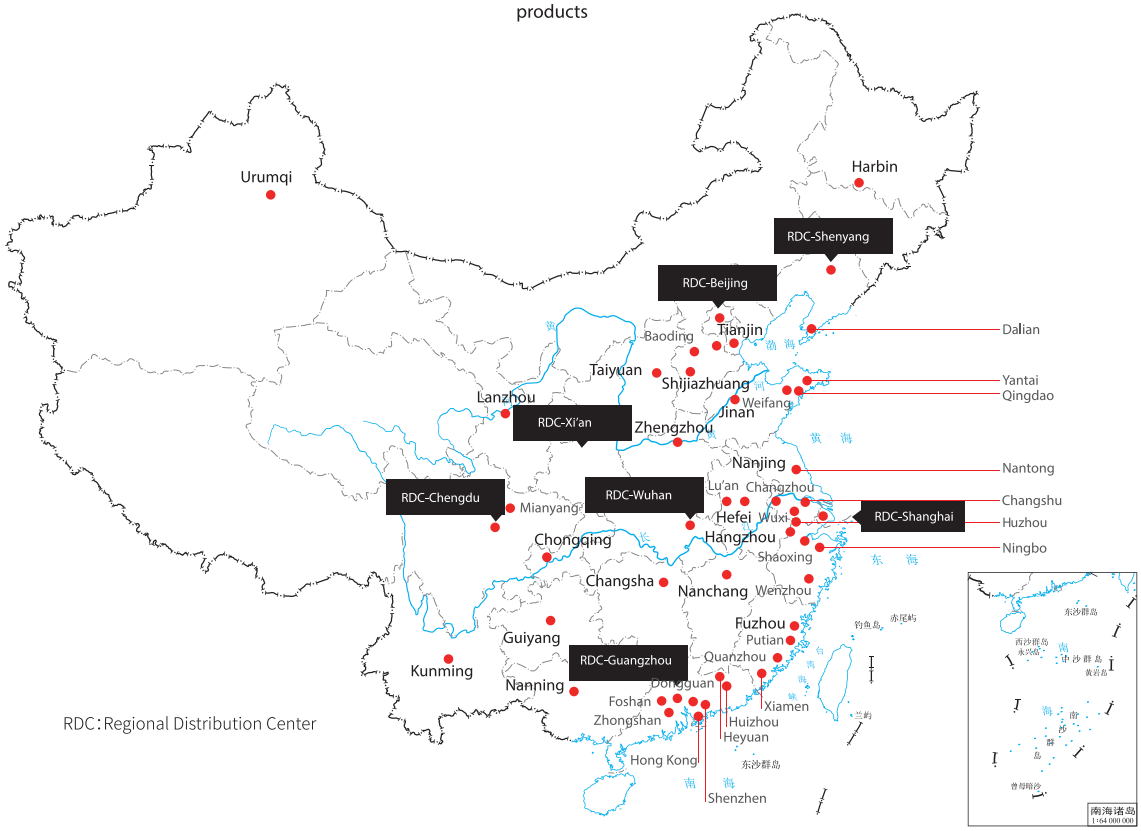
57 Cold storage warehouses for food products

5 Cold storage warehouses for pharmaceutical products

1.92 million sq.m. of e-commerce warehouses

330,000 sq.m. of cold storage warehouses for food products

30,000 sq.m. of cold storage warehouses for pharmaceutical products



RDC：Regional Distribution Center

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Customer terminal service network: SF Holding has four separate call centers in China, and some 900,000 customer calls are served on a daily basis. Customers have 24/7 access to internet-based self-service via WeChat miniapps, WeChat public account, the Company's official website, the SF Credit Account Management Platform and mobile apps; and our 95338 service hotline provides users with uninterrupted service at least 14 hours per day.

SF Holding is committed to developing cutting-edge customer service systems, and responding promptly to their needs; and to building a smart and digitalized service management platform that incorporates artificial intelligence (AI) and big data into the automated customer service systems, which will enable us to proactively identify and address clients' needs and queries, and provide them with professional, efficient and user-friendly services. The AI toolkits are designed to extend the boundary of customer service, boosting business development by making the services more accessible. As a replacement to the traditional IVR interface, voice recognition technology is capable of automatically replying to user queries and processing them with improved efficiency. The online automated customer service system designs and develops task-oriented robots to perform seven online-scenario tasks – return of shipment, forwarding, change of recipient or delivery time, pickup, dispatch reminder and modification queries. Some 85% of customer services can be automatically processed, allowing the system to customize services to the individual needs of customers. With the online service platform and AI-enabled technologies, instructions are issued directly to people responsible for execution to minimize manual intervention and streamline the service process, resulting in a dramatic decrease in response time and considerably improved user experience. The workload of customer service agents is reduced by 262,000 queries per day.



Last mile service: SF Holding has expanded its service networks by increasing the number and density of service outlets. On the other hand, through close collaborations with SF Commercial's retail stores, cooperative agencies, property management companies and smart express delivery lockers, we continued to work on the last-mile delivery solutions, and customer satisfaction has improved consistently as a result. As at the end of the reporting period, SF Holding had established partnerships with some 30,000 cooperative agencies and around 600 property management companies, with 4,328 stores operating in 15,000 counties and townships.

In addition, Hive Box Technology, in which SF Holding has invested as a shareholder, offers 24/7 smart express delivery locker services via its last-mile delivery locker network throughout the country. Thus far, more than 170,000 service outlets have been spread across in more than 110 high-priority cities in partnership with some 57,000 property management companies, covering two million couriers and 200 million consumers nationwide, with a market share in first-tier cities exceeds exceeding 70%.

Focusing on smart device users as the starting point, Hive Box Technology has developed 24/7 unmanned Internet of Things (IoT) solutions to create ecosystem platforms for e-commerce, advertising, delivery and industry service businesses, connecting different groups to achieve win-win development. In particular, in response to the coronavirus pneumonia outbreak, Hive Box lockers are regarded as the major solution of safe shipping without physical contacts. The firm rolled out new features such food delivery and deposit services. As well as diversifying application scenarios, these services effectively protect residents against the widespread epidemic.

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3. Information network:

SF Holding has built a high-speed network covering global business by combining logistics scenarios with business needs, and instantly aggregated business information into SF Intelligent Brain, with the business data volume exceeding the level of 40PB and the daily average calculated amount exceeding 1PB. The Company has conducted analyses and made decisions through the intelligent brain, and achieved the integration of the three networks of "aviation network+ground network+information network" into one network via coordination and adjustment, supporting unlimited business possibilities.

SF Holding has independently researched and developed a complete set of smart network platforms, including SF's core operating systems, the SF Map platform, big data platform, information security platform, and smart O&M management platform. The set of all those platforms has covered all business segments and scenarios to enable business in a fast, flexible, safe and comprehensive manner, and has promoted logistics full chain information interconnection, which has created a smart and solid foundation for the diversified business development of the Company. Meanwhile, the Company has also been committed to the development and implementation of cutting-edge technologies, adhered to independent innovation, facilitated the upgrading of intelligent logistics, applied cutting-edge technologies such as operation optimization, machine learning, deep learning, data analysis and mining to more practical business scenarios, and supported new technology applications with cloud computing. The Company has adhered to user-oriented product design to enhance business performance and user experience, and enabled technology and products to be conscientiously implemented and better serve customers.

Moreover, SF Holding has also integrated internal resources. The Company used big data calculation and analysis, operation optimization, artificial intelligence and other technologies to establish intelligent management and intelligent decision-making platforms such as logistics operation analysis platform and business forecasting platform by relying on massive internal and external data. The Company uses data and technology to make decisions, operate and optimize processes, which has increased the efficiency and scientificness of operation, created SF's "intelligent brain" and realized data-driven technology and technology-enabled logistics.

SF Holding has coverage of domestic and international express delivery networks, coupled with the Company's constant attention and investment in smart information networks, a comprehensive logistics service network integrating the three networks of "aviation network + ground network + information network" into one network was formed, its unique and scarcity characteristics further consolidate and expand the leading advantages of SF in the industry.

(V) Prospectively diversified into new logistics verticals to provide one-stop supply chain services.

SF Holding has been adhering to the development of a diversified network in recent years, which has accelerated its transformation from a single service provider (express) into an integrated logistics service provider. It has expanded horizontally into new businesses such as warehousing, cold chain, international product, freight and intra-city instant delivery service to satisfy diverse customer needs; it has also extended vertically from back-end delivery to the front-end of supply chain by leveraging on the sophisticated logistics system of SF and a portfolio of quality products to offer customized logistic services for enterprises, and provides end-to-end integrated supply chain solutions and services covering the entire process, including supply chain strategy, solution design, implementation and operational management, to assist customers in optimizing, transforming and upgrading their supply chains, and help them cut costs, boost revenues, manage risks and develop new markets. After many years' exploration and hard work, new business development initiatives have started to bear fruit, and SF is now well-equipped to provide one-stop supply chain services. In 2019, new business revenue accounted for 25.63% of total revenues, indicating that new businesses have become one of the key driving force for business growth in the Company.

Integrated development amid rapid growth of new businesses: New business lines of SF, such as freight, cold chain and pharmaceutical transportation, intra-city instant delivery, have achieved stage results and established network coverage with industry-leading depth and width, operational capabilities, innovative technology, service quality and customer experience, as well as industry-leading market shares in their respective sectors, established the brand image of quality services, and formation of long-term cooperative partnership with leading customers of the sectors, these businesses have continued to maintain a high growth trend. Leveraging SF's fully developed logistics networks, operating capabilities and technological strengths, the new business segments gradually assimilated the integrated development model from underlying networks all the way up to customer service operations and to resource sharing, resulting in reduced operating costs. Going forward, we will continue to develop various markets, optimize our products and operating models, mapping out the product blueprint for the integrated logistics business strategy.

Build on supply chain service capacities via M&As, and improve competitiveness through synergistic development: In August 2018 and February 2019, SF Holding completed the acquisition of cold chain business in mainland China, Hong Kong China and Macau China from the U.S. HAVI Group and the acquisition of supply chain

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business in mainland China, Hong Kong China and Macau China from Deutsche Post DHL to establish SF New HAVI and SF DHL business segments, respectively. The U.S. HAVI Group has almost 40 years of supply chain management experience in cold chain operations, with leading capabilities in supply chain management and solution design for cold chains, and provides cold chain logistic services and one-stop supply chain solutions and services for global renowned customers. Deutsche Post DHL has 30 years of supply chain management experience in China, and provides industry-leading solution design and supply chain services to renowned customers in the industries of automobile and industrial manufacturing, life sciences and medical, high technology and spare parts logistics, fast-moving consumer products and retail sector. The integration and synergies of the acquired business and SF business have generated initial results, the volume of new business in New HAVI and SF DHL has recorded significant growth. Meanwhile, by relying on the advantages of the logistics network and technological capabilities of SF Holding, New HAVI and SF DHL joined hands with the warehousing and cold chain business segments in SF to fulfill the supply chain demand from leading customers in food and fresh produce, new retail catering and 3C industries by providing more diversified and superior standard supply chain services to customers. Leveraging SF Cold Chain's and SF Express' extensive business networks and high-quality transportation resources, New HAVI was chose by an upscale tea chain operator to provide end-to-end "turnkey" logistics services; in partnership with SF intra-city delivery teams, it provided a coffee chain brand with end-to-end logistics services, which covered the entire process from place of origin all the way through to consumers. During the Single's Day shopping season in 2019, SF DHL and SF Express partnered up serving a semi-luxury fashion brand, and their seamless collaborations at both the operation and data levels benefited the clients in terms of receiving high efficient and fully integrated supply chain services. In the future, SF will continue consolidating high quality logistics resources, learning and replicating supply chain experience and management capabilities rapidly, and enhancing the supply chain management capabilities by leveraging on the technological capabilities of SF to further upgrade the solution capabilities.

Develop technical solutions to spur supply chain upgrade and achieve innovation-drive growth together with clients: As internet gradually evolves towards the internet-of-things, and with the fast arrival of industry 4.0 and the new retail era of all channels, enterprises with conventional supply chains are forced to go for transformation or upgrading. SF technological solutions are driven by technology and data, using SF DNA as genes, learning form the advanced supply chain industry experience of New HAVI and SF DHL to create a digital, modular and one-stop intelligent supply chain management platform. Through digital technology such as internet-of-things, big data and artificial intelligence, and by combining products and processes in the model, supply chain services are provided to customers at three levels including strategic planning, tactical plans and optimization, operational and implementation management to help customers realize an upgraded supply chain system and create competition barriers. Over the years, SF has acquired extensive solution development capabilities in the 3C, apparel, fast-moving consumer goods (FMCG), pharmaceutical, beverage, auto parts, finance and government-enterprise industries, and has provided the market leaders with end-to-end supply chain solution services covering production, supply, sales and distribution operations in China and abroad alike.

(VI) First-mover advantages with scarce logistics venue resources

Riding on sustained rapid growth in the express delivery industry and responding to the requirements of the State Post Bureau in the "13th Five-Year Plan" for the express delivery industry to accelerate the construction of logistics industrial parks, SF Holding committed to create an "Express+" and "Internet+" dual-core industrial park service ecosystem, which will provide not only internal services for SF Holding, but will also provide comprehensive package services in warehousing, logistics, business, information and capital flows for local industries and external customers, creating a hub and communication window for effective linkage to government, SF services and customer demand.

In order to revitalize existing assets of the Company, satisfy the rolling development needs of projects, and accelerate the layout of industrial parks, the Company has been actively exploring the innovation of securitization of logistics industrial parks. In 2018, the Company was approved to issue RMB5 billion ABS by way of shelf offering and completed the first tranche of issuance successfully, with total proceeds of RMB1.846 billion raised. It was the first perpetual domestic REITs in respect of logistics property issued by way of shelf offering, meanwhile the Company recorded investment gains of approximately RMB808 million on asset appreciation. In 2019, the Company issued the second tranche of ABS and raised total proceeds up to RMB1.36 billion, and realized investment gains of approximately RMB614 million on asset appreciation. According to the agreement, the Company's wholly owned subsidiaries oversee routine operations of the parks, which are the underlying assets of the ABS deal, as the park operator.

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As at the end of the Reporting Period, SF Holding has successfully lay out the industrial park project across 45 cities. SF Holding owned logistic land area of approximately 1,169 acres, and a total planned construction area of approximately 4.18 million square metres, approximately 1.51 million square metres of construction area were completed. In future, the Company will utilize existing resources to fulfill internal requirements, further expanding the layout for core strategic resources to enhance the core competitiveness for sustainable development.

Resources of logistics sites: industrial park projects in 45 cities have been planned with obvious first-mover advantages

1,169 acres
Area of the plan projects

4.18 million sq.m.
Total planned construction area

1.51 million sq.m.
Completed construction area



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A list of SF Holding's logistics land resources:

Location	Total land area of the plan projects (acres)	Total planned construction area (including projects under construction/planned) (10,000 square metres)	Area of completed construction (10,000 square metres)
East China	305.92	113.64	71.73
North China	144.31	46.95	20.20
Central China	391.41	131.27	30.59
South China	121.25	56.89	28.26
West China	206.42	69.35	–
Total	1169.31	418.10	150.78

Note 1: Inclusive of ABS industrial parks managed by the Company.

Note 2: The data in the above table has not been audited.

(VII) Warm, principled and productive SF culture

In SF Holding's 27-year history of development, its genes of outstanding and strong corporate culture have continually played an important role. Customer success, equality and respect, innovation, unity, and accountability are part of SF's culture. To SF, corporate culture is not just a belief, but more as a commitment and practice. It is reflected in every word and action of all SF employees, is expressed in every operating process, and has become a strong spiritual force that is embedded in SF's cohesiveness, competitiveness, and vitality.

1. SF's success is based on assisting customer to succeed

As a service-centric enterprise, SF Holding has always been customer-oriented and is committed to providing customers with above expectation services, assisting customers to create value and achieve success. While facilitating the success of customers, SF Holding also achieves its own success.

2. Innovation drives SF forward

SF Holding advocates the culture of innovation, emphasizing that everyone and every move can be innovative. In recent years, SF Holding has innovated continuously, not only in the field of logistic UAVs, smart devices and smart packaging, but also in investment for building big data, AI automation, AI recognition and smart decision-making, and has achieved extraordinary results in technological innovations such as artificial intelligence, Internet of Things, cloud computing and machine learning.

3. Equality and respect uniting every heart

SF Holding advocates treating every person equally and with respect, regardless of his role and level within the Company. In February 2017 at the listing ceremony of SF Holding, the courier who was beaten by a customer was invited to ring the bell together with the Chairman to share the glorious moment. So far, SF has been advocating the principles of "fairness, justice and openness" in staff employment, respecting the value of their contributions, providing everyone with equal development opportunities and assisting staff to actualize personal value. Meanwhile, online communication and interactive platforms such as "echo, Face Initiative, communication hotline" are established to encourage employees to express their opinions and their ideas freely. The corporate culture of equality and respect has further united hundreds of thousands of employees in SF.

4. United as one, we are strong

SF Holding advocates the spirit of solidarity. Everyone must be cooperative and unite every employee's strengths in order to achieve the same goals. During the peak season, such as the 11.11 Festival, Mid-Autumn Festival, National Day, and Spring Festival, from Chairman to regional heads, and to third-tier functional staff, all of them will go to network points and transit depots for providing support and sympathy and working together with the frontline staff. By uniting all hearts, the dedicated SF Holding will have strong cohesive and fighting power to act faster and burn brighter.

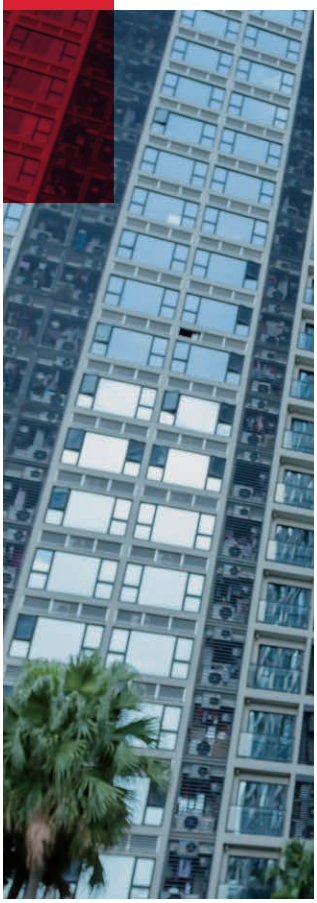
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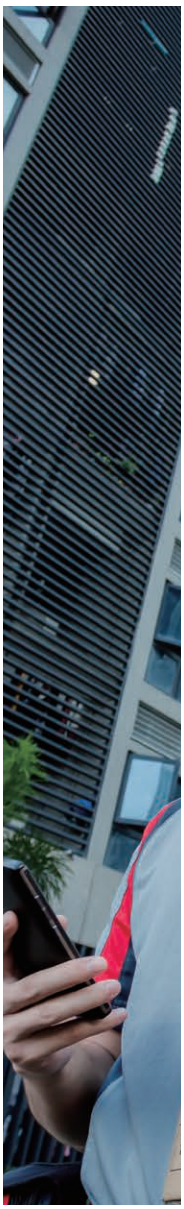
5. Be responsible proactively and contribute compassion

SF Holding advocates positive accountability. It does not only require employees to fulfill their responsibilities and perform their duties during their work, but also encourage employees to take social responsibility. We never hesitate to take on our responsibility to serve the society. During the coronavirus outbreak in early 2020, the Company volunteered to transport epidemic containment supplies from other parts of China and the world to the epicenter, mobilizing our HR, transportation and financial resources to the fullest extent. Through effective end-to-end delivery of disaster relief materials, we built "green channels" for the transportation of epidemic control supplies and anti-epidemic workers. We believe that our value as an enterprise, and that of our employees as individuals lie in our pursuit of nobility, fraternity, justice and dedication. Under this cultural influence, returning lost-and-found money, helping others, saving people and fighting fires, upholding just and rightful acts, working for the public good, and other positive events occur more and more frequently among SF employees. Acts of kindness included a resident driving a vehicle lost control and fell into a reservoir, a courier from Dongguan district did not hesitate and jumped into the water amidst cold winds to save the fainted driver from the water; a pregnant woman was in critical condition, but the blood bank supply was not enough, 21 young men from Nanjing district donated blood proactively to help the pregnant woman overcome the critical moment.

These good deeds done by SF couriers won widespread praise. Up to now, "Social Responsibility Awards" have been presented to 18 selected employees, conferring the highest SF honor to outstanding staff in the aspect of social responsibility.

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04 Management Discussion and Analysis of Business Operation

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I. Overall Performance of the Company in 2019

1. Overall financial performance

The Company witnessed a slowdown in revenue growth of traditional products in the first half of 2019, resulting from uncertainty surrounding global markets and deceleration in domestic demand growth. The Company adjusted business strategies in response to the changes in market conditions, and business volume and revenue growth picked up in the second half, which, coupled with continuous rapid growth of new businesses, maintained revenue growth and profitability for 2019 at a stable and healthy level.

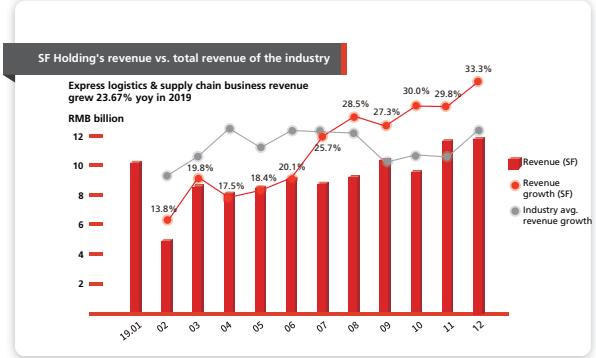
The key financial indicators are shown in the table below:

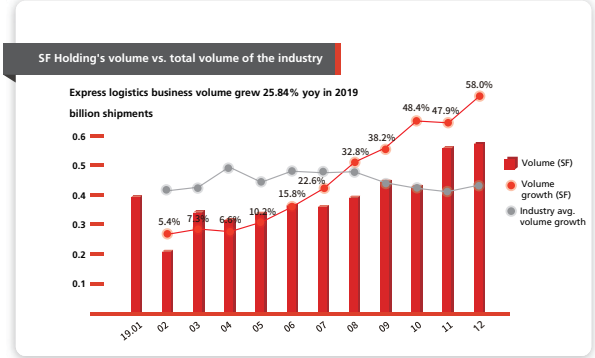
Item	Indicators	Current reporting period	The same period of previous year (Restated)	Increase/Decrease over the same period of previous year
Business	Revenue from express logistic and supply chain (billions RMB)	110.901	89.677	23.67%
	Of which: (1) Revenue from express logistic (billions RMB)	105.983	89.276	18.71%
	Shipments (Billions)	4.831	3.839	25.84%
	Average revenue per shipment (RMB)	21.94	23.26	-5.67%
	(2) Revenue from supply chain (billions RMB)	4.918	0.400	1,128.09%
Income Statement	Revenue (billions RMB)	112.193	90.943	23.37%
	Net profit attributable to shareholders of the parent company (billions RMB)	5.797	4.556	27.23%
	Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses (billions RMB)	4.208	3.484	20.79%
	Weighted average return on net assets	14.86%	13.19%	An increase of 1.67 percentage points
	Earnings per share(RMB/Share)	1.32	1.03	28.16%

Item	Indicators	End of the current reporting period	End of previous year (Restated)	Increase/Decrease over previous year end
Balance Sheet	Total assets (billion RMB)	92.535	71.765	28.94%
	Total equity attributable to shareholders of the parent company (billion RMB)	42.420	36.711	15.55%
	Debt to Asset Ratio	54.08%	48.35%	An increase of 5.73 percentage points

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Revenue: In 2019, the Company delivered a total of 4.831 billion express shipments, up 25.84% yoy. Express logistics and supply chain revenues rose by 23.67% yoy to RMB110.901 billion, with the total revenue grew 23.37% yoy to RMB112.193 billion. The Company revised product strategies in line with changes in market demand resulting from the consumer spending restructuring. New products were released targeting certain markets and customers, resulting in incremental revenue growth in traditional businesses. The express logistics and supply chain businesses delivered revenue growth substantially faster than the industry average in the second half of 2019. In the meanwhile, new businesses such as freight, cold-chain and pharmaceuticals, international express, intra-city delivery and supply chain services continued to grow sharply, with their contribution to the total revenue increased further to 25.63%. Fast revenue growth across the new business lines had a positive impact on the overall operating revenue growth.





Note1: Year-on-year growth for January 2019 and February 2019, respectively was year-on-year growth for the two months combined.

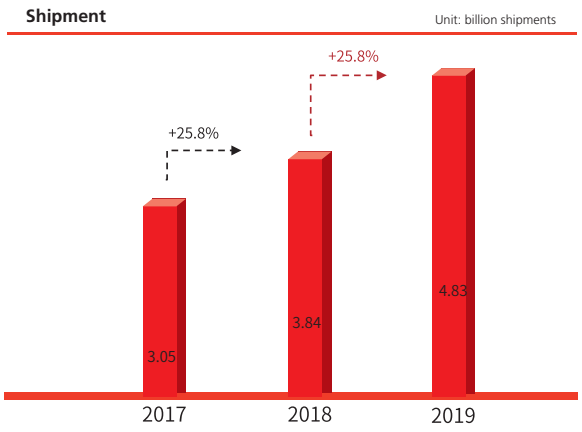
Note2: Data sources from State Post Bureau and announcements of The Company

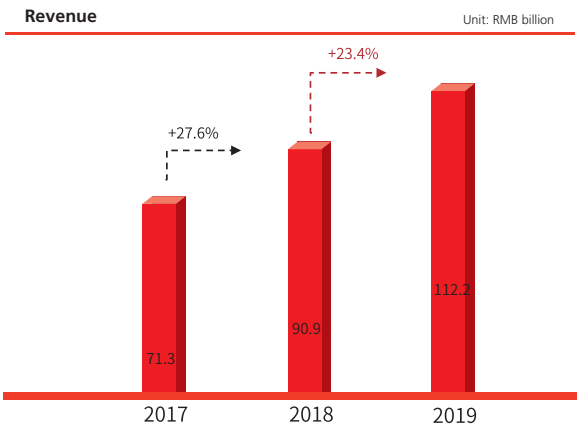
Profit: The Company realized a net profit attributable to shareholders of parent company of RMB5.797 billion, representing a year-on-year increase of 27.23%, while net profit attributable to shareholders of parent company after deducting non-recurring profits and losses amounted to RMB4.208 billion, representing a year-on-year increase of 20.79%. On the one hand, earlier on, the Company effectively improved operational efficiency and resource utilization by integrating network resources and enabling business operations with the latest technology, with initial results achieved through cost control measures; on the other hand, concessionary e-commence parcel (特惠专配), an economy product released by the Company, achieved a stronger-than-expected growth, but the resulting spike in shipment volume in the 4Q peak season entailed a significant amount of ad hoc temporary resources investment. Economy express, freight and intra-city delivery businesses are expanding service networks driven by market expansion, and the economies of scale will enter a round of uphill growth, resulting in a 0.5 pp decline in the Company's average gross margin in 2019 relative to the previous year. Furthermore, inputs into digitalization, smart and data visualization technologies have translated into management efficiency gains and a simplified organizational structure, which, in turn, resulted in optimization of administrative expenses. As discussed above, the Company's 2019 net margin attributable to shareholders of parent company after deducting non-recurring profits and losses slightly declined by 0.08 pp from a year earlier.

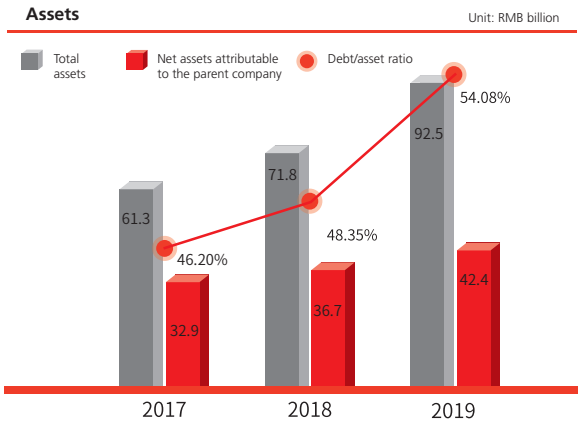
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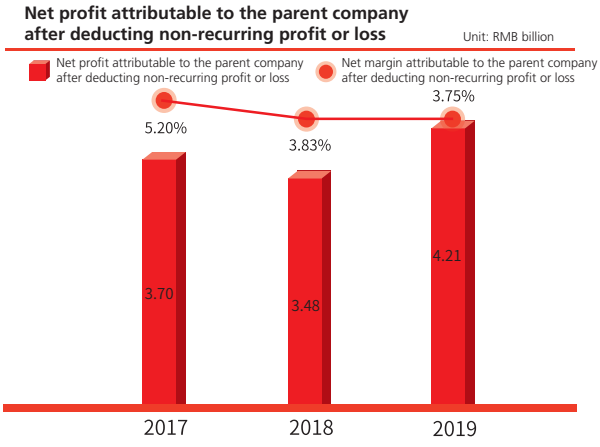
Financial Status: As at the end of the reporting period, the Company's total assets were RMB92.535 billion, an increase of 28.94% as compared with the end of 2018. Benefiting from stable and healthy profit contribution in 2019, the Company's total equity attributable to shareholders of the parent company at the end of the reporting period was RMB42.420 billion, an increase of 15.55 % as compared with the end of 2018. As at the end of the reporting period, the Company's debt-to-asset ratio increased slightly, from 48.35% as at December 31, 2018 to 54.08% as at December 31, 2019, while the level of debt remained relatively healthy and the financial position was stable and optimistic.

Operating results: both business volume and financial results continued to grow steadily









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2. The traditional business grew steadily and contributed to sustainable and healthy revenue

Customer resources: In response to the changes in the market and the diversification of customer demand, SF Holding focused on industry characteristics and business clustering, centered on the direction of multiple-scenario planning, digitalization and refinement, and tapped into customer demand for supply chain. By relying on technological means to drive internal changes and upgrading product portfolio, we constantly improved customer service capabilities and customer experience to achieve a stable and healthy growth of customer volume and revenues.

Retail customers: Retail customer management adopts a customer-centric approach, to provide users with user-friendly services by optimizing online and offline channel-based services. Online operations are focused on mobile apps, WeChat mini-apps, WeChat public account and other self-service interfaces, increasing the coverage of online service. By using AI to differentiate membership privileges for members at different levels, the SVIP payment system was introduced to offer discounts to users with higher shipping frequency, thus maximizing user stickiness. In the offline space, efforts have been made to tap into users' needs in different shipping scenarios, and increase service coverage in county-level markets, residential communities and tourist attractions, making sure that "SF service is visible 24/7 at all places". As at the end of the reporting period, the Company had some 250 million members, up ~58% yoy. Going forward, the Company will continue to consolidate basic-level services, upgrade, optimize and iterate operation tools, improve the efficiency of retail customer management, and ensure the fulfillment of business targets through concerted efforts, thereby achieving steady long-term business growth.

Credit account customers: SF Holding worked with clients to develop upstream and downstream businesses across the industry chain focusing on industry-specific ecosystems, and win-win results have been achieved. Customer management operations have been completely digitalized and visualized with big data supports offered by SF Technology and Logistics, and user experience has been improved on a comprehensive scale for small- and medium-sized clients, through online platform operations and in-depth affiliation schemes. The total number of credit account customers rose by 19.2% yoy to 1.4 million in 2019, and the proportion of clients with a sales revenue of more than RMB1 million has increased. In the future, SF Holding will continue to enable businesses with technology, tapping into different markets leveraging the complementarities between different product portfolios, constantly improve customer management systems based on users' needs, and step up delicacy management, thereby continuously building on our service capacity for credit account customers.

The stable and growing number of active customers, the full-cycle risk prevention and control system, the multi-product portfolio, and the diversified solutions collectively ensure the long-term stable and healthy growth of SF Holding's revenue.

Time-definite Express: In 2019, the Company continuously consolidated and improved the competitiveness of time- definite products, built on basic-level service capabilities, and reinforced competitive barriers for air freight products by constantly improving operating capacities on the aggregation and distribution ends, integrating key resource capacities and technological measures, and air and road transportation networks, and by optimizing parcel collection and dispatch models. The goal was to consolidate our core competitive advantages – "efficiency, precision and reliability". Efforts were also made to consistently improve product systems, and achieve reasonable product pricing differentiation based employing technology-based pricing/cost models, thus comprehensively increasing products' price-performance ratios. Expedite delivery and small parcel delivery services were launched in line with changes in market demand, enhancing the blueprint of time-definite delivery services, as well as injecting fresh momentum for business growth. In addition, existing product systems have been simplified, creating unrivaled user experience for SF customers based on services such as standard express + flight upgrade/punctual delivery guarantee/fresh food delivery.

The time-definite express recorded revenue of 56.521 billion yuan for 2019, with a 1.8 hour decrease in the average life-cycle per shipment. We will continue to improve the price-performance ratios of related products, and further optimize product experience differentiation and customer segmentation at the same time, thus maintaining business growth at a stable level.

Economy product: SF Holding has consistently optimized and upgraded operations in the economy products segment. In a bid to meet clients' diversified needs, special economy services were rolled out for e-commerce clients in May 2019. They were warmly received by the market and led to sharp increases in the revenues and market shares of relevant economy products. The special economy services also stimulated business volume growth among the economy products, leading to a 47.54% increase yoy in the total revenue of the economy products segment in the second half of 2019. Driven by rapid growth in business volume and technology enhancement, the Company developed a ground network which is more faster, safer and more cost-competitive, thus improving efficiency and product competitiveness and reducing costs by maximizing the resource utilization rate. While ensuring service quality and timeliness, existing resources are fully utilized to deliver the optimal marginal effects, based on business forecasts and route planning. We merged the trunk and branch routes with overlapping flow direction, time period and efficiency, replaced the vehicles with larger-capacity models, and reduced the number routes and branch routes, thus further improving the efficiency of scale and significantly increase the loading rate. On the collection/dispatch front, we managed to continuously optimize operating costs by measures such as increasing the proportion of centralized collection and direct dispatch operations.

The economy products recorded revenue of 26.919 billion yuan for 2019, an increase 31.96%. The Company will continue to optimize the operating model of the economy product business, aiming to achieve high-precision resource synergies while ensuring the quality and timeliness of time- definite products. This way, effective support will be provided for rapid and healthy business and revenue growth across traditional business segments.

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3. Maintain rapid growth while further improving integrated logistics capacities

(1) Freight

Unlike the highly concentrated and standardized express delivery market which is generally characterized by a relatively high degree of economies of scale, the less than truck load business, the core business of SF Freight (顺丰快运), represents a trillion-yuan market, but is still at an initial stage of scale-building and market integration. Formally launched in July 2019, SF Freight (顺丰快运) formed a dual-branded expedite delivery service network alongside SX Freight (顺心捷达); which went live in 2018). SF Freight targets mid- to high-end customers who tend to be more time/quality-conscious and have demanding requirements in terms of user experience. On the other hand, SX Freight focuses on whole network mid-end freight market. The dual-branded strategy seeks to capitalize on complementary operating models and product positioning.

SF Freight's full-year revenue topped RMB10 billion in 2019, making it by far the fastest-growing player in the mid- to high-end market. Its market share has also increased consistently. The firm has acquired a large number of key-account clients such as Huawei, Midea and Hisense. In addition to the reliability and high risk tolerance of their own businesses, these clients have strong demand for a diverse range of services, thus benefiting SF Freight in terms of giving it access to high-quality client resources and injecting fresh momentum for business development. As of December 31, 2019, SF Freight owned 51 transit depots and some 1,300 transit service outlets, with a total area of more than 1.75 million square meters; more than 19,000 delivery vehicles, 1,134 trunk routes and 8,170 branch routes for expedite delivery, located in 362 major cities and regions throughout the 31 provinces. In 2019, the daily peak load at SF Freight exceeded 23,000 tonnes.

As an independent brand owned by Shunxin Express (顺心快运), a subsidiary to SF Holding, SX Freight specializes in whole network mid-end freight market. It went live in 2018, and its service network has expanded rapidly ever since then. Its market share has continued to increase, ranking the company No. 6 of all the whole network based companies franchise platforms. And its business growth is two to three times faster than the industry average. As of December 31, 2019, SX Freight owned more than 6,000 franchised service outlets, and 171 directly operated stations, with a total area of 410,000 square meters. A nationwide business network has taken shape, covering 1,851 districts/counties in 294 cities across China. Its cumulative shipment soared 229% yoy in the second half of 2019, with maximum daily shipment standing at 11,000 tonnes.

In terms of integration foundation of operations, SF Freight and SX Freight have achieved comprehensive coverage of transit, transport and dispatch operations, reducing the physical distance between depots, and facilitating sharing of transport capacity and resources to implement collaborative dispatching across affiliated networks. Furthermore, effective flows of goods, information and funds between SF and SX have enabled SF Freight and SX Freight to improve resource utilization.

The freight business recorded revenue of 12.659 billion yuan for 2019, an increase of 57.16%, which is substantially higher than the industry average.

(2) Cold Chain and pharmaceuticals

China's cold-chain logistics market has enormous development potential relative to its counterparts in developed economies. The Cold Chain Logistics Professional Committee of China Federation of Logistics & Purchasing (CFLP) projects that the domestic cold-chain logistics market of 2019 is worth RMB339.12 billion, up 17.60% yoy. However, it is currently highly fragmented, and most market participants are regional or local players. Challenges facing the domestic market include under-developed cold-chain technology and inconsistent operating standards. SF Holding is the first Chinese logistics company that has initially established a national cold chain network, with by far the most extensive network coverage. As at the end of the reporting period, SF Holding had 23 high-standard refrigerated food warehouses integrating multi-temperature section management and distribution capabilities, with a total operation area of 145,300 square meters. They are equipped with advanced automated refrigeration equipment, smart temperature monitoring and control systems. It also has 237 refrigerated trucks featuring advanced vehicle GPS and real-time monitoring systems. Our food product transportation routes cover all major Chinese cities. On December 31, 2019, the British Standards Institution (BSI) granted the ISO 22000 food safety management system international standards certificate to SF cold-chain, making SF a national leader in secure cold-chain food transportation as the first ISO22000-accredited logistics operator in the country.

Leveraging its powerful transportation networks, fully developed warehousing services, automated branch warehousing solutions, professional temperature control technology and advanced system management, SF Holding provides customers with professional, secure, custom-made and highly efficient cold-chain logistics distribution services. The cold chain business currently covers many sectors ranging from production, e-commerce and sales to retail operations. Major customers include Hitomorrow, Green's Bioengineering (Classy Kiss), Shanghai Min and Honest Dairy.

A substantial amount of high-quality Chinese agricultural products are inadequately marketed due to their fragility, packaging difficulties and small-scale production, and unnecessary intermediary links undermine farmers' profitability. Relying on its extensive business networks, advanced packaging technology and fast distribution capabilities, SF Holding has developed the concept of "Branch-to-Tongue, Farm-to-Table" to address the pain points facing agricultural products, providing clients with a one-stop solution covering the entire process from production all the way through to retail. On the basis of continuous B2C business development within the industry value chain, SF Holding further developed the B2B service market, and enhanced its "market competitiveness" under various business scenarios through "model innovation, cost reduction and efficiency enhancement" to meet the needs of individual customers. Apart from fast logistics and distribution services, SF Holding shared promotion channels and commercial platform resources, and actively contributed to the creation of regional brands to help bring more local agricultural specialties out from the mountains to urban markets across the country. In 2019, a total of 27 events under the themes of logistics or production and marketing coordination were organized jointly with local governments and industry associations, connecting the main producing areas with the major markets. Some 1,300 news reports were released. Local specialty projects successfully implemented include Yantai cherry, Lingnan lychee, Xianju waxberry, Yangshan peach, Yunnan flower, Ganzi matsutake and Inner Mongolian beef and mutton.

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In recent years, the government has continuously pushed forward healthcare reforms. Under the influence of policies such as the tiered diagnosis and treatment model, the centralized drug procurement program in "4+7 cities", and the two-invoice system, pharmaceutical resources have extended to grassroots medical organizations, and pharmaceutical circulation channels have been developing in a horizontal and decentralized way. This has posed a serious challenge in terms of the network breadth and depth of pharmaceutical logistics distribution businesses, as well as the quality and safety guarantee in the process of pharmaceutical transportation and storage. Despite many years' development, the pharmaceutical logistics market is still highly fragmented, relatively small in size and ill-regulated. Of the many market participants, most are small-sized players with mixed business performance, and industry-wide standards are still absent, in stark contrast to the increasingly stringent requirements imposed by the state on the quality of drug circulation operations.

Leveraging its unique resources, fully developed logistics networks and technological capabilities, SF further improved the depth and breadth of pharmaceutical service networks to provide clients with end-to-end supply chain solution services. As at the end of the reporting period, SF Holding's pharmaceutical networks covered 219 prefecture-level cities and 1,547 districts and counties; the Company had four GSP certified pharmaceutical warehouses with a total area of 30,000 square meters, and 42 trunk routes for pharmaceutical transportation, connecting the major Chinese cities; it also had 242 GSP certified refrigerated trucks equipped with a complete logistics information system and a proprietary TCEMS whole-process visual monitoring platform. SF Holding is committed to providing professional, secure and fully controllable logistics supply chain services to customers in the pharmaceutical industry, covering many healthcare and pharmaceutical businesses segments such as e-commerce, sales and retail. Major customers in the pharmaceutical industry include Bayer, Sanofi, Boehringer Ingelheim, Hengrui Pharmaceuticals, China National Biotec Group, Harbin Pharmaceuticals, CR Sanjiu, Qilu Pharmaceuticals and GPHL.

In 2019, SF continued to work on the pharmaceutical logistics business, and gradually set up a nationwide ambient temperature pharmaceutical logistics network, resulting in rapid growth of relevant business. Furthermore, major breakthroughs have been made in new businesses, and biological sample cold-chain transportation solutions, fully integrated vaccine supply chain solutions and smart pharmaceutical logistics solutions have been developed for clients, further broadening the horizons of pharmaceutical cold-chain services. On the other hand, SF continued to consolidate operations related to the pharmaceutical logistics business, deepened intra-group integration and resource synergies, with positive results achieved in terms of service efficiency and quality and cost control.

The cold chain and pharmaceutical logistics business recorded revenue of 5.094 billion yuan for 2019, an increase 32.54%. This business segment continued to grow rapidly.

(3) Intra-city instant delivery

Amid the rise of New Retail and consumer service businesses, instant delivery is playing an increasingly important role in the "New Commerce" model as an integral part of the New Retail infrastructure that is most directly connected with end consumers. Instant delivery has grown into a 100-billion-yuan market and the fastest-growing segment of the logistics industry. The market is expected to grow at an annual rate above 30% over the next five years, with enormous growth potential.

Launched in 2016 with the vision of establishing a "high quality, high efficiency and full scene" third-party instant delivery platform, SF Intra-city Delivery is capable of providing market leaders with custom-made and centralized delivery services to help them expedite the "scale expansion" process, as well as delivering standardized and decentralized services to small- and medium-sized enterprises (SMEs) and retail consumers. Thus far, we have served leading brands in the catering, supermarket, fresh food and apparel industries, and our customers include more than 100,000 small and medium businesses and some 20 million retail consumers.

Spun off as an independent company in March 2019, SF Intra-city Delivery launched "SF Rush" service with a neutral, trustworthy and premium quality brand image. Comprehensive solution custom-made, branded, time-definite and economy intra-city products covering services for businesses have been developed, alongside products for consumers such as "Help Me Send" (帮我送), "Help Me Buy" (帮我买), focusing on rationalization of structuring of orders by product category, service time and distance within grided business districts. A diversified and healthy business mix is created to boost delivery efficiency. Our delivery service network covers more than 200 cities nationwide, and is capable of coordinating delivery capacities with exceptional flexibility by integrating its unique mixed transport models. Delivery capacities at individual stores, business centers and entire cities are effectively integrated to maximize operational efficiency. SF Rush has outperformed competitors in terms of service quality, punctuality and customer satisfaction, and has consistently delivered high quality and reliable services to customers. In particular, it is the top choice for corporate users, as it offers fully standardized invoicing and settlement services and hassle-free aftersales services, in addition to robust operations. As regards technology capabilities, it offers smart instant logistics solutions based on a cutting-edge system architecture comprised of "business + distribution + delivery middle-offices", with the proprietary smart integrated dispatch system at the core.

The intra-city delivery business recorded revenue of 1.952 billion yuan for 2019, an increase 96.12%, which is significantly higher than the industry average.

(4) International Express

SF international standard express/international economy express businesses cover 62 countries including the U.S., E.u., Russia, Canada, Japan, South Korea, India, Brazil, Mexico and Chile, and SF international small parcel services are available in 225 countries and regions across the world. In 2019, SF International was officially

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licensed as a customs broker for imports at all ports in the U.S., and was officially licensed as a customs broker and delivery operations center. A joint venture of SF in Japan acquired license as a customs broker in November. These resources enable SF International to deliver convenient and hassle-free services to customers. SF Airlines operates five international flight routes, with the latest addition of Wuxi-Hahn and Shenzhen-Delhi B747 routes in 2019. In addition, the Company released end-to-end international ocean freight services in collaboration with Flexport in August 2019, covering shipping routes between mainland China and Hong Kong and all American ports and major ports in Europe. The services will help Chinese companies expand into overseas markets.

SF Holding is committed to providing convenient and reliable international express delivery and logistics solutions for Chinese and foreign manufacturers, trading companies, cross-border e-commerce businesses and consumers alike, including international standard express, international economy express, international small parcel, overseas warehousing, transshipping, international e-commerce express, and other import/export services with different delivery time requirements. We also offer fully integrated and custom-made import/export solutions based on customer needs regarding market access, transportation, customs clearance, and delivery. These services will help competitive Chinese companies and products "go global", while "bringing in" high-quality international businesses and products to China. In May 2019, SF Holding provided a full-chain cross-border factory relocation from China to India for a Chinese high-tech electronic parts manufacturer. Also in May, we provided all-in-one package U.S. – Hong Kong logistic services for a genetic testing company. The goods were packaged in accordance with the IATA Packaging Standard PI904, and the temperature was kept at -80℃ throughout the delivery process. In November and December 2019, leveraging international cold transportation supply chain services and traceability technology, we shipped 500 tonnes of live Canadian lobsters, and 220 tonnes of cherries sourced from Canada, Chile, New Zealand and Australia to China. Fresh food was brought from foreign farms directly to Chinese consumers, and shipping information is kept transparent throughout the process.

SF International small parcel services are currently available in 225 countries and regions worldwide, and have been favorably received by local consumers. SF Holding cemented relationships with foreign partners in 2019, and has established direct partnerships with more than 10 post authorities and local delivery service providers. Many global cross-border e-commerce platforms have designated us as suppliers of delivery service. Customized economy small parcel truck delivery was launched for Russian e-commerce platform "J" in August 2019, and the daily shipping volume has reached 100,000 parcels on average. The China-Moscow shipping time was shortened to five days following the successful test of Russia express railway small parcel service in December.

The international express business recorded revenue of 2.839 billion yuan for 2019, indicating that this business segment is developing steadily.

(5) Supply Chain Business

In August 2018 and February 2019, SF Holding completed the acquisition of the cold chain business of HAVI in mainland China, Hong Kong China and Macao China and the supply chain business of DHL in mainland China, Hong Kong China and Macao China respectively, and established SF's New HAVI and SF DHL businesses. The integration and synergy between New HAVI and SF DHL businesses with SF Holding's original businesses have achieved initial results. On the one hand, SF rapidly learned from and replicated the supply chain solutions and management capabilities of New HAVI and SF DHL. On the other hand, driven by technology and data, based on SF's DNA genes, and through digital technologies such as the Internet of Things, big data, artificial intelligence, SF's technological solutions drive the transformation and upgrading of the supply chain to jointly reshape the supply chain for customers and provide comprehensive solutions with multi-scenario products.

New HAVI's integrated supply chain solutions and service capabilities are professionally designed and easily implementable. In addition, featuring strong capabilities for implementing supply chain solutions, New HAVI continuously optimizes business workflow, and ensures effective resources and technology framework development. It has won widespread recognition among clients for its reliable, high quality supply chain plan execution services. In 2019, New HAVI received honorary titles of "China Outstanding Catering Supply Chain Service Provider" (中国优秀餐饮供应链服务商), "Smart Logistics Service Brand Enterprise" (智慧物流服务品牌企) and "2009-2019 Advanced Unit of Standardized Cold-Chain Operations" from the CFLP Cold Chain Logistics Committee, China Communications and Transportation Association and the National Logistics Standardization Technology Committee, respectively. Its clients consists of leading fastfood chain operators, supermarkets, grocery stores and coffee and milk tea manufacturers.

In 2019, New HAVI continued to improve operating efficiency focusing on 4PL and 3PL businesses, and built on key resources and technical infrastructure with SF Holding's assistance. It has made headway in business capacity building, and continued to deepen warehousing, transport capacity and technical integration with various SF business segments, resulting in substantial synergistic. New HAVI's operations network has expanded further with the launch of high-standard logistics facilities in Jinan, Xi'an and Kunming. As of the end of 2019, it had 38 high-efficiency cold-chain logistics centers in 21 major cities, and more than 1,000 shipping routes. The new logistics and supply chain management system went live in 2019, and will function as the underlying platform for smart supply chain operations. As regards market development, New HAVI continuously tapped into the growth potential of existing businesses employing an innovation-oriented strategy and professional supply chain solutions, and stretched service lines toward both ends of the supply chain, based on its insights on clients' needs and well-targeted business positioning. As a result, the number of new clients has spiked, and existing businesses have developed steadily, with multi-fold growth in new businesses.

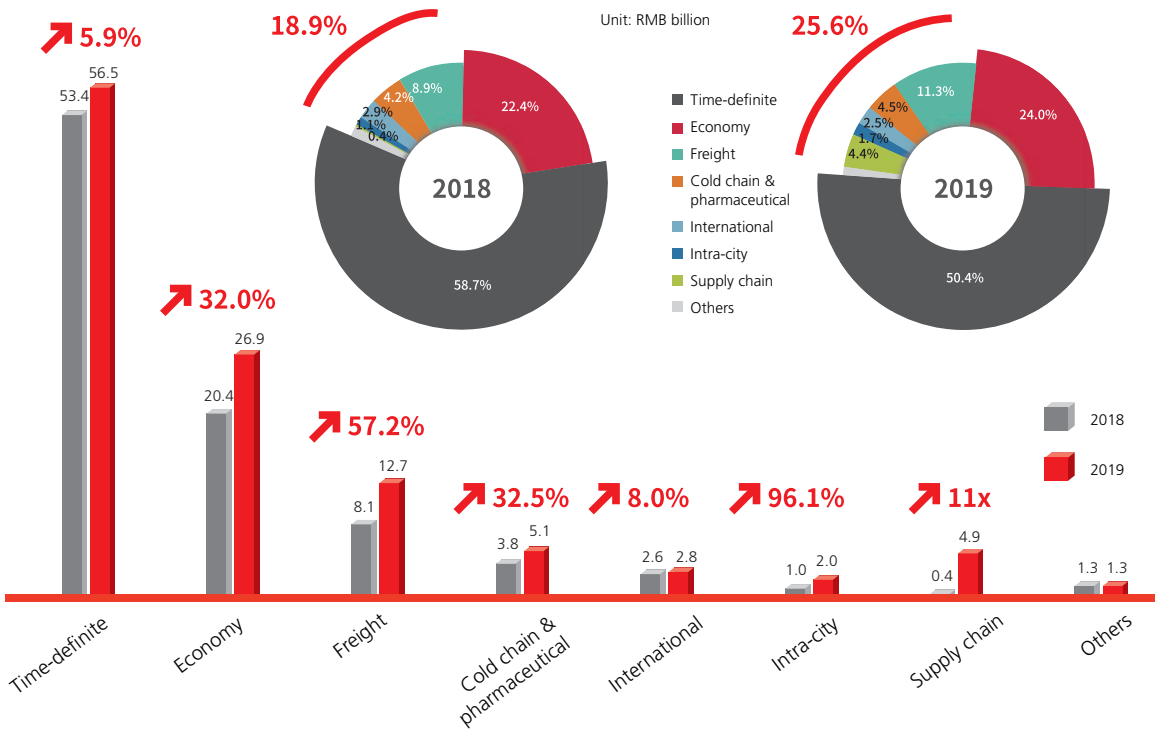
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Seeking to establish itself as the best enterprise supply chain solution and execution service provider offering state of the art technology and optimal services, SF DHL worked deeper into the technology supply chain business in 2019, focusing on maximizing its value proposition to clients through technology, and transforming the supply chain service model. On the one hand, it continuously developed automation and smart tools adapted to the special needs of different clients to help them cut costs and improve efficiency and customer stickiness, through internal R&D and collaborative development operations with SF Technology. On the other hand, SF DHL uses AI technology and platforms to visualize logistics operations and make them transparent, and leverage big data and SF's front-end support tools to optimize entire supply chains for clients, facilitating supply chain model transformation. Furthermore, experience accumulation and data analysis are identified as key factors for the development of "tech-driven supply chain solutions". To tackle the issue of loss of expertise with staff turnover facing traditional logistics businesses, SF DHL let business enablement platforms to capture the professional experience and expertise of solution specialists, with a diverse range of automated design tools and databases established. The experience is then converted into digitalized information via technology upgrade and machine learning. Such a process reduces response time and retains internal experience and expertise.

In 2019, SF DHL responded actively to changes in market conditions, and its businesses kept growing at a healthy pace. From March through December, revenues realized a double-digit growth, ranking it among the top supply chain solution providers. Dozens of major projects were implemented in 2019, with stable operations achieved across-the-board.

The Company's supply chain business recorded revenue of 4.918 billion yuan for 2019, of which the revenue from SF DHL was incorporated since March 2019 after the acquisition completed. In the future, New HAVI and SF DHL will further bring synergy to the Company, thereby driving the Company's overall supply chain business to grow healthily.

Increasingly diversified revenue mix, further strengthened comprehensive logistics service capabilities



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II. Analysis on Main Business

1. Overview

For details, please refer to "I. Overall Business Performance of the Company in 2019" under the section "Chapter 4 Management Discussion and Analysis of Business Operation."

2. Revenues and costs

(1) Composition of revenue

Unit: RMB

	2019		2018		Increase/ Decrease over the previous year
	Amount	Proportion of Revenue	Amount	Proportion of Revenue	
Revenue	112,193,396,064.26	100%	90,942,694,239.83	100%	23.37%
Categorized by industry					
Express logistic and supply chain	110,901,420,494.93	98.85%	89,676,881,499.50	98.61%	23.67%
Sales of goods	491,341,448.53	0.44%	405,959,567.40	0.45%	21.03%
Others	800,634,120.80	0.71%	859,853,172.93	0.95%	-6.89%
Categorized by product					
Time-define Express	56,521,076,407.79	50.38%	53,355,638,409.86	58.67%	5.93%
Economy Product	26,918,501,648.58	23.99%	20,398,296,067.86	22.43%	31.96%
Freight	12,659,184,236.99	11.28%	8,054,931,095.40	8.86%	57.16%
Cold Chain and Pharmaceuticals	5,094,175,561.14	4.54%	3,843,420,442.84	4.23%	32.54%
Intra-City Instant Delivery	1,951,653,245.62	1.74%	995,152,741.38	1.09%	96.12%
International Express	2,838,674,340.03	2.53%	2,628,970,931.17	2.89%	7.98%
Supply Chain (Note 1)	4,918,155,054.78	4.38%	400,471,810.99	0.44%	1128.09%
Others	1,291,975,569.33	1.15%	1,265,812,740.33	1.39%	2.07%
Categorized by region					
Express logistic and supply chain – East China	32,996,462,227.63	29.41%	26,815,675,713.67	29.49%	23.05%
Express logistic and supply chain –South China	26,517,373,005.14	23.64%	21,964,040,587.35	24.15%	20.73%
Express logistic and supply chain –North China	24,392,054,281.78	21.74%	19,348,622,014.23	21.28%	26.07%
Express logistic and supply chain –Central China	14,605,364,245.05	13.02%	12,068,402,876.79	13.27%	21.02%
Express logistic and supply chain –West China	8,876,612,296.57	7.91%	7,096,285,626.12	7.80%	25.09%
Express logistic and supply chain – Hong Kong and Macao	2,390,221,110.22	2.13%	1,477,836,093.48	1.63%	61.74%
Express logistic and supply chain –Overseas	1,123,333,328.54	1.00%	906,018,587.86	1.00%	23.99%
Commodity and others	1,291,975,569.33	1.15%	1,265,812,740.33	1.38%	2.07%

Note 1: As the supply chain business continues to develop, revenues of this business segment are separately represented to accurately reflect related business operations at the Company. The amounts recorded for the same period of the previous year are restated.

Note 2: Product revenue and district revenue in the preceding table have not been audited.

Note 3: Any discrepancies in the above table between totals and sums of the amounts are due to rounding.

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(2) Industries, products, or regions accounting for more than 10% of company revenue or operating profit

√ Applicable □ Not applicable

Is the Company required to comply with disclosure requirement of a particular industry?

Yes

Express Delivery Service Industry

The Company is required to comply with the disclosure requirements of the "Guidelines of the Shenzhen Stock Exchange for Industrial Information Disclosure No.9 – Listed Companies Engaged in the Express Delivery Services Business"

Unit: RMB

	Revenue	Cost of revenue	Gross Profit Margin	Revenue Increase/ Decrease over the previous year	Cost of revenue Increased or Decreased over the previous year	Gross Profit Margin Increased or Decreased over the previous year
Industries						
Express logistic and supply chain	110,901,420,494.93	91,617,157,215.40	17.39%	23.67%	24.35%	-0.45%

During the reporting period, the Company has accounted its operation costs according to the nature of resources consumed appropriately. However, a fair and accurate allocation of cost by product or by region has not been possible. It was because the express and logistics industry itself was basically a complex network, by highly connection, overlaps in different types of resources consumed, all direction of waybills, a tremendous number of customers, highly crossover of different types of resources fully shared.

Where the Company's statistical criteria for core business data are adjusted during the reporting period, the core business data for the most recent year have been adjusted based on the statistical criteria effective as of the end of the reporting period

□ Applicable √ Not applicable

(3) Was the Company's sales of goods greater than sales of service?

□ Yes √ No

(4) Fulfillment of significant sales contracts signed by the Company as of the reporting period

□ Applicable √ Not applicable

(5) Composition of cost of revenue

Categorized by industry

Unit: RMB

Industries	Items	2019		2018		Increased or Decreased over the previous year
		Amount	Proportion of cost of revenue	Amount	Proportion of cost of revenue	
Express logistic and supply chain	Cost of revenue	91,617,157,215.40	98.89%	73,675,519,358.46	98.71%	24.35%
Sales of goods	Cost of revenue	482,862,092.06	0.52%	398,686,974.32	0.53%	21.11%
Others	Cost of revenue	549,596,898.23	0.59%	567,976,530.94	0.76%	-3.24%

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The comparative analysis of the Company's cost of revenue is as follows:

Unit: RMB

Items	2019		2018	
	Amount	Proportion of cost of revenue	Amount	Proportion of cost of revenue
Employee benefits	11,692,216,186.23	12.61%	12,007,531,135.36	16.09%
Outsourcing cost	53,827,532,749.52	58.10%	39,563,282,380.66	53.00%
Transportation cost	10,394,570,267.65	11.22%	9,411,441,306.44	12.61%
Office and rental fees	6,455,617,411.18	6.97%	4,947,948,687.45	6.63%
Packing and Material expenses	3,909,254,092.06	4.22%	3,746,205,236.28	5.02%
Depreciation and amortization expenses	3,740,987,283.14	4.04%	2,969,298,794.26	3.98%
Cost of revenue of goods	482,862,092.06	0.52%	398,686,974.32	0.53%
Customs costs	284,526,670.27	0.31%	300,701,658.15	0.40%
IT and information platform expenses	333,076,877.40	0.36%	221,849,976.94	0.30%
Claims expenses	845,900,713.64	0.91%	683,462,523.74	0.92%
Travelling and transportation expenses	90,401,458.35	0.10%	69,871,443.65	0.09%
Taxes	5,015,598.60	0.01%	5,578,219.55	0.01%
Others	587,654,805.59	0.63%	316,324,526.92	0.42%
Total	92,649,616,205.69	100.00%	74,642,182,863.72	100.00%

(6) Did the scope of consolidation change during the reporting period?

√ Yes □ No

For details about the changes in the Company's scope of consolidation in 2019, refer to Chapter 12 Financial Report V Changes in the Scope of Consolidation.

(7) Major changes or adjustments to the Company's business, products, or services during the reporting period

□ Applicable √ Not applicable

(8) Major customers and major suppliers

Major customers

Total Revenue from the top five customer sales (RMB)	3,485,213,356.52
Total Revenue from the top five customers in proportion of total revenue	3.11%
Total Revenue from related parties in the top five customers in proportion of total revenue	1.06%

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Information about the top 5 customers

SN	Customer	Revenue (RMB)	Proportion of Total Revenue
1	Customer 1	1,193,201,876.11	1.06%
2	Customer 2	774,854,818.39	0.69%
3	Customer 3	618,851,311.20	0.55%
4	Customer 4	467,938,105.76	0.42%
5	Customer 5	430,367,245.06	0.39%
Total	--	3,485,213,356.52	3.11%

Other information regarding major customers

☐ Applicable √ Not applicable

Major suppliers

Total purchase amount of the top five suppliers (RMB)	8,187,425,891.30
Total purchase amount of the top five suppliers in proportion of total annual purchase amount	10.02%
Total purchase amount of related parties of the top five suppliers in proportion of total annual purchase amount	0.00%

Information about the top five suppliers

SN	Supplier	Purchase Amount (RMB)	Proportion of Total Annual Purchase Amount
1	Supplier 1	3,442,031,589.15	4.22%
2	Supplier 2	1,996,682,559.88	2.44%
3	Supplier 3	978,672,120.57	1.20%
4	Supplier 4	950,650,650.88	1.16%
5	Supplier 5	819,388,970.82	1.00%
Total	--	8,187,425,891.30	10.02%

Other information regarding major suppliers

☐ Applicable √ Not applicable

3. Expenses

Unit: RMB

	2019	2018 (Restated)	Increased or Decreased over the previous year	Description on major Changes
Selling and distribution expenses	1,996,887,445.06	1,825,817,910.47	9.37%	No major changes.
General and administrative expenses	9,699,267,908.83	8,414,610,190.56	15.27%	Attributable to the increase in the employee benefits as a result of the increase in the operations scale.
Financial cost	682,991,065.31	286,430,888.05	138.45%	Attributable to an increase in interest accrued on debt financing and a decrease in interest income.
Research and development expenses	1,193,281,876.00	984,314,148.53	21.23%	Attributable to a significant increase in R&D activities, and related expenses and expenditures increased simultaneously.

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4. R&D investment

√ Applicable □ Not applicable

The Company always attaches great importance to the investment and construction of information systems, and continuously optimizes the construction of framework information systems, including the operation management system of each business segment, and the decision support system based on big data analysis to create a simple and efficient business process. In recent years, the Company has actively invested in various intelligent logistics projects aiming to lead a new era of intelligent, visual, refined and digital logistics through comprehensive application of artificial intelligence, Internet of Things, machine learning, intelligent equipment and other technologies, thereby enhancing operation efficiency and enterprise value. For details, please refer to relevant explanation in Section "III. Core Competitiveness Analysis" in Chapter 3.

Investments in R&D

	2019	2018	Increased or Decreased over the previous year
Number of R&D staff	5,058	5,139	-1.58%
Proportion of R&D staff as a percentage of total staff	4.41%	3.80%	0.61%
Technology investment amount (RMB)	3,667,768,156.92	2,723,826,721.78	34.65%
Technology investment as a percentage of revenue	3.27%	3.00%	0.27%
R&D investment amount (RMB)	2,565,400,199.63	2,156,124,907.13	18.98%
R&D investment as a percentage of revenue	2.29%	2.37%	-0.08%
Amount of capitalized R&D investment (RMB)	1,308,367,385.13	1,112,962,837.84	17.56%
Capitalized R&D investment as a percentage of R&D investment	51.00%	51.62%	-0.62%

Explanation for a significant change in R&D investment as a percentage of total revenue as compared with last year

□ Applicable √ Not applicable

Explanation for a significant change in R&D investment capitalization rate as compared with last year

□ Applicable √ Not applicable

5. Cash flow

Unit: RMB

Item	2019	2018 (Restated)	Increased or Decreased over the previous year
Sub-total of operating cash inflows	174,776,588,984.70	152,674,806,896.83	14.48%
Sub-total of operating cash outflows	165,655,315,509.21	147,216,506,347.72	12.52%
Net cash flows from operating activities	9,121,273,475.49	5,458,300,549.11	67.11%
Sub-total of investing cash inflows	49,057,543,480.12	46,907,316,804.13	4.58%
Sub-total of investing cash outflows	63,106,254,634.22	56,369,348,953.54	11.95%
Net cash flows from investing activities	-14,048,711,154.10	-9,462,032,149.41	48.47%
Sub-total of financing cash inflows	25,170,014,634.06	20,789,082,850.25	21.07%
Sub-total of financing cash outflows	17,798,253,129.21	17,716,161,105.10	0.46%
Net cash flows from financing activities	7,371,761,504.85	3,072,921,745.15	139.89%
Net increase in cash and cash equivalents	2,465,176,904.27	-850,293,544.32	-389.92%

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Main influencing factors of major year-on-year changes in relevant data

√ Applicable □ Not applicable

1. Net cash flows from operating activities rose by RMB3.663 billion as compared with those in 2018. It was driven mainly by business and profit growth.

2. Net cash flows from investing activities rose by RMB4.587 billion as compared with those in 2018. It was mainly attributable to an increase in the net cash outflow on subsidiary acquisitions and purchases of wealth management products, and a decrease in the net outflow on purchases and construction of long-term assets

3. Net cash flows from financing activities rose by RMB4.299 billion as compared with those in 2018. It was mainly attributable to financing through convertible bond offerings.

4. Net increase in cash and cash equivalents includes the effect of exchange rate changes on cash and cash equivalents as follows:

Unit: RMB

Item	2019	2018	Increased or Decreased over the previous year
Effect of foreign exchange rate changes on cash and cash equivalents	20,853,078.03	80,516,310.83	-74.10%

Explanation for significant differences between the net cash flow from operating activities and the net profit during the reporting period

□ Applicable √ Not applicable

III. Non-core Business Analysis

√ Applicable □ Not applicable

Unit: RMB

	Amount	Proportion of Total Profit	Reason	Whether Sustainable
Other income	740,361,688.71	9.97%	Mainly including government grants related to daily activities.	No
Investment income	1,075,803,394.65	14.49%	Mainly including investment income from the disposal of subsidies and income from wealth management products.	Revenue from wealth management products is sustainable, while other investment income is not sustainable.
Gains and losses arising from changes in fair value	350,137,339.23	4.71%	Mainly including changes in fair value of financial assets held for trading and other non-current financial assets.	No
Credit impairment losses	-237,999,735.04	-3.20%	Mainly including bad debt losses of accounts receivable, factoring receivables and other receivables.	No
Asset impairment losses	-178,620,910.23	-2.41%	Mainly including impairment losses of long-term equity investment and intangible assets.	No
Non-operating income	213,003,573.49	2.87%	Mainly including government grants unrelated to daily activities and compensation income.	No
Non-operating expenses	195,300,786.51	2.63%	Mainly including compensation expenses, donations, and losses on scrapping of assets.	No

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IV. Analysis of Assets and Liabilities

1. Major Changes in Asset Composition

Unit: RMB

	Year End of 2019		Year Beginning of 2019 (Restated) (Note)		Increase/ Decrease in Proportion	Major Changes
	Amount	Proportion of Total Assets	Amount	Proportion of Total Assets		
Cash at bank and on hand	18,520,991,737.10	20.02%	16,131,120,733.54	22.47%	-2.45%	For details, please refer to analysis on cash flow in "II. Analysis on Main Business" under Chapter 4 Management Discussion and Analysis of Business Operation.
Placements with and loans to banks and other financial institutions	200,728,611.11	0.22%	–	0.00%	0.22%	Mainly due to an increase in lending funds in the current reporting period.
Financial assets held for trading	2,910,172,928.20	3.14%	518,862,145.67	0.72%	2.42%	Mainly due to increase in structured deposits.
Accounts receivable	12,044,542,725.83	13.02%	7,352,877,748.87	10.24%	2.78%	Increased due to business growth.
Inventories	881,658,973.69	0.95%	818,050,025.02	1.14%	-0.19%	No major changes.
Long-term equity investments	2,221,512,673.14	2.40%	2,203,431,122.03	3.07%	-0.67%	No major changes.
Investments in other equity instruments	4,933,692,937.19	5.33%	2,812,830,084.90	3.92%	1.41%	Increased due to increase in equity investments.
Investment properties	2,019,525,900.61	2.18%	2,453,931,501.54	3.42%	-1.24%	Mainly due to conversion of formerly leased properties into self-owned properties.
Fixed assets	18,903,827,062.42	20.43%	13,966,725,538.31	19.46%	0.97%	Increased due to the addition of buildings, aircraft and accessories.
Construction in progress	3,116,490,618.26	3.37%	6,508,628,249.99	9.07%	-5.70%	Mainly due to conversion of some office buildings and aircraft modification projects into fixed assets.
Intangible assets	10,008,036,356.04	10.82%	6,662,097,473.89	9.28%	1.54%	Increased due to the recognition of intangible assets arising from business combination, completion of self-developed software and land purchases.
Goodwill	3,564,540,458.80	3.85%	590,365,319.20	0.82%	3.03%	Increased due to the business combination.
Short-term borrowings	6,053,374,642.50	6.54%	8,585,129,399.63	11.96%	-5.42%	The sum of the Company's short-term and long-term borrowings, current portion of non-current liabilities, and bonds payable rose by RMB9.078 billion compared with year end-2018, which is mainly attributable to new loans and issuance of convertible corporate bonds.
Current portion of non-current liabilities	2,091,892,291.74	2.26%	273,222,821.65	0.38%	1.88%	Please refer to the above short-term borrowings description.
Long-term borrowings	6,539,556,784.41	7.07%	998,287,835.19	1.39%	5.68%	Please refer to the above short-term borrowings description.
Bonds payable	10,597,985,016.52	11.45%	6,405,035,926.40	8.92%	2.53%	Please refer to the above short-term borrowings description.
Accounts payable	11,988,256,010.34	12.96%	7,887,386,577.55	10.99%	1.97%	Increased due to the increase in cost of revenue.
Other equity instruments	768,938,484.90	0.83%	–	0.00%	0.83%	Mainly due to equity portion of convertible corporate bonds issued by the Company.

Note: The Company adopted the New Financial Instrument Standards on 1 January 2019. In accordance with transition provisions of the New Financial Instruments Standards, the Group and the Company recognised the cumulative effect of initially applying the standards as an adjustment to the opening balance of retained earnings in 2019 and other relevant line items in the financial statements. The comparatives data were not restated. Refer to "II. (31) Changes in Main Accounting Policies" of Section 12 – Financial Statements for details.

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2. Assets and liabilities measured at fair value

√ Applicable □ Not applicable

Unit: RMB

Item	Opening Balance	Changes in Fair Value Gains and Losses in Current Period	Accumulated Fair Value Changes Included in Equity	Provision for Impairment in Current Period	Amount of purchase in the Current Period	Amount of Sales in Current Period	Other Changes	Closing Balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets) (Note)	1,146,225,204.41	350,610,462.27	–	–	2,440,326,456.27	80,147,956.88	-468,046,598.92	3,388,967,567.15
2. Derivative financial assets	726,641.31	-473,123.04	–	–	–	–	-7,725.60	245,792.67
3. Investments in other equity instruments	2,812,830,084.90	–	485,040,606.69	–	918,198,612.75	54,996,904.29	772,620,537.14	4,933,692,937.19
Total financial assets	3,959,781,930.62	350,137,339.23	485,040,606.69	–	3,358,525,069.02	135,144,861.17	304,566,212.62	8,322,906,297.01
Total	3,959,781,930.62	350,137,339.23	485,040,606.69	–	3,358,525,069.02	135,144,861.17	304,566,212.62	8,322,906,297.01

Note: Financial assets held for trading include structured deposits that do not carry the characteristics of contract cash flow for principal and interest. The structured deposits have short maturities and are highly liquid, and net purchases and sales for the current period is stated in the current period.

Other changes

Other changes totaled RMB304,566,212.62, which were mainly due to the recognition of investment income from the sale of held-for-trading financial assets in the current period, the measurement of financial assets using their fair value rather than costs following the sale of some of the Company's equity stakes in its subsidiaries, and changes in foreign exchange rates for foreign-currency items.

Did significant changes occur for the Company's major asset measurement attributes during the reporting period?

□ Yes √ No

3. Limitation of asset rights as of the end of the reporting period

At the end of the reporting period, the Company's assets with restricted rights are mainly used for mortgages of long-term bank loans, details of which are as follows:

Unit: RMB

Item	Book Value at the End of Period (RMB)	Limitation Reason
Cash at bank	785,012,298.46	Legal reserves in the Central Bank
Cash at bank	30,000,000.00	Guarantee deposits for bank acceptance notes
Fixed assets	249,515,825.00	Long-term borrowing mortgage
Intangible assets	1,249,549,257.53	Long-term borrowing mortgage
Investment properties	260,204,371.91	Long-term borrowing mortgage
Construction in progress	171,224,485.06	Long-term borrowing mortgage
Total	2,745,506,237.96	

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V. Analysis of Investments

1. General situation

√ Applicable □ Not applicable

The Company is required to comply with the disclosure requirements of the "Guidelines of the Shenzhen Stock Exchange for Industrial Information Disclosure No.9 – Listed Companies Engaged in the Express Delivery Services Business."

Investment Amount During the Reporting Period (RMB)	Investment Amount During the same period of previous year (Restated) (RMB)	Change
12,914,521,137.20	14,793,347,473.89	-12.70%

Of these, breakdown items of capital expenditure during the reporting period are as in the table below:

Item	Investment Amount During the Reporting Period (RMB)
Office and Buildings	337,497,096.54
Land	414,379,699.71
Warehouse	502,555,464.09
Sorting center	934,021,847.51
Aircraft	1,559,362,737.35
Vehicle	575,361,050.08
Information technology equipment	655,033,039.08
Equity investments	6,493,061,087.37
Others	1,443,249,115.47
Total	12,914,521,137.20

2. Significant Equity Investment Obtained During the Reporting Period

□ Applicable √ Not applicable

3. Significant Non-Equity Investment Ongoing During the Reporting Period

□ Applicable √ Not applicable

4. Financial Assets Measured at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Asset Type	Initial Investment Cost	Changes in Fair Value Gains and Losses in Current Period	Accumulated Fair Value Changes Included in Equity	Amount of Purchase During the Reporting Period	Amount of Sales During the Reporting Period	Accumulated Investment Income	Closing Balance	Capital source
Stock	770,795,805.76		35,997,976.22		76,308,098.62	24,981,995.35	806,383,940.40	Self-owned funds
Financial derivatives		-473,123.04				15,739.32	245,792.67	Self-owned funds
Others (Note)	6,267,615,549.86	350,610,462.27	449,042,630.47	3,358,525,069.02	58,836,762.55	187,911,714.12	7,516,276,563.94	Self-owned funds/ raised funds
Total	7,038,411,355.62	350,137,339.23	485,040,606.69	3,358,525,069.02	135,144,861.17	212,909,448.79	8,322,906,297.01	–

Note: Financial assets held for trading include structured deposits that do not carry the characteristics of contract cash flow for principal and interest. The structured deposits have short maturities and are highly liquid, and net purchases and sales for the current period is stated in the current period.

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5. Use of Raised Funds

√ Applicable □ Not applicable

5.1 Funds Raised from Private Placement

(1) Overall use of Raised Funds

√ Applicable □ Not applicable

Unit: RMB10 thousands

Year	Method of Funding	Total Raised Funds (Note 1)	Total Raised Funds invested in the current year	Accumulative Raised Funds invested (Note 2)	Total Raised Funds with usage altered in the reporting period	Accumulative Raised Funds with usage altered (Note 3)	Proportion of accumulative total Raised Funds with usage altered	Total unused Funds	Use and Allocation of unused Funds	Funds Idled for over Two Years
2017	Funds Raised from Private Placement	796,851.70	39,792.95	796,851.70	39,792.95	372,982.30	46.81%	–	N/A	–
Total	–	796,851.70	39,792.95	796,851.70	39,792.95	372,982.30	46.81%	–	–	–

Description for overall utilisation of Raised Funds

As of June 30, 2019, all funds raised have been used for relevant projects with total proceeds amounting to RMB7,968,517,000. Proceeds used for Aviation Materials Purchasing and Flight Support Project totalled RMB2,636,220,200, that used for the Cold Chain Vehicles and Temperature Control Equipment Purchasing Project totalled RMB292,008,800, that used for the Information Service Platform Construction and the Next Generation Logistics Informatisation Technology R&D Project totalled RMB3,846,502,100, and that used for the Transit Depot Construction Project totalled RMB1,193,785,900. The balance of proceeds amounted to RMB2,972,900, all of which has been used to permanently replenish the Company's working capital.

(2) Statement of committed investment projects of Raised Funds

√ Applicable □ Not applicable

Unit: RMB10 thousands

Committed investment projects and allocation of over-raised funds	Whether project has been (or partially) altered	Total committed investment based on net Raised Funds	Total investment after alteration (a)	Investment in the current year	Accumulative investment at the end of the period (b)	Investment progress at the end of the period (%) (d) = (b)/(a)	Date of asset ready for intended use	Benefits achieved in the current year	Whether expected benefits have been achieved	Whether feasibility of project has changed significantly
Committed investment projects										
1. Aviation material purchase and flight support project	Yes	268,622.08	263,622.02	-	263,622.02	100%	-	Note: 4	N/A	No
1.1 Aviation material purchase	Yes	237,622.08	157,298.74	-	157,298.74	100%	2018/12/31	Note: 4	N/A	No
1.2 Recruitment of pilots	Yes	31,000.00	27,554.51	-	27,554.51	100%	2018/12/31	Note: 4	N/A	No
1.3 Aircraft purchase and modification	Yes		78,768.77	-	78,768.77	100%	2019/6/30	Note: 4	N/A	No
2. Cold storage vehicles and temperature control equipment purchase	Yes	71,795.00	29,200.88	-	29,200.88	100%	-	Note: 5	N/A	No
2.1 Purchase of vehicles for cold chain transport	Yes	49,729.00	28,056.60	-	28,056.60	100%	2018/12/31	Note:5	N/A	No
2.2 Purchase of EPP temperature control containers	Yes	22,066.00	1,144.28	-	1,144.28	100%	2018/12/31	Note: 5	N/A	No
3. Information service platform construction and next-generation logistics IT research and development projects	Yes	111,918.00	384,650.21	39,792.95	384,650.21	100%	2019/6/30	Note: 6	N/A	No

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Committed investment projects and allocation of over-raised funds	Whether project has been (or partially) altered	Total committed investment based on net Raised Funds	Total investment after alteration (a)	Investment in the current year	Accumulative investment at the end of the period (b)	Investment progress at the end of the period (%) (d) = (b)/(a)	Date of asset ready for intended use	Benefits achieved in the current year	Whether expected benefits have been achieved	Whether feasibility of project has changed significantly
4. Distribution hub construction projects	Yes	329,882.88	119,378.59	-	119,378.59	100%	-	Note: 7	N/A	No
4.1 Zhengzhou SF E-commerce Industrial Park project	Yes	50,584.68	343.82	-	343.82	100%	2018/12/31	Note: 7	N/A	No
4.2 Changchun SF E-commerce Industrial Park project	Yes	61,945.51	22,264.73	-	22,264.73	100%	2019/5/31	Note: 7	N/A	No
4.3 Wuxi SF E-commerce Industrial Park project	Yes	41,834.10	22,192.87	-	22,192.87	100%	2019/6/30	Note: 7	N/A	No
4.4 Shanghai Shunheng Logistics Co., Ltd. new factory project	Yes	50,634.05	18,816.19	-	18,816.19	100%	2018/8/31	Note: 7	N/A	No
4.5 SF Express Nantong District Aviation Hub (phase 2) project	Yes	33,055.34	Project investment cancelled after changes							
4.6 Hefei smart sorting base	Yes	26,427.29	31,958.78	-	31,958.78	100%	2019/6/30	Note: 7	N/A	No
4.7 SF E-commerce Industrial Yiwu Integrated Service Center	Yes	24,900.96	8,287.38	-	8,287.38	100%	2019/6/30	Note: 7	N/A	No
4.8 Ningbo Transshipping Center	Yes	22,587.92	7,269.33	-	7,269.33	100%	2019/6/30	Note: 7	N/A	No
4.9 Wenzhou Ganglu E-commerce Industrial Park project	Yes	17,913.03	8,245.49	-	8,245.49	100%	2019/6/30	Note: 7	N/A	No
Subtotal of committed investment projects	–	782,217.96	796,851.70	39,792.95	796,851.70	–	–	–	–	–
Investment of excess proceeds	N/A									
Total	–	782,217.96	796,851.70	39,792.95	796,851.70	–	–	–	–	–
Status of and reason for planned progress or estimated income not achieved (of a specific project)	N/A									
Significant changes in the feasibility of projects	N/A									
Amount, usage and use progress of over-raised Funds	N/A									
Change in implementation location of investment projects of Raised Funds	N/A									
Adjustment to implementation method of investment projects of Raised Funds	N/A									
Upfront investment and replacement of investment projects of Raised Funds	Pursuant to the resolution of the seventh meeting of the fourth Board of Directors on 4 August 2017 and the explicit consent given by the sponsors, the independent directors and the supervisory board, the Group was approved to replace upfront self-raised funds of RMB2,645,283,600 invested in the Aviation Materials Purchasing and Flight Support Project, the Cold Chain Vehicles and Temperature Control Equipment Purchasing Project, the Information Service Platform Construction and the Next Generation Logistics Informatisation Technology R&D Project, and the Transit Port Construction Project with the Raised Funds. See the announcement (No. 2017-046) disclosed at the *Securities Times, Shanghai Securities News, China Securities Journal* and the website of CNINFO (http://www.cninfo.com.cn) by the Company on 5 August 2017 for more details.									
Supplementing working capital temporarily with idle Raised Funds	N/A									
Balances of the Raised Funds during the project implementation and the reasons	As at 30 June 2019, the Company has completed all the Raised Funds projects with balance (income from wealth management and interest income) of RMB2,972,900, which was less than RMB5 million or 1% of the net Raised Funds. Pursuant to the Guidelines of the Shenzhen Stock Exchange for the Standard Operation of Listed Companies on the Small and Medium-sized Enterprise Board and the *Management System for Corporate Raised Funds*, such balance can permanently be used to supplement working capital with exemption from approval procedures of the Board of Directors and the shareholders' meeting. As at 15 August 2019, the Company has transferred all the balance of Raised Funds from the Raised Funds Account to the Company's Proprietary Funds, amounting to RMB2,988,700 (including the total current interest of RMB15,800 settled at the time of account closing), with account closing procedures for the Raised Funds Account completed at the same time. See the announcement (No. 2019-091) disclosed at the website of CNINFO (http://www.cninfo.com.cn) by the Company on 15 August 2019 for more details.									
Usage and allocation of the unused Raised Funds	N/A									
Defects and other problems in utilisation and disclosure of the Raised Funds	N/A									

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(3) Statement of Altered Investment Projects of Raised Funds

√ Applicable □ Not applicable

Unit: RMB10 thousands

Project after alteration	Project before alteration	Total Raised Funds to be invested to the project after alteration (a)	Actual investment in the current year	Actual accumulative investment (b)	Investment progress (%) (c)=(b)/(a)	Date of asset ready for intended use	Benefits achieved in the current year	Whether expected benefits have been achieved	Whether feasibility of project has changed significantly
Aviation material purchase and flight support project – Aircraft purchase and modification	Aviation material purchase and flight support project – Aviation material purchase – Recruitment of pilots	78,768.77	--	78,768.77	100%	2019/6/30	Note: 4	N/A	No
Information service platform construction and next-generation logistics IT research and development projects	Cold storage vehicles and temperature control equipment purchase Aviation material purchase and flight support project Distribution hub construction projects	384,650.21	39,792.95	384,650.21	100%	2019/6/30	Note:6	N/A	No
Distribution hub construction project – Hefei smart sorting base project	Distribution hub construction projects	31,958.78	--	31,958.78	100%	2019/6/30	Note: 7	N/A	No
Total	--	495,377.76	39,792.95	495,377.76	--	--	--	--	--
Alteration reason, decision making progress and information disclosure (of a specific project)	The Company altered some investment projects of the Raised Funds based on actual conditions. Pursuant to the *Proposal for Alteration of Some Investment Projects of the Raised Funds* discussed at the eighth meeting of the fourth Board of Directors and approved by the third interim shareholders' meeting in 2017, the Company extracted RMB837,688,300 from the Raised Funds invested in subprojects "Aviation Materials Purchasing and Maintenance" and "Pilot Recruitment" and invested such funds to the new subproject "Aircraft Purchasing and Modification", with the total Raised Funds invested in "Aviation Materials Purchasing and Flight Support Project" unchanged. Furthermore, with the total investment in "Cold Chain Vehicles and Temperature Control Equipment Purchasing Project" and "Transit Port Construction Project" unchanged, the Company adjusted the Raised Funds invested to each subproject. RMB2,329,392,600 extracted from the Raised Funds were invested into "Information Service Platform Construction and the Next Generation Logistics Informatisation Technology R&D Project". See Announcement No. 2017-049, 2017-052 and No. 2017-059 for more details about the Company's project alteration. Pursuant to the *Proposal for Alteration of Certain Investment Projects of the Raised Funds* approved at the eighteenth meeting of the fourth Board of Directors and the first interim shareholders' meeting in 2019, the Company agreed to extract funds from the Raised Funds invested to subprojects "Transit Port Construction Project" and "Aviation Materials Purchasing and Flight Support Project" with the total investment in both projects unchanged. The Company extracted RMB50,000,600 and RMB201,591,500 from the Raised Funds invested in subprojects "Aircraft Purchasing and Modification" and "Transit Port Construction Project" respectively, totalling RMB251,592,100, plus the accumulative income from wealth management and interest income amounting to RMB146,337,400, a total amount of RMB397,929,500 invested into the "Information Service Platform Construction and the Next Generation Logistics Informatisation Technology R&D Project". See the announcements (No. 2019-001, 2019-008 and No. 2019-018) disclosed at the website of CNINFO (http://www.cninfo.com.cn) by the Company on 4 January 2019 and 24 January 2019 respectively for more details about the Company's project alteration. As at 30 June 2019, the Raised Funds used by Aviation Materials Purchasing and Flight Support Project accumulated RMB2,636,220,200, that used by Cold Chain Vehicles and Temperature Control Equipment Purchasing Project accumulated RMB292,008,800, that used by Information Service Platform Construction and the Next Generation Logistics Informatisation Technology R&D Project accumulated RMB3,846,502,100, and that used by Transit Port Construction Project accumulated RMB1,193,785,900.								
Status of and reason for planned progress or expected benefit has not been reached (by project)	N/A								
Description of major changes in project feasibility after changes	N/A								

Note 1 The "Total Raised Funds" include the net Raised Funds before alteration, amounting to RMB7,822,179,600, and the accumulative income from wealth management and interest income from the "Information Service Platform Construction and the Next Generation Logistics Informatisation Technology R&D Project" after alteration, amounting to RMB146,337,400.

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Note 2 "Accumulative Raised Funds invested" includes accumulative Raised Funds invested and upfront investment replaced after the reception of Raised Funds of RMB2,645,283,600.

Note 3 "Total Raised Funds with usage altered" refers to the altered Raised Funds ready for investment calculated based on the last-tier subproject of Raised Funds with usage altered listed in the Annex 2.

Note 4 The Company's business developed rapidly. Based on the Company's future strategic plan, the original aircraft's capacity cannot meet the requirements of business development any more. This project is aimed at improving the Company's air transportation effectiveness and market competitiveness. The benefits achieved are not directly quantifiable.

Note 5 The project is aimed at improving the speed and quality of cold chain transportation and providing customers with sophisticated temperature control service. The benefits achieved are not directly quantifiable.

Note 6 The project is aimed at lay outing the next generation logistics informatisation technology in advance, improving the intelligent logistics capacity, supporting the development of future comprehensive logistics business, promoting the digitalisation, networking and marketisation of information, and backing the innovation and incubation of new businesses. The benefits achieved are not directly quantifiable.

Note 7 The project is aimed at further enhancing the processing capacity of the Company's express backbone network as well as improving the operation effectiveness of the whole network. The benefits achieved are not directly quantifiable.

5.2 Funds Raised from Public Issuance of Convertible Corporate Debentures

(1) Overall use of Raised Funds

√ Applicable □ Not applicable

Unit: RMB10 thousands

Year	Method of Funding	Total Raised Funds	Total Raised Funds invested in the current year (Note 1)	Accumulative Raised Funds invested (Note 1)	Total Raised Funds with usage altered in the reporting period	Accumulative Raised Funds with usage altered	Proportion of accumulative total Raised Funds with usage altered	Total unused Funds	Use and Allocation of unused Funds	Funds Idled for over Two Years
2019	Public Issuance of Convertible Corporate Debentures	577,717.37	219,246.21	219,246.21	–	–	–	358,471.16	As the cash management of idle Funds, the balance of purchasing wealth management products with guaranteed principal was RMB3.01 billion, and the remaining unused Funds were deposited in special accounts for raised funds.	–
Total	—	577,717.37	219,246.21	219,246.21	–	–	–	358,471.16	—	–

Description for overall utilisation of Raised Funds

As at 31 December 2019, the accumulated Funds Raised from Convertible Corporate Debentures that were utilised amounted to RMB2,192,462,100. Proceeds used for Aircraft Purchasing and Aviation Materials Purchasing and Maintenance Project totaled RMB427,848,600; that used for Intelligent Logistics Information System Construction Project totalled RMB96,518,400; that used for Express Delivery Equipment Automation Upgrade Project totalled RMB249,705,600; that used for Land Transport Capacity Improvement Project totaled RMB218,389,500; and that used for Repayment of Bank Loans totaled RMB1,200,000,000.

As at 31 December 2019, the Company's unused Funds Raised from Convertible Corporate Debentures, which were RMB3,584,711,600, the unpaid distribution expenses, which were RMB2,309,900, as well as bank interest received and income from wealth management received, which were RMB3,673,800, amounted to RMB3,590,695,300 in total. Of which, the balance of principal-guaranteed wealth management products purchased from banks for cash management of idle Funds Raised from Convertible Corporate Debentures of RMB3,010,000,000 and the balance of special accounts for the funds raised from Convertible Corporate Debentures was RMB580,695,300.

To improve the utilisation of idle Funds Raised from Convertible Debentures and strengthen the profitability of the Raised Funds, according to the resolution at the 27th meeting of the fourth Board of Directors dated 25 November 2019, the Company was allowed to conduct cash management with the temporarily idle Funds Raised from Convertible Debentures on condition that the investment projects and utilisation of Funds Raised from Convertible Debentures are not affected. The cap of accumulative rolling transaction amount is RMB18 billion; the period is from the date of approval by the Board of Directors to the date of 2019 annual shareholders' meeting. In 2019, the Company purchased wealth management products with guaranteed principal within the limit approved by the Board of Directors.

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(2) Statement of committed investment projects of Raised Funds

√ Applicable □ Not applicable

Unit: RMB10 thousands

Committed investment projects and allocation of over-raised funds	Whether project has been (or partially) altered	Total committed investment based on net Raised Funds	Total investment after alteration (a)	Investment in the current year	Accumulative investment at the end of the period (b)	Investment progress at the end of the period (%) (d) = (b)/(a)	Date of asset ready for intended use	Benefits achieved in the current year	Whether expected benefits have been achieved	Whether feasibility of project has changed significantly
Committed investment projects										
1. Aircraft Purchasing and Aviation Materials Purchasing and Maintenance Project	No	152,000.00	152,000.00	42,784.86	42,784.86	28.15%	2022/11/22	Note: 2	N/A	No
1.1 Aircraft Purchasing Project	No	4,000.00	4,000.00	4,000.00	4,000.00	100%	2019/11/30	Note: 2	N/A	No
1.2 Aviation Materials Purchasing and Maintenance Project	No	148,000.00	148,000.00	38,784.86	38,784.86	26.21%	2022/11/22	Note: 2	N/A	No
2. Intelligent Logistics Information System Construction Project	No	146,717.37	146,717.37	9,651.84	9,651.84	6.58%	2022/11/22	Note: 3	N/A	No
2.1 Hardware Purchasing	No	139,217.37	139,217.37	9,512.86	9,512.86	6.83%	2022/11/22	Note: 3	N/A	No
2.2 Software Purchasing	No	7,500.00	7,500.00	138.98	138.98	1.85%	2022/11/22	Note: 3	N/A	No
3.Express Delivery Equipment Automation Upgrade Project	No	100,000.00	100,000.00	24,970.56	24,970.56	24.97%	2022/11/22	Note: 4	N/A	No
4. Land Transport Capacity Improvement Project	No	59,000.00	59,000.00	21,838.95	21,838.95	37.02%	2022/11/22	Note: 5	N/A	No
5. Repayment of Bank Loans	No	120,000.00	120,000.00	120,000.00	120,000.00	100%	2019/11/30	Note: 6	N/A	No
Subtotal of committed investment projects	--	577,717.37	577,717.37	219,246.21	219,246.21	--	--	-	--	--
Investment of excess proceeds	N/A									
Total	--	577,717.37	577,717.37	219,246.21	219,246.21	--	--	-	--	--
Status of and reason for planned progress or estimated income not achieved (of a specific project)	N/A									
Significant changes in the feasibility of projects	N/A									

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Committed investment projects and allocation of over-raised funds	Whether project has been (or partially) altered	Total committed investment based on net Raised Funds	Total investment after alteration (a)	Investment in the current year	Accumulative investment at the end of the period (b)	Investment progress at the end of the period (%) (d) = (b)/(a)	Date of asset ready for intended use	Benefits achieved in the current year	Whether expected benefits have been achieved	Whether feasibility of project has changed significantly
Amount, usage and use progress of over-raised Funds	N/A									
Change in implementation location of investment projects of Raised Funds	N/A									
Adjustment to implementation method of investment projects of Raised Funds	N/A									
Upfront investment and replacement of investment projects of Raised Funds	Pursuant to the resolution of the twenty-seventh meeting of the fourth Board of Directors on 25 November 2019 and the explicit consent given by the sponsor institution, the independent directors and the supervisory board, the Company was approved to replace upfront self-raised funds of RMB1,178,871,300 invested in the Aircraft Purchasing and Aviation Materials Purchasing and Maintenance Project, Intelligent Logistics Information System Construction Project, Express Delivery Equipment Automation Upgrade Project, Land Transport Capacity Improvement Project and Repayment of Bank Loans with the Raised Funds. Refer to the announcement (No. 2019-127) disclosed at the website of CNINFO (http://www.cninfo.com.cn) by the Company on 26 November 2019 for more details.									
Supplementing working capital temporarily with idle Raised Funds	N/A									
Balances of the Raised Funds during the project implementation and the reasons	N/A									
Usage and allocation of the unused Raised Funds	N/A									
Defects and other problems in utilisation and disclosure of the Raised Funds	N/A									

Note 1 "Total Raised Funds invested in the current year" and "Accumulative Raised Funds invested" include accumulative Raised Funds invested and upfront investment replaced after the receipt of Raised Funds of RMB1,178,871,300.

Note 2 The project is aimed at expanding the Company's own cargo fleet, and consolidating and improving the Company's own air transportation capacity. The benefits achieved are not directly quantifiable.

Note 3 The project is aimed at increasing the capacity and efficiency of the Company's information system, completing the layout of intelligent logistics informatisation technology, and promoting the technology-driven business upgrading. The benefits achieved are not directly quantifiable.

Note 4 The project is aimed at improving the Company's transshipment operation capacity and efficiency, increasing the storage service capacity and quality, and enhancing the stability of the transshipment network and storage service network. The benefits achieved are not directly quantifiable.

Note 5 The project is aimed at improving the Company's main and branch line transportation capacity and the efficiency of the "last kilometre" network service, and enhancing the security of the transportation network. The benefits achieved are not directly quantifiable.

Note 6 The project is aimed at reducing the Company's interest expenses, improving the profitability, and lowering debt repayment risk and liquidity risk. The benefits achieved are not directly quantifiable.

(3) Statement of Altered Investment Projects of Raised Funds

□ Applicable √ Not applicable

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VI. Sale of Significant Assets and Equity

1. Sale of significant assets

□ Applicable √ Not applicable

The Company did not sell any significant assets during the reporting period.

2. Sale of significant equity

√ Applicable □ Not applicable

Counterparty	Disposal of equity interests	Date of disposal	Transaction price (RMB0'000)	Net profit attributable to the Company by the disposed equity from the beginning of the reporting period to the date of disposal (RMB0'000)	Impact of the disposal of equity interests on the Company	Proportion of net profit attributable to the equity interests disposed to the Listed Company's total net profit	The pricing principle for disposal of the equity interests	Related party transaction	Relationship with the counterparty	Completion of the transfer of the equity interests involved	Implemented as scheduled. If not, provide the reasons and steps taken	Date of disclosure	Disclosure Index
Shenzhen Jiafeng Industrial Park Management Co., Ltd., Shenzhen Shunjie Industrial Park Management Co., Ltd. and Shenzhen Runheng Industrial Park Management Co., Ltd.	The 100% equity interests of Shenzhen SF Airlines Industry Property Management Co., Ltd., Yiwu Fengtai E-commerce Industrial Park Management Co.,Ltd. and Huai'an Fengtai E-commerce Industrial Park Management Co., Ltd.	October 18, 2019	93,900	N/A	The Company carried out the disposal of equity interests through the operation of asset securitization, which can utilize existing assets, broaden financing channels and increase working capital.	10.60%	Evaluated based on the market value on the valuation date With reference to the valuation amount and the price negotiated with the transferee	No	N/A	Yes	Yes	June 14, 2019, September 3, 2019	The "Announcement on Implementation of Asset Securitization and Related Party Transactions" (No. 2019-078) and the "Announcement on Progress in Implementation of Asset Securitization and Related Party Transactions" (No. 2019-101) disclosed by the Company on the Cninfo website (http://www.cninfo.com.cn).

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VII. Analysis of Major Holdings and Participating Companies

√ Applicable □ Not applicable

Major subsidiaries and equity participation companies that affect the Company's net profit by more than 10%

Unit: RMB

Company name	Company Type	Primary Business	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
Shenzhen S.F. Taisen Holdings (Group) Co., Ltd.	Subsidiary	Investments in industrial businesses, Investment consulting and other information consulting, supply chain management, asset management, capital management, investment management, etc.	RMB2 billion	37,007,923,816.47	22,167,896,947.84	3,678,536,370.45	3,202,938,991.69	3,186,435,255.52
S.F. Express Co., Ltd.	Subsidiary	International freight forwarding, domestic and international express delivery services, etc.	RMB0.15 billion	15,588,227,148.76	3,683,878,023.85	10,383,307,453.39	1,556,956,746.56	1,494,316,773.49
Shenzhen Fengtai E-Commerce Industrial Park Asset Management Co., Ltd.	Subsidiary	E-commerce industrial park management, entrusted asset management, self-owned property leasing, and property management, etc.	RMB4.8 billion	5,670,148,979.60	5,648,816,188.42	6,443,396.19	631,835,066.59	632,803,717.75

Acquisition and disposal of subsidiaries during the reporting period

√ Applicable □ Not applicable

Company Name	Acquisition or Disposal of Subsidiaries During the Reporting Period	Impact on Overall Production Operations and Performance
Shanghai Fengpaida Supply Chain Co., Ltd.	New establishment	No major impact
Shenzhen Lver Technology Co., Ltd.	New establishment	No major impact
Shenzhen S.F.Zhongyuan Network Technology Co., Ltd.	New establishment	No major impact
Shenzhen Yike Technology Co., Ltd.	New establishment	No major impact
Beijing Fenglejia Property Management Co., LTD	New establishment	No major impact
SF Pharmaceutical Supply Chain (Jilin) Co., Ltd.	New establishment	No major impact
Shanghai Haosiju Supply Chain Management Co., Ltd.	New establishment	No major impact
Shanghai Chengbai Technology Co., Ltd.	New establishment	No major impact
Wenzhou Jietai Enterprise Management Co., Ltd.	New establishment	No major impact
Huaian Fengtai Enterprise Management Co., Ltd.	New establishment	No major impact
Suzhou Fengyutai Enterprise Management Co., Ltd.	New establishment	No major impact
Shenzhen Fenglian Technology Co., Ltd.	New establishment	No major impact
Hefei Jietai Enterprise Management Co., Ltd.	New establishment	No major impact
Shanghai Binxian Supply Chain Management Co., Ltd.	New establishment	No major impact
Yunnan Shunzhu Xinfeng Express Co., Ltd.	New establishment	No major impact
Xinjiang Shunxin Express Co., Ltd.	New establishment	No major impact

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Company Name	Acquisition or Disposal of Subsidiaries During the Reporting Period	Impact on Overall Production Operations and Performance
Fenghao Supply Chain (Shenzhen) Co., Ltd.	New establishment	No major impact
Shanghai Solution Plus Supply Chain Co., Ltd.	New establishment	No major impact
Luoyang Fengnong Technology Co., Ltd.	New establishment	No major impact
Hangzhou Shuangjie Supply Chain Co., Ltd.	New establishment	No major impact
Quanzhou Fengyutai Enterprise Management Co., Ltd.	New establishment	No major impact
Yiwu Fengyutai Enterprise Management Co., Ltd.	New establishment	No major impact
Jiaxing Hongjie Enterprise Management Co., Ltd.	New establishment	No major impact
S.F. Intra-city Holding Co., Ltd.	New establishment	No major impact
Exel Logistics (Weihai) CO.,Ltd	New establishment	No major impact
Wuhan Jufeng Supply Chain Management Co., Ltd.	New establishment	No major impact
Yangzhou Fengyutai Enterprise Management Co., Ltd.	New establishment	No major impact
Shenzhen Fengchi Shuntong Information Technology Co., Ltd.	New establishment	No major impact
Wuhan Shunheng Express Co., Ltd.	New establishment	No major impact
Langfang S.F. Express Co., Ltd.	New establishment	No major impact
SF Share Precision Information Technology (Shenzhen) Co., Ltd.	New establishment	No major impact
Xi'an SF Information Service Co., Ltd.	New establishment	No major impact
Shenzhen Yijiayi Technology Co., Ltd.	New establishment	No major impact
Guangdong Zhifan Technology Co., Ltd.	New establishment	No major impact
Shanghai shunru Fenglai technology co., LTD	New establishment	No major impact
Hangzhou S.F.Intra-city Industrial Co., Ltd.	New establishment	No major impact
Sichuan Fengnong Technology Co., Ltd.	New establishment	No major impact
Shenzhen SF Freight Co., Ltd.	New establishment	No major impact
Huanggang Xiufeng Education Investment Co., Ltd.	New establishment	No major impact
Junhe Information Service Technology (Shenzhen) Co., Ltd.	New establishment	No major impact
Shenzhen Hengfeng Comprehensive Logistics Co., Ltd.	New establishment	No major impact
Guangxi Shunnongfengwei Technology Co., Ltd.	New establishment	No major impact
Xinjiang Fengnongyijiang Technology Co., Ltd.	New establishment	No major impact
Shaanxi SF Freight Co., Ltd.	New establishment	No major impact
Hunan SF Freight Co., Ltd.	New establishment	No major impact
Changchun SF Freight Co., Ltd.	New establishment	No major impact
Jiangsu Shunhefeng Freight Co., Ltd.	New establishment	No major impact
Guangzhou Shunfeng Freight Co.,Ltd.	New establishment	No major impact
Sichuan Shunhefeng Freight Co., Ltd.	New establishment	No major impact
Beijing SF Freight Co., Ltd.	New establishment	No major impact
Hainan SF Freight Co., Ltd.	New establishment	No major impact

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Company Name	Acquisition or Disposal of Subsidiaries During the Reporting Period	Impact on Overall Production Operations and Performance
Anhui Shunhe Freight Co., Ltd.	New establishment	No major impact
Guizhou SF Zhida Freight Co., Ltd.	New establishment	No major impact
Shanghai Shunlai E-commerce Co., Ltd.	New establishment	No major impact
Shanxi Shunxi Freight Co., Ltd.	New establishment	No major impact
Guangxi SF Freight Co., Ltd.	New establishment	No major impact
Xiamen Shunhe Supply Chain Management Co., Ltd.	New establishment	No major impact
Qingdao SF Freight Co., Ltd.	New establishment	No major impact
Dalian SF Freight Co., Ltd.	New establishment	No major impact
Hebei Shunhe Supply Chain Management Co., Ltd.	New establishment	No major impact
Shandong SF Freight Co., Ltd.	New establishment	No major impact
Dongguan SF Zhida Logistics Co., Ltd.	New establishment	No major impact
Tianjin SF Freight Co., Ltd.	New establishment	No major impact
Tianjin SF Zhida Logistics Co., Ltd.	New establishment	No major impact
Jiangxi Shunhe Supply Chain Management Co., Ltd.	New establishment	No major impact
Shanxi SF Zhida Supply Chain Management Co., Ltd.	New establishment	No major impact
Zhejiang Shunhefeng Freight Co., Ltd.	New establishment	No major impact
Shanghai SF Freight Co., Ltd.	New establishment	No major impact
Hubei Shunhefeng Freight Co., Ltd.	New establishment	No major impact
Yunnan Shunhe Freight Co., Ltd.	New establishment	No major impact
Fujian Shunhe Supply Chain Management Co., Ltd.	New establishment	No major impact
Zigong Fonair Aviation Technology Co., Ltd.	New establishment	No major impact
Nanjing Fengyutai Enterprise Management Co., Ltd.	New establishment	No major impact
Beijing Fengyutai Operations Management Co., Ltd.	New establishment	No major impact
Runxianghe Human Resource Service (Wuhan) Co., Ltd.	New establishment	No major impact
Ningbo Shunhefeng Freight Co., Ltd.	New establishment	No major impact
Xinjiang Shunhefeng Freight Co., Ltd.	New establishment	No major impact
Hangzhou SF Zhida Logistics Co., Ltd.	New establishment	No major impact
Heilongjiang SF Juyi Supply Chain Management Co., Ltd.	New establishment	No major impact
Changsha Hongjie Industrial Park Operations Management Co., Ltd.	New establishment	No major impact
Yingyun Logistics (Zhengzhou) Co., Ltd.	New establishment	No major impact
Qinghai SF Juyi Supply Chain Management Co., Ltd.	New establishment	No major impact
Inner Mongolia SF Juyi Supply Chain Management Co., Ltd.	New establishment	No major impact
Guangxi DHL Xintongdao Supply Chain Co., Ltd.	New establishment	No major impact
Gansu Shunhefeng Freight Co., Ltd.	New establishment	No major impact
Beijing SF Cold Chain Logistics Co., Ltd.	New establishment	No major impact

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Company Name	Acquisition or Disposal of Subsidiaries During the Reporting Period	Impact on Overall Production Operations and Performance
Zhejiang Shuangjie Supply Chain Technology Co., Ltd.	New establishment	No major impact
Liaoning Shunhe Supply Chain Management Co., Ltd.	New establishment	No major impact
Beijing Shundatongxing Technology Co., Ltd.	New establishment	No major impact
Tianjin Jufeng Supply Chain Management Co., Ltd.	New establishment	No major impact
Henan Shunhefeng Supply Chain Management Co., Ltd.	New establishment	No major impact
Ningxia SF Freight Co., Ltd.	New establishment	No major impact
Chongqing SF Zhida Supply Chain Management Co., Ltd.	New establishment	No major impact
Wuhan SF Zhida Logistics Co., Ltd.	New establishment	No major impact
Shenzhen SF Freight Holding Co., Ltd.	New establishment	No major impact
Shenzhen FengKong Technology Co., Ltd.	New establishment	No major impact
Tianjin Yuanheli Technology Co., Ltd.	New establishment	No major impact
Kunming Baoshunzhijian Investment Co., Ltd.	New establishment	No major impact
Fengrongliantong Technology (Shenzhen) Co., Ltd.	New establishment	No major impact
Changsha DHL Warehousing Logistics. Co., Ltd.	New establishment	No major impact
Wulianyida (Shanghai) Information Technology Co., Ltd.	New establishment	No major impact
Shenzhen Fengchi Shunxing Information Technology Co., Ltd.	New establishment	No major impact
Shenzhen SF Freight Technology Co., Ltd.	New establishment	No major impact
Shenzhen SF Zhida Network Technology Co., Ltd.	New establishment	No major impact
SF Express (Netherlands) B.V.	New establishment	No major impact
SF LOGISTICS MEXICO SA de CV	New establishment	No major impact
SF LOGISTICS PRIVATE LIMITED	New establishment	No major impact
Shenzhen Yirunfeng Technology Co., Ltd.	Equity replacement	No major impact
Shenzhen Yirongfeng Technology Co., Ltd.	Equity replacement	No major impact
Shenzhen Yihuifeng Technology Co., Ltd.	Equity replacement	No major impact
Shenzhen Tuofeng Industrial Park Management Co., Ltd.	Equity replacement	No major impact
Shenzhen Yufeng Industrial Park Management Co., Ltd.	Equity replacement	No major impact
Beijing Yijie Enterprise Management Co., Ltd.	Equity replacement	No major impact
DHL Logistics (Beijing) Co., Ltd.	Acquisition	No major impact
DHL Supply Chain (Hong Kong) Limited	Acquisition	No major impact
Dun ho Logistics Zhuhai (Hong Kong) Limited	Acquisition	No major impact
DHL Logistics (Zhuhai) Co., Ltd.	Acquisition	No major impact
Shun Lok Supply Chain (HK) Limited	Acquisition	No major impact
Shunhao Supply Chain Management (Wuhan) Co., Ltd.	Acquisition	No major impact
DHL Logistics (Nanjing) Co., Ltd.	Acquisition	No major impact
DHL Logistics (Shenzhen) Co., Ltd.	Acquisition	No major impact

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EXEL LOGISTICS CHINA CO., LTD.	Acquisition	No major impact
Exel Logistics (Chengdu) CO., Ltd	Acquisition	No major impact
DHL Logistics (China) CO., Ltd	Acquisition	No major impact
Donggguan DHL Supply Chain Co., Ltd	Acquisition	No major impact
Suzhou hengding logistics co. LTD	Acquisition	No major impact
Qian'an deda beifeng logistics Co. LTD	Acquisition	No major impact
Hangzhou Xiaoshan Gonglaohan Business hotel Co., Ltd.	Acquisition	No major impact
Hengyang hongyue network co. LTD	Acquisition	No major impact
Hengyang Wanwei Information Technology Co., Ltd.	Acquisition	No major impact
Hangzhou Zhentai Asset Management Co., Ltd.	Acquisition	No major impact
DC (PaloAlto) Corporation	Acquisition	No major impact
GREAT AFFLUENT GROUP LIMITED	Acquisition	No major impact
WEALTHY SMART INTERNATIONAL HOLDINGS LIMITED	Acquisition	No major impact
TREND POWER INVESTMENTS LIMITED	Acquisition	No major impact
JOVIAL BLISS GROUP LIMITED	Acquisition	No major impact
HARMONIC JOY HOLDINGS LIMITED	Acquisition	No major impact
HARVEST UP CORPORATION LIMITED	Acquisition	No major impact
LONG GRAND CORPORATION LIMITED	Acquisition	No major impact
BRIGHT TIME CORPORATION LIMITED	Acquisition	No major impact
PROSPERITY SINO LIMITED	Acquisition	No major impact
PATRIOT SUCCESS LIMITED	Acquisition	No major impact
Xiamen Ruite Information Technology Co., Ltd.	Sale	No major impact
Xiamen Jinchetou Information Technology Co., Ltd.	Sale	No major impact
Shanghai Ruitexin Information Technology Co., Ltd.	Sale	No major impact
SinoServices International Technologies Company Limited	Sale	No major impact
SinoServices International Technologies (Singapore) Pte LTD	Sale	No major impact
Shanghai Haikuqiang Supply Chain Information Technology Co., Ltd.	Sale	No major impact
Shenzhen Jingliantong Information Technology Co., Ltd.	Sale	No major impact
Shenzhen Fengyi Technology Co., Ltd.	Sale	For details, please refer to Note 5(3)(a) of Chapter 12 Financial Report.
SF Pharmaceutical Supply Chain Nanjing Co., Ltd.	Sale	No major impact
Nanjing Sihai Pharmaceutical Co., Ltd.	Sale	No major impact
ProsLot (Shenzhen) Technology Co., Ltd.	Sale	No major impact
Beijing SF Deda Logistics Technology Holding Co., Ltd.	Sale	No major impact

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Company Name	Acquisition or Disposal of Subsidiaries During the Reporting Period	Impact on Overall Production Operations and Performance
Qian'an Dedabeifeng Logistics Co., Ltd.	Sale	No major impact
Yiwu Fengtai E-commerce Industrial Park Management Co.,Ltd.	Sale	For details, please refer to Note 5(3)(a) of Chapter 12 Financial Report.
Huai'an Fengtai E-commerce Industrial Park Management Co., Ltd.	Sale	For details, please refer to Note 5(3)(a) of Chapter 12 Financial Report.
Shenzhen SF Airlines Industry Property Management Co., Ltd.	Sale	For details, please refer to Note 5(3)(a) of Chapter 12 Financial Report.
Hangzhou Jietai Property Management Co., Ltd.	cancellation	No major impact
S.F. International Railcargo Express Ltd.	cancellation	No major impact
Guizhou Xingcheng Home Delivery Express Co., Ltd.	cancellation	No major impact
Chongqing Xuehu Express Co., Ltd.	cancellation	No major impact
Jiaxing Hongjie Enterprise Management Co., Ltd.	cancellation	No major impact
Wenzhou Jietai Enterprise Management Co., Ltd.	cancellation	No major impact
Shunfengda Supply Chain Management Co., Ltd.	cancellation	No major impact
Shaanxi Yifeng Pharmaceutical Third Party Logistics Co., Ltd.	cancellation	No major impact
Wuhu Jietai Enterprise Management Co., Ltd.	cancellation	No major impact
Weifang Fengtai E-commerce Industrial Park Management Co., Ltd.	cancellation	No major impact
Shandong SF Communication Service Co., Ltd.	cancellation	No major impact

Shenzhen S.F. Taisen Holdings (Group) Co., Ltd. realized a net profit of RMB3,186,435,255.52 in 2019, which mainly consists of investment income from dividends distribution by subsidiaries controlled by the Company.

S.F. Express Co., Ltd. realized a net profit of RMB1,494,316,773.49 in 2019, which was mainly due to dividends distribution by subsidiaries controlled by the Company and the profit generated from the Company's principal operations.

Shenzhen Fengtai E-commerce Industrial Park Asset Management Co., Ltd. (深圳市丰泰电商产业园资产管理有限公司) realized a net profit of RMB632,803,717.75 in 2019, which was mainly due to disposal of subsidiaries.

VIII. Structured Entities Controlled by the Company

□ Applicable √ Not applicable

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IX. Prospects of the Company

(I) Future development trend of the industry

1. The express delivery industry will continue to develop at a relatively fast pace

Based on the general requirements laid down at the 2020 national postal management working conference, a total of 74 billion parcels are expected to be delivered via express delivery in the full year of 2020, up 18% yoy; and business revenue is projected to reach RMB866 billion, up 16% yoy. In China, against the backdrop of consumption restructuring and upgrade, lower-tier cities, new e-commerce platforms and large e-commerce parcels are set to become the growth drivers for the express delivery industry and inject fresh momentum into the market. Given the increasingly competitive marketplaces in 2020, companies will focus more on efficiency enhancement in supply chain operations. Since express delivery and logistics services are essential to the primary, secondary and tertiary industries and connect producers with consumers, the express delivery industry is set to maintain rapid growth in the future.

2. Market concentration will increase amid deepening competition

The brand concentration index CR8 for express delivery and parcel services came in at 82.5% in 2019, up 1.3% yoy, indicating a further increase in market concentration, data from the State Post Bureau shows. The higher concentration level is attributable to the listings of major express delivery companies, mergers between leading players, and their acquisitions of smaller firms. The novel coronavirus outbreak in early 2020 will prompt courier companies to shift their focus of competition away from business volume toward infrastructure and network-related capabilities. Capital, technology, human resources and traffic will flow to leading players at an accelerating pace. The Matthew effect will become more visible as a result of competitive elimination, and the express delivery industry will enter a new era of consolidation and higher concentration.

3. Technology and intelligentization will become the foundation of core competitiveness

As growth quality comes to the core of the economic new normal, technology and intelligentization will become an important means for express delivery businesses to cut costs and improve productivity. Technological capability has become a critical strategic capability for nations and enterprises alike. Visualized, smart and digital logistics services represent the general trend for the logistics industry. Rising labor costs, increasing scarcity of land and other natural resources, fast growth of the express delivery industry, consumers' increasing expectations for improved customer services and user experience, and operational complexity resulting from business diversification all pose new challenges to express delivery and logistics companies in terms of improving operating efficiency and optimizing costs. In response, leading players have ramped up investments in technology to deal with these challenges. Thanks to continued R&D investment and deployments, leading logistics firms move ahead of their peers in applying new technologies in scenarios such as express delivery and supply chain. In addition to internal applications, technologies such as drones, AI, big data, logistics SaaS applications, and smart devices are commercialized and exported to other industries at an accelerating pace. A growing number of clients now prefer packaged technological products and services and integrated solutions covering both upstream and downstream in the value chain.

4. One-stop integrated solutions will become a core competitive advantage for delivery and logistics players amid ongoing business diversification

Competition is intensifying in the traditional e-commerce delivery business. In the meanwhile, the development of New Retail is reshaping the entire supply chain from product supply to delivery to consumers – the former "push" model revolving around production and channels is gradually evolving toward a "pull" model with consumers at the "power center". The logistics and delivery service model characterized by scheduled and mass-scale operations will be replaced by a more flexible and responsive one. In particular, improved user experience and faster shipping services will be available to consumers of clothing, FMCG, agricultural goods, fresh food and processed food products, using technology and supply chain optimization methods such as direct sourcing, front-loading, route optimization and business enablement through digital platforms. Time sensitive demand will continue to increase, and super-fast last-leg distribution networks and strong digitalization capability will underpin "New Logistics". The fight against the virus outbreak in early 2020 indicates that companies with diversified services and diversification ability are more capable of combating risks. Instead of engaging in homogeneous competition based on a limited number of products, express delivery and logistics companies should develop the ability to offer integrated solutions covering business flows, logistics, technology and finance so as to improve their value proposition for clients.

5. Acceleration in business globalization

As international competition intensifies and global economic landscapes continue to evolve, China urgently needs logistics and supply chain services that dovetail with economic globalization to help improve its overall competitiveness as a world power. On the one hand, the reform of the terminal dues system and higher-level reforms at the Universal Postal Union will have significant implications for Chinese cross-border e-commerce and logistics businesses, and may lead to changes in the cross-border logistics market. Therefore, it is imperative for express delivery and logistics companies to expand international operations so as to strengthen competitiveness in the transnational services space. On the other hand, Chinese companies have accelerated overseas expansion in line with the top-level policy guidance of the "Belt and Road" initiative and the general trend of

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industry migration. For Chinese enterprises, the key to successful business globalization is establishing presence in countries/regions with great growth potential and building logistics and supply chain infrastructure suited to their needs. Pushing forward with overseas operations is a great mission of Chinese express delivery and logistics companies, and presents huge opportunities for development.

6. Promoting green and sustainable development is a new focus in the express delivery industry

Promoting green, environment-friendly and high-quality growth has become a general consensus in the fast-growing delivery service market. The State Council, the National Development and Reform Commission (NDRC), the State Post Bureau and other national authorities have introduced a slew of policies, regulations and guiding opinions to strengthen supervision and promote the green and sustainable development of the express delivery industry. In December 2018, the State Post Bureau issued the Guidelines for Green Packaging in the Express Delivery Industry (For Trial Implementation) (《快递业绿色包装指南（试行）》), setting out the goals of green packaging and calling for gradual reduction of packaging materials used and recycling. On January 19, 2020, the NDRC and the Ministry of Ecology and Environment released the Opinions on Further Strengthening the Control of Plastic Pollution (《进一步加强塑料污染治理的意见》), clarifying the phase-by-phase goals for plastic production, sales and use. Promoting the green and sustainable development of the express delivery industry has been brought to a new height and received wide attention.

(II) Directions of Strategic Development of the Company

1. Technology-driven logistics services, exportation of logistics technology as products, and transformation into a tech service company

As a leading integrated express delivery and logistics service provider in China, SF Holding adopts a unique direct operation model that ensures direct control and management and full coverage of end-to-end business scenarios and whole-chain operational links including collection, transport, transshipping and dispatch. The Company has accumulated a huge amount of data covering all aspects of its business operations, and has continually cut operating costs and improved efficiency through big data-based decision-making. The Company incorporates technology into clients' end-to-end supply chain operations and value chains to optimize customer experience. Best practices of cutting-edge logistics technology applications have been exported as products to empower the logistics industry as a whole. We will continue to ramp up investment in new technologies such as automation, AIoT and blockchain to stay at the forefront of the IT sector, and consistently improve the efficiency and intelligent upgrade of our logistics operations in a bid to transform into a logistics technology group and lead logistics technology development in China.

2. Adopt a customer-centric approach, improve supply chain service capacity, and provide integrated solutions

In 2019, leveraging technology services and infrastructure resources offered by its aviation network, ground network, and information network, the Company integrated DPDHL's supply chain service capacities in mainland China, Hong Kong and Macau, and increased the depth and breadth of its supply chain services by synergizing the two companies' complementary resources. In 2020, we will further deepen coordination and integration of customer interfaces and services, of operational resources, businesses and technology across business segments, of different regions, and of the Company and its ecosystem partners. Customer interfaces will be unified across different business segments, with resources shared between intra-city delivery, express delivery and freight services to improve service efficiency and flexibility. Domestic and international services will be complemented and coordinated to meet customers' needs for both domestic and overseas services. Supply chain services will be deeply integrated with technology and finance. Based on an in-depth understanding of clients' supply chains, solutions customized to clients' actual application scenarios will be developed with technology and financial supports to help them improve the quality and efficiency of their supply chains. In addition, professional services will be provided through coordination between our pharmaceutical and cold-chain transportation businesses. We will further synergize services for major customers in different regions, focusing on key clients with national presence. Efforts will be made to increase synergies between the Company and its ecosystem partners as well as between these business partners through resource coordination. By promoting synergies across business segments, the Company will deepen its control over services and business scenarios that cover the whole chain from production to supply, sales and distribution both at home and abroad, improve service quality, and offer high-quality services by leveraging finance, maintaining the customer-centric approach. Teams will be built to develop integrated solutions for clients in high value-added industries such as 3C, apparel and pharmaceutical, starting with leading players in these fields. We will push forward with the digital reform of supply chain, build industry benchmarks, and introduce the relevant services to other participants in the industries.

3. Steady development of international businesses, and win-win cooperation based on technology empowerment

The "Belt and Road" initiative has continued to progress as Chinese markets open wider to the outside world. Foreign trade has grown consistently in China. In particular, the high-end manufacturing and high-tech industries begin to flourish. Many domestic brands have forayed into the global markets, and Chinese companies have increasing demand for mid- to high-end supply chain services.

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SF Holding will actively align operations with the "Built in China" and "Made in China" initiatives, focus on the domestic market, and integrate aviation, ocean shipping and special international railway capacities. We are committed to developing accessible and reliable solutions and technological services, covering international express delivery, e-commerce shipping, international freight forwarding and supply chain, for domestic and foreign manufacturing firms, trading companies, cross-border e-commerce businesses and consumers alike. We also offer integrated, customized import/export supply chain solutions based on customer needs regarding market access, transportation, customs clearance, delivery, warehousing and system to help competitive Chinese companies and products "go global" and "bring in" overseas high-quality enterprises and products to China.

As regards technology development, we will focus more on business enablement for foreign clients, and share our time-tested operational plans and logistics operation experience with partners, based on our insights into major challenges facing the logistics industry, and help them develop more cost-effective operation plans. Furthermore, through collaborations, we will gradually increase the depth and breadth of our local service networks to meet basic global transport capacity requirements and management needs, thus laying the foundation for the Company to provide high-quality cross-border supply chain solutions.

4. Promote green logistics, focus on employee care, and perform social responsibilities

(1) Promote green logistics in a systematic manner: adopting a systematic approach to achieving green development, the Company has kicked off research activities to study carbon emission systems and measure energy consumption and pollutant emission. It has established its own pollutant emission measurement system to inform business development decisions, and has been actively involved in the formulation of related standards. We will continue to invest in green packaging R&D and innovation, and actively push forward with green packaging, packaging material minimization and recycling. While designing and developing innovative green packaging solutions, due attention will be paid to greening throughout the entire delivery life-cycle, while making packaging materials easy to use and be disposed of, in a bid to facilitate green packaging on a massive scale. As regards energy saving and emission reduction, we will work to cut overall emissions by coordinating air, road and railway transportation, and deploy more new-energy logistics vehicles in last-mile operations to broaden the coverage of our energy saving and emission reduction initiative.

(2) Continuously improve employee care and staff benefits: SF Holding is committed to providing employees with training and career development opportunities, and to helping them tackle personal concerns, thereby enabling them to deliver warm services for customers. The Company has continuously improved the training system of SF University, a training center project. We have mobilized both internal and external specialist resources to offer well-targeted training courses to staff members at different positions, and set up an effective platform for sustainable learning and communication among staff members to promote their career development. With a view to helping employees achieve work-life balance, the Company has held a variety of events to raise their sense of belonging, promote teamwork spirit, and incentivize them. We have set up a dedicated unit to work with government authorities to help couriers solve accommodation and other everyday difficulties. SF Holding will honor its long-term commitments made to employees and care about them in a bid to create strong and robust internal cohesion.

(III) Key Business Plans for 2020

1. Smart services driven by technology

In 2020, SF Holding will step up efforts to build technology framework and data capability, establish highly flexible, scalable and advanced real-time technology infrastructure, and promote technological applications to boost business diversification. In the meanwhile, we will continue to explore external markets, and actively develop technologies and supply chain capabilities to support business development. Measures mainly include:

(1) Promoting full-process technological applications across business segments

SF Holding will continue to promote full-process technological applications to achieve whole-network end-to-end digital management. We will seek to improve operating efficiency by applying automation, intelligent and platform-friendly technologies. We will also leverage advanced technologies such as machine learning, planning/management optimization and AI to link multiple business systems, promote technological applications and informatization throughout the logistics business process based on the actual business scenarios, and push forward with AI-enabled decision-making and management reform.

(2) Consolidating infrastructure-level capacities through continued system upgrade

We will build advanced, real-time, self-service and flexible technological infrastructure and digital capability, and use our highly flexible and scalable infrastructure platform to integrate resource information and achieve effective supervision and information sharing so as to better support business and service operations.

(3) Building a solution-oriented business model

Relying on excellent data services and experience in supply chain construction, SF Holding will work to build an innovative earnings model by developing and accumulating logistics technologies and supply chain capabilities. We aim to provide clients with customized, digital, industry-specific solutions and smart supply chain services, and help promote smart supply chain reform and development across industries.

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2. Consolidating business infrastructure, optimizing operating model, and improving resource efficiency

In 2020, SF Holding will continue to improve express delivery product and service standards and invest in technology systems and tools to further consolidate business infrastructure, and integrate whole-process end-to-end operational resources to improve resource utilization efficiency, cut operating costs, and enhance customer experience. Measures mainly include:

(1) Improving collection and dispatch capabilities: we will utilize big data and IE technologies to achieve online control and management of collection and dispatch capabilities; increase the application of smart tools and promote resource synergies across business segments, while streamlining operating procedures, so as to achieve the overall optimization of back-end resources and continually enhance staff productivity.

(2) Strengthening network development: we will build online management platforms using a combination of modern technologies to achieve smart planning, differentiated layout, and real-time management of service outlets; we will increase the density and service hours of the outlets, and match regional business scenarios with the appropriate types of outlets so as to better meet customer demand in both spatio and temporal terms.

(3) Improving the efficiency of transit-related operations: we will optimize transit depot utilization, increase small parcel packaging proportion and promote containerized operations, while upgrading working sites and equipment and standardizing collection and distribution schedules, so as to enhance the overall efficiency of our transit-related operations.

(4) Consolidating transportation infrastructure: we will give priority to time-sensitive products in direct air freight collection and distribution operations, based on air transport hub development and flight route resources. We will also optimize the structure of night-flight deliveries and direct morning-flight shipments of heavy cargos to improve the utilization of aviation resources. As regards land transportation, we will increase the coverage of trunk route networks and trunk route direct shipment proportion to improve our land transportation networks and consolidate transport infrastructure; we will also replace vehicles with larger-capacity ones to maximize the economies of scale of our trunk route operations, improve trunk route loading rate, and cut transportation costs.

3. Safeguarding steady and healthy growth in both revenue and profit from traditional businesses

In 2020, to adapt to changes in market conditions and meet clients' demand for personalized and integrated services, the Company will continue to focus on market trends and customer needs, utilize technological means to allocate internal resources based on demand and the unique characteristics of different industries, user groups and application scenarios, and optimize existing product/service mixes and operating models. Furthermore, on the basis of visualized supervision and management, we will continually innovate and upgrade products by sector to provide clients with quality and differentiated products, services and solutions, thus promoting the steady and sustainable growth of the traditional businesses. As regards time-sensitive shipping services, in 2020, we will stick to the two-pronged approach of "improving timeliness" and "upgrading services" and expand product coverage in a swift, targeted and steady manner. We will work to further improve service capacity, acquire incremental businesses, and maintain leadership position in the marketplace. For economy shipping products, we will focus on optimizing operational infrastructure, fully utilizing idle resources, continually optimizing operating procedures and links, cutting costs, improving efficiency, and enhancing products' price/performance ratios and customer experience. We will capitalize on technologies to revamp our operating models, and strive to fulfill revenue targets while ensuring customer satisfaction.

4. Further developing new businesses, optimizing resources input, and improving the profitability of new businesses

Freight business: in 2020, SF Holding will operate freight services adopting the dual-brand strategy, and continue to optimize products and improve service networks. SF Freight will improve terminal services, upgrade heavy cargo and smaller, less-than-carload parcel delivery services, complete intra-city distribution capacity building, improve its ability to deliver parcels to 3PL (third-party logistics), and strive to maintain its absolute leadership position in the mid- to high-end market. SX Freight will build on its affiliation network to enable affiliated partners, and upgrade products and services to maintain rapid growth in mid-market businesses and grow its market share further. Integrating resources and operations, we will work to establish an innovative "2 + 1" model featuring "direct operation network + affiliation network + operation middle office", promote coordination and synergistic operations, increase the economies of scale across the two networks, and continuously reduce operating costs per kilogram, with transit depots in both networks evolving from physical integration toward joint management and route planning from transport capacity sharing toward route integration. We will step up efforts to improve the resource capacity of automated sites, continually invest in technology infrastructure, and develop replicable digital management and service technologies to achieve sophisticated operation and improve overall efficiency. Focusing on improving customer experience and meeting the diversified needs of customers, we aim to build a service standard system for the freight industry.

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Cold chain business: in 2020, the cold chain unit will further improve its core competitiveness by focusing on the target markets. Furthermore, we will continue to build on the infrastructure-level capacities of the cold-chain logistics network, build efficient, high-quality urban distribution capabilities by setting up systematically structured and efficient RDC + DC cold-chain warehouse networks, and further develop end-to-end cold-chain solutions featuring "urban distribution operations based on cold-chain warehouse networks in destination markets, and direct transport connecting the producing areas with back-end stores and consumers". We will also work to improve the productivity and management efficiency of cold-chain transportation resources, lower internal operating costs, protect end-to-end cold chain solution operations and services more effectively, and promote the rapid development of the cold chain business by introducing key measures such as operating model optimization, competitive elimination of resources, systematization of IT functions and collaboration with external resources.

Pharmaceutical business: in 2020, SF Holding will continue to improve pharmaceutical logistics infrastructure to build a one-stop digital pharmaceutical logistics platform, and provide warehousing and distribution logistics management system + operations management services to help clients achieve digital, internet-based and visualized logistics management, improve service capacities, and set service benchmark for the pharmaceutical logistics sector.

Intra-city delivery: in 2020, SF Holding will continue to increase investment in intra-city delivery business. With building a high-quality and efficient third-party instant logistics service platform covering all application scenarios as its mission, the SF intra-city delivery unit will continue to improve intra-city delivery products and services by relying on its neutral and trustworthy brand image, highly efficient and reliable services, and proprietary smart scheduling system. It aims to become the preferred vendor for local instant delivery services, and provide best-quality and most diversified services for local merchants and individual users. In the meanwhile, by investing in new retail store-based distribution and SaaS technologies, we will help clients adapt to new retail, and provide merchants with effective tools to create value, and and make services more accessible to consumers.

International business: focusing on Chinese trade and developed in line with the "Belt and Road" initiative, the international business aims to help Chinese enterprises go global. In the meanwhile, we seek to bring more high-quality products and services to Chinese consumers by seizing opportunities provided by the China International Import Expo. We aim to provide foreign customers with a broad range of products and services. Apart from traditional international logistics products and services such as express delivery, cross-border e-commerce logistics and freight transportation, we will develop new businesses focusing on 3C, fresh food, pharmaceutical and FMCG businesses, and strive to develop supply chain solutions. We will also branch out into the international freight forwarding business by leveraging our aviation, ocean shipping and unique international railway resources, and push forward business enablement to offer exceptionally cost-effective solutions for more clients.

Warehousing: in 2020, our warehousing business will focus on upgrading the six core capabilities – customer acquisition, warehousing and distribution products, warehouse operation, warehousing network resources, planning & design, and system-based technology. As regards products and sales, we will develop flexible warehousing and distribution product portfolios for different application scenarios based on the needs of different clients, in a bid to help clients improve end-to-end warehousing and distribution capacities. We will work to improve operating efficiency, and respond more effectively to key-account clients' demand for customized products and services; we will build major warehousing facilities in core cities, explore industry-leading business formats such as benchmark, shared and front-end warehouses, and structurally improve site resources to clients' specifications; we will continue to introduce automated, smart and high-tech warehousing equipment and systems to serve different types of e-commerce retailers and traditional supply chain business scenarios, in a bid to develop competitive, integrated warehousing and distribution products and provide clients with one-stop warehousing and distribution services under different scenarios.

Supply chain services: in 2020, the Company will continue to work on technology innovation, global business expansion and ecosystem-based win-win development by revolving around clients' needs and leveraging SF Technology's AI and system R&D capabilities as well as big data processing technology. We will work to retain existing clients, and continually develop new businesses to maintain solid revenue growth. We will build an end-to-end, smart, integrated and user-friendly supply chain service system to provide clients with a full suite of services including consumption trends analysis, customer profiling, smart business system, big data processing, sales forecasting, warehousing-distribution integration, multi-scenario transportation, multimodal transportation, supply chain finance, and customized cold-chain services, and strive to offer standardized, competitive products that can stand the test of time. In the meanwhile, using key-account clients as examples, we will promote services to mid-market and long-tail clients to infiltrate more market segments, continue to build overseas supply chain systems in response to clients global needs, while consolidating supply chain operations in Europe, South Asia, Southeast Asia and Latin America; we will also develop technology-driven, integrated solutions in collaboration with our customers to bring logistics technology to areas such as smart transportation, smart manufacturing, and smart sales so as to meet clients' growing demand for value-added services.

We will continue to deepen synergistic and integrated collaborations with SF DHL and New HAVI. On the one hand, we will drive technology empowerment and assist SF DHL and New HAVI in achieving digital and IT transformation. On the other hand, we will also work to improve the efficiency of resources integration regarding supply chain management, client resources and logistics facilities so as to provide clients with integrated solutions covering all aspects of the value chain, including production, supply, sales and distribution, through concerted efforts, and improve our competitiveness and business reputation.

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(IV) Possible risks and countermeasures

1. Market risks

Risks of macroeconomic fluctuations: The logistics industry plays an important fundamental role in the development of national economy while it is also significantly affected by macroeconomic conditions. In recent years, China's macroeconomy has experienced slowing growth as it underwent a period of economic structure transition, and the future development will remain rather complicated. Future fluctuation of the macroeconomy will have a certain impact on the overall development of China's logistics industry and the performance of SF Holding.

Market competition risks: Competition in China's express logistics industry has become increasingly fierce. On the one hand, industry-leading express logistics enterprises continue to strive to expand their businesses and networks. On the other hand, E-commerce platform enterprises, social capitals and other external forces are creeping into the express logistics industry, further exacerbating market competition. If the Company cannot take active and effective measures to cope with the ever-changing market competition, it may face the risk of slowing business growth and declining market share.

Risks arising from change in new business patterns: In recent years, with the rapid development of information technology, the impact of the Internet economy on all aspects of life has become increasingly obvious. In the express delivery industry, information platform-type enterprises have emerged. Through fast matching and effective management of information between supply and demand, such enterprises can quickly gather and utilize social capitals to deliver appropriate services for customers, which will have a certain impact on the traditional business model of the express delivery industry.

Risk response: In the face of complex and volatile potential market risks, the Company has established a comprehensive risk management system for close monitoring and dedicated analyses of the macroeconomy, of industry development trends and market competition patterns. From these analyses, SF Holding plans and adjusts its strategic direction, business planning and work priority in a forward-looking manner so as to minimize the impact of changes in external market environment on the Company's business and future development.

2. Policy risks

Risks arising from changes in industry regulations and industrial policies: Operation of express delivery requires business licensing and is subject to regulation by laws, administrative rules and industry standards such as the Postal Law (《邮政法》), the Administrative Measures for Express Delivery Business Licensing (《快递业务经营许可管理办法》), the Administrative Measures for Express Delivery Market (《快递市场管理办法》), the Industry Standard for Express Delivery Services (《快递服务》行业标准) and the Rules for Guiding the Operation of Express Business (《快递业务操作指导规范》). In order to support the development of the express delivery industry, competent departments at various levels have successively introduced a number of industrial support and encouragement policies. However, should major changes in or adjustments to relevant laws, regulations or industrial policies occur in the future, they may have an impact on the development trend and market competition landscape of the express delivery industry, which may in turn affect the future business growth and performance of the Company.

Risks from relevant state policies on environmental protection, energy conservation and emission reduction: Various types and models of motor vehicles are important components of transportation vehicles of express delivery companies. With the intensifying state policies on environmental protection, energy conservation and emission reduction may lead to increased expenses in relevant aspects such as environmental protection, energy conservation and emission reduction incurred by express delivery companies, which may affect the future performance of the Company.

Risk response: The Company has established research teams for state and local policies in all business units to conduct in-depth analysis on relevant policies introduced and scientific prediction of future policy directions and trends in the light of overall changes in external environment. Forward-looking plans are implemented and adjusted by fully capitalizing on favorable policies while avoiding policy risks, hence promoting business growth.

3. Business risks

Risks of possible rising costs: The traditional express delivery industry is a labor-intensive industry. There are relatively large demands for labor along various stages of operation such as collection, sorting, transportation and delivery. With decreasing rate of population growth in China, there are certain pressures on rising labor costs while investments in logistics infrastructures and other aspects are also increasing. If the Company cannot secure enough business volume or effectively control costs in the future, it will probably face challenges in its future performance growth.

Risk response: SF Holding has continued to increase investment in areas such as logistics framework optimization and system component innovation, including in areas such as bringing the entire logistics process online by applying smart technologies to reduce manpower and offline operations, while upgrading service points and route planning and using scientific and technological means to enhance efficiency and reduce labor costs, hence leading transformation of the express delivery industry from a labor-intensive to a technology intensive industry.

Risks from fuel price fluctuation: Transportation cost is one of the major costs of the express delivery industry, and fuel cost is a component of transportation cost. Fluctuation of fuel price will have a certain impact on the profitability of express delivery companies. If the fuel price rises significantly in the future, the Company will experience pressure of increased costs. Generally speaking, however, fuel costs accounted for only 1.88% of revenue in, a ratio which is not high. Therefore, the impact of fuel price fluctuation on operating costs is relatively limited. It is estimated that if fuel price fluctuates by +/- 5%, cost of revenue may increase or decrease by RMB0.105 billion for the current year, which will either increase or decrease net profit attributable to the parent company by a maximum of RMB79 million.

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Risk response: The Company will further optimise layout of service points, enhance scientific route planning and loading rate of operating routes, and increase resource use efficiency to reduce the risk of fuel price fluctuations. Further, the Company will strengthen promotion for use of new energy vehicles to reduce the risk of fuel price fluctuations to a certain extent. Meanwhile, the Company has matured operation and cost monitoring mechanisms. When costs fluctuate significantly, operation plans and fuel cost control measures will be dynamically adjusted to reduce the negative impact of fuel cost fluctuation on the Company.

4. Exchange rate fluctuation risks

SF Holding is committed to providing accessible, reliable and integrated international express delivery, logistics and supply chain solutions for domestic and foreign manufacturing companies, trading companies, cross-border e-commerce businesses and consumers. Thus far, the Company has rolled out international logistics services in countries including Singapore, South Korea, Malaysia, Japan and Thailand, and B2C and e-commerce delivery services in a number of countries and regions. Going forward, as its overseas operations expand, businesses denominated in foreign currencies are set to account for an increasing share of our total business volume. Given the uncertainties in the international financial environment and fluctuations in RMB's exchange rates, the Company's foreign-currency assets, foreign-currency liabilities and future foreign-currency transactions will all be subject to exchange rate risks, which will in turn affect the Company's business performance or financial statements.

Risk response: The Company's foreign exchange transactions are mainly conducted based on the actual needs of its cross-border foreign-currency businesses. To avoid and guard against risks associated with fluctuations in exchange rates and interest rates, better manage its foreign currency positions and become more competitive, the Company has established the Management System for Hedging Business (《套期保值业务管理制度》), and conducts centralized management of foreign currency positions, under which it decides expenditure based on revenue, implements maturity matching and performs natural hedging wherever possible. It also uses financial derivatives and hedging products with low default risks and controllable risks to lock in the costs of exchange rate and interest rate and avoid the relevant risks. All the Company's hedging transactions are conducted in strict compliance with the relevant hedging principles, and are based on our normal production and business activities and justified with actual business operations. All the transactions are carried out for the purpose of locking in costs and avoiding risks. The Company does not trade for speculative purposes, and operates within its authority to ensure effective execution and reduce the impact of exchange rate fluctuations on its operation and earnings. In terms of counterparty selection, the Company conducts foreign exchange hedging transactions only with large and established commercial banks home and abroad, and all such transactions conform to the principles of legality, prudence, safety and effectiveness. In addition, we will step up efforts to study and analyze exchange rates and interest rates, closely monitor changes in the global markets, issue early warnings in time, and take countermeasures accordingly.

5. Information system risk

Information system risk: To cope with our diversified development of, the complex and diverse needs of customers, and the strategic direction of technology-led business expansion to enhance market position, the Company has built and applied various information systems and technologies. Rapid development of the industry and changing market also pose challenge of rapid change in technology and services to the construction of core business systems of the Company. With the wide variety and rapid replacement of professional technologies in the Company along with emerging new technologies, changes in information technology and future business requirements may cause certain information system risks. Meanwhile, despite the series of information security control mechanisms established for the large amount of data accumulated for years by the Company, there still exists certain human or system caused information security risks.

Risk Responses: The Company has formulated comprehensive response measure for information system risks. On the one hand, the Company continues to carry out operation and optimization of the ISO27001 information security management system, and has obtained certification after the on-site assessment by the authority. The Company implements information security control and protection in all aspects according to established policies and strategies for information security, and continuously updates all procedures and systems for information security. It continuously strengthens risk awareness of staff and trainings for staff operation standards, develop internal information circulation guidelines, implement rules of strong control over sensitive information, avoid unintentional violations, and construct monitoring and early warning and disposal systems for abnormal behaviors, so as to eliminate information system security risks in their infancy. Meanwhile, according to requirements of regulatory authorities, the Company has engaged in and passed the testing and evaluation for security classification protection of information system. Based on high standards of technology protection requirements, it conduct continuous and stable security intervention in the business system construction phase to strengthen the ability of the client's service products and business systems themselves against anti-security attacks, and enhance the capability of the IT infrastructures to discover and defend against cybersecurity attacks during operation of the information system. On the other hand, the Company has established a more comprehensive system for prevention and control of information risks, formulated standard processes such as the Major Event Management Process System for IT System (《IT系统重大事件管理流程制度》) and the Management Guidelines for Emergency Plan Formulation and Implementation of IT System (《IT系统应急预案制定与执行管理指引》) to implement closed-loop risk prevention and control in terms of pre-warning, in-process control and post-recording. Additionally, the Company has actively cooperated with the National Development and Reform Commission, the State General Administration of Posts and all levels of public security departments to combat behaviours such as black production and speculation; has actively participated in the formulation and review of various information security standards of the National Information Security Standards Committee, pilot work for implementation of policies; has regularly held security summits and security salons to facilitate information sharing with industry leaders and industry elites; and has established alliance partnership and cooperation with information security teams of well-known Internet and e-commerce companies for the joint construction of a safe and orderly Cyberspace.

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X. Reception of Research, Communication, Interviews and Other Activities

1. Registration form for reception of research, communication, interviews and other during the reporting period

√ Applicable □ Not applicable

Reception Date	Reception Mode	Reception Object	Disclosure index
March 18, 2019	Field research	Organization	"March 18, 2019 Investor Relations Activities Record" disclosed on http://www.cninfo.com.cn on March 19, 2019 (Announcement No. 2019-001)
April 2, 2019	Field research	Organization	"April 2, 2019 Investor Relations Activities Record" disclosed on http://www.cninfo.com.cn on April 2, 2019 (Announcement No. 2019-002)
August 28, 2019	Field research	Organization	"August 28,2019 Investor Relations Activities Record" disclosed on http://www.cninfo.com.cn on August 28, 2019 (Announcement No. 2019-003)

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05

Significant Events

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I. Profit distribution to common shareholders & increase of share capital due to conversion of equity reserves

Status of formulation, execution, or adjustments made to profit distribution policy for common shareholders, especially the cash dividend policy, during the reporting period

√ Applicable □ Not applicable

On April 9, 2019, the Company held the 2018 Annual Shareholders' General Meeting and reviewed and approved the 2018 profit distribution plan. Based on the total share capital on the record date for the implementation of the 2018 profit distribution plan less the number of shares in the repurchase special accounts of the Company, the Company distributed a cash dividend of RMB2.10 (including tax) for every 10 shares to all shareholders. The remaining undistributed profits were carried forward to the following year. The equity reserves were not transferred to share capital and no equity dividends were distributed during the year.

As at the time when the Company's plan for profit distribution for 2018 was implemented, the total share capital of the Company comprised 4,418,326,672 shares, or 4,407,315,943 shares after excluding the balance of 11,010,729 shares as shown in repurchase special accounts of the Company. The Company distributed a cash dividend of RMB925, 536,348.03. The execution of the profit distribution plan was completed on April 18, 2019.

Special Explanation of Cash Dividend Policy	
Does it comply with the requirements of the Company's regulations or the resolutions of the shareholders' meeting?	Yes
Are the dividend standards and proportions specific and clear?	Yes
Are relevant decision-making procedures and mechanisms complete?	Yes
Do independent directors perform their duties and play their due role?	Yes
Do minority shareholders have the opportunity to fully express their opinions and appeals, and are their legitimate rights and interests fully protected?	Yes
Are the conditions and procedures compliant and transparent when the cash dividend policy was adjusted or changed?	N/A

The Company's plan for profit distribution to common shareholders (preplan) & plan for increase of share capital due to conversion of capital reserves (preplan) for the recent three years (including this reporting period):

The Company's board of directors reviewed and approved the "2019 Annual Profit Distribution Plan" on March 23, 2020: based on the share capital of 4,403,300,190 (calculated by deducting the 11,010,729 shares in the Company's repurchase special accounts from the total share capital 4,414,310,919 as of March 23, 2020), a cash dividend of RMB2.70 (including tax) per 10 shares will distributed to all shareholders for a total of RMB1,188,891,051.30. The remaining undistributed profits will be carried forward to the following year. The equity reserves will not be transferred to share capital, and no equity dividends will be distributed during the year. This proposal is subject to review and approval at the Company's 2019 Annual Shareholders' General Meeting.

The Company's 2018 profit distribution plan was as follows: Based on the total share capital on the record date for the implementation of the 2018 profit distribution plan of 4,418,326,672 less the number of shares in the repurchase special accounts of the Company, the Company distributed a cash dividend of RMB2.10 (including tax) for every 10 shares to all shareholders for a total of RMB925,536,348.03. The remaining undistributed profits were carried forward to the following year. The equity reserves were not transferred to share capital and no equity dividends were distributed during the year. The distribution plan has been implemented.

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The Company's 2017 profit distribution plan was as follows: Based on the Company's total share capital of 4,413,572,185 shares as of January 31, 2018, the Company distributed a cash dividend of RMB2.20 (including tax) for every 10 shares to all shareholders for a total of RMB970,985,880.70. The remaining undistributed profits were carried forward to the following year. The equity reserves were not transferred to share capital and no equity dividends were distributed during the year. The distribution plan has been implemented.

Unit: RMB

Year	Cash dividend (including tax)	Net profit attributable to common shareholders of the Company in consolidated statements	Cash dividend in proportion to net profit attributable to shareholders of the Company in consolidated statements (%)	Cash dividend in (such as share repurchase) other forms	Other forms of cash dividend it proportion to net profit attributable to shareholders of the Company in consolidated statements (%)	Total of Cash dividend (including other forms)	Total of cash dividend (including other forms) in proportion to net profit attributable to shareholders of the Company in consolidated statements (%)
2019	1,188,891,051.30	5,796,505,532.20	20.51%	394,996,314.03	6.81%	1,583,887,365.33	27.32%
2018	925,536,348.03	4,556,048,279.54	20.31%	–	–	925,536,348.03	20.31%
2017	970,985,880.70	4,770,689,703.15	20.35%	–	–	970,985,880.70	20.35%

The Company made a profit in the reporting period and the profit distributable to the common shareholders of the Company was positive, but it did not put forward a preliminary plan for cash dividend distribution:

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II. Proposal for profit distribution and conversion of capital reserves into share capital for the reporting period

√ Applicable □ Not applicable

Numbers of equity dividend per 10 shares (share(s))	–
Dividend distribution per 10 shares (RMB) (including tax)	2.70
Conversion of equity reserves into share capital per 10 shares (share(s))	–
Share base of the distribution proposal (share(s))	4,403,300,190
Cash dividend amount (RMB) (including tax)	1,188,891,051.30
Cash dividend amount (RMB) in other ways (such as repurchasing shares)	394,996,314.03
Total cash dividends (RMB) (including tax)	1,583,887,365.33
Distributable profits (RMB)	1,454,807,195.40
Cash dividends as a percentage of total of distributed profits (%)	100%

Cash dividend policy

For profit distribution of companies with unclear stage of development but significant capital expenditure arrangement, the percentage of cash dividend shall represent at least 20% of the profits distribution for the current year.

Particulars of profit distribution and conversion of capital reserves into share capital

As per the results audited by PricewaterhouseCoopers Zhong Tian LLP, the parent company achieved a net profit of RMB1,083,472.24 in 2019. The Company appropriated 10% of its net profit, amounting to RMB108,347.22 for the year 2019 to the statutory surplus reserve. After incorporating retained earnings of RMB2,378,066,843.65 at the beginning of the year and deducting the actual cash dividend of RMB924,234,773.27 in 2019, profit of the parent company available for distribution to the shareholders was RMB1,454,807,195.40 as of December 31, 2019.

The Company's proposed profit distribution plan for 2019 was as follows: Based on the share capital of 4,403,300,190 (calculated by deducting the 11,010,729 shares in the Company's repurchase special accounts from the total share capital 4,414,310,919 as of March 23, 2020), a cash dividend of RMB2.70 (including tax) per 10 shares will distributed to all shareholders, and the total amount of the payout is RMB1,188,891,051.30. The remaining undistributed profits will be carried forward to the following year. The equity reserves will not be transferred to share capital, and no equity dividends will be distributed during the year.

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III. Fulfillment of commitments

1. Commitments made by the Company's actual controllers, shareholders, related parties, purchasers, and others that were fulfilled during the reporting period and those not fulfilled as of the end of the reporting period

√ Applicable □ Not applicable

Commitment	Committed By	Commitment Type	Commitment Details	Committed Time	Commitment Period	Fulfillment Status
Commitments made during asset restructuring	Mingde Holding	Restricted sale of shares	1. The shares of Dingtai New Materials subscribed by the company in this restructuring shall not be transferred in any way within 36 months from the date of registration of such shares in the name of the company, nor shall a third party be entrusted to manage such shares. 2. When the aforementioned lock-up period expires, if the underlying company fails to meet the committed net profits as stipulated in the "Profit Forecasting Compensation Agreement," which requires the company to perform the share compensation obligation to Dingtai New Materials, and the share compensation obligation has not been fulfilled, the aforementioned lock-up period shall be extended to the date of completion of the company's share-based compensation obligations under the "Profit Forecasting Compensation Agreement." 3. Within six months after completion of the restructuring, if the closing price of Dingtai New Materials stock is lower than the issuance price for consecutive 20 trading days, or the closing price of the stock at the end of 6 months after the restructuring is completed is lower than the issuance price, the lock-up period of such stock held by the company is automatically extended for at least 6 months. (If dividend distribution, gifted shares, transfer of capital stock, or allotment to Dingtai New Materials occurred during the above period, the aforementioned issuance price is calculated based on the price adjusted by factors such as ex-dividend and ex-rights.) 4. After the completion of the transaction, the shares derived from Dingtai New Materials shares subscribed to by the company in this restructuring due to the distribution of stock dividends of Dingtai New Materials and the capitalization of the capital reserve to share capital shall also comply with the above-mentioned arrangement of restricted sale of shares.	January 23, 2017	3 years	Fulfilled on January 22, 2020

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Commitment	Committed By	Commitment Type	Commitment Details	Committed Time	Commitment Period	Fulfillment Status
Commitments made during asset restructuring	Jiaqiang Shunfeng, Shunda Fengrun, Shunxin Fenghe, Zhaoguang Investment, Oriza Shunfeng, Guyu Qiuchuang	Restricted sale of shares	1. The shares of Dingtai New Materials subscribed to by the company in this restructuring shall not be transferred within 12 months from the date of registration of the relevant shares under the company's name. 2. After the expiry of the aforementioned time limit, the shares of Dingtai New Materials held by the company will be relieved in phases according to the following proportions: ① Phase 1: Upon the 12-month anniversary of the registration of Dingtai New Materials shares under the company's name and the fulfillment of the first year's performance compensation obligation (if any) (If there is no obligation of performance compensation, it is the date of the announcement on the special audit report on the committed performance, whichever is later), 30% of the total number of shares newly issued at this time (after deducting the compensation portion, if any) can be relieved. ② Phase 2: Fulfillment of the second year's performance compensation obligation (if any) (if there is no performance compensation obligation, it is the date of the announcement on the special audit report on the committed performance, whichever is later), 30% of the total number of shares newly issued at this time (after deducting the compensation portion, if any) can be relieved. ③ Phase 3: Fulfillment of the third year's performance compensation obligation (if any) (if there is no performance compensation obligation, it is the date of the announcement on the special audit report on the committed performance, whichever is later), 40% of the total number of shares newly issued at this time (after deducting the compensation portion, if any) can be relieved. 3. Within six months after completion of the restructuring, if the closing price Dingtai New Materials stock is lower than the current issuance price for consecutive 20 trading days, or the closing price of the stock at the end of 6 months after the restructuring is completed is lower than the issuance price, the lock-up period of such stocks held by the company is automatically extended for at least 6 months. (If dividend distribution, gifted shares, transfer of capital stock, or allotment to Dingtai New Materials occurred during the above period, the aforementioned issuance price is calculated based on the price adjusted by factors such as ex-dividend and ex-rights.) 4. After the completion of the transaction, the shares derived from Dingtai New Materials shares subscribed to by the company in this restructuring due to the distribution of stock dividends of Dingtai New Materials and the capitalization of the capital reserve to share capital shall also comply with the above-mentioned arrangement of restricted sale of shares.	January 23, 2017	3 years	Fulfilled

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Commitment	Committed By	Commitment Type	Commitment Details	Committed Time	Commitment Period	Fulfillment Status
Commitments made during asset restructuring	Wang Wei, Mingde Holding, Jiaqiang Shunfeng, Zhaoguang Investment, Oriza Shunfeng, Guyu Qiuchuang, Shunda Fengrun, Shunxin Fenghe	Regulating and reducing of related-party transactions	1. The company/enterprise/I and the company/this enterprise/company, enterprise, or economic organization (excluding the companies controlled by the listed companies) that are actually controlled by me, hereinafter collectively referred to as "the company/business/my affiliate" will strictly execute the rights of shareholders in accordance with the provisions of laws, regulations, and other normative documents, perform the obligations of shareholders, and maintain the independence of listed companies in terms of assets, finances, personnel, operations, and institutions. 2. The company/the enterprise/I or the company/my affiliated company will not use the status of the shareholders to promote the shareholders' meeting or the Board of Directors of the listed Company to make resolutions that infringe on the legal rights of minority shareholders. 3. The company/the enterprise/I or the company/my affiliated company will not appropriate the funds of the listed Company by means of borrowing, repaying debt or other payment on behalf of the company/the enterprise/I or the company/my affiliated company, or any other way. 4. The company/the enterprise/I or the company/my affiliated company will try to avoid related-party transactions with the listed Company. For unavoidable relatedparty transactions with the listed Company, the company/the enterprise/I or the company/my affiliated company will promote the controlled entity to conduct the transactions in accordance with fair, reasonable, and normal commercial transaction conditions, and will not require or accept conditions given by the listed Company that are more favorable than any fair market transaction, and will sign various related-party transaction agreements with the listed Company in a wellintentioned and strict manner. 5. The company/the enterprise/I or the company/my affiliated company will strictly perform the related-party transaction decision-making procedures and the corresponding information disclosure obligations in accordance with the listed Company's Articles of Corporation and relevant laws and regulations. 6. The company/the enterprise/I or the company/my affiliated company will ensure that the entity itself and the controlling entity will not seek special interests beyond the above-mentioned requirements through related-party transactions with the listed Company and will not carry out related-party transactions that impair the interests of the listed Company and their small and medium shareholders. If the above commitments are violated, the company/the enterprise/I will jointly and severally assume corresponding legal liabilities, including but not limited to, individual and joint legal liabilities for the total losses caused to the listed Company and its small and medium shareholders.	January 23, 2017	Long-term	Normal

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Commitment	Committed By	Commitment Type	Commitment Details	Committed Time	Commitment Period	Fulfillment Status
Commitments made during asset restructuring	Wang Wei, Mingde Holding	Avoiding horizontal competition	1. After the completion of this restructuring, in the case that the company/I has/have direct or indirect control over, or significant influence on, the listed Company, other companies/enterprises (hereinafter referred to as "the company/company controlled by me") except for the listed Company and its subsidiaries directly or indirectly controlled by the company/me and the Company/I will not engage in any business that constitutes substantial competition with the listed Company's current or future business. 2. After the completion of this restructuring, if the controlled companies may form substantial competition with the listed Company in the future or have a conflict of interest with the listed Company, the companies controlled by the Company/me and the Company/I will abandon any business opportunities that may constitute peer competition, or inject all businesses of the companies controlled by the Company/me and the Company/I that constitute peer competition into the listed Company at a fair and equitable market price at the appropriate time. 3. The company/I will not use any information known or learned from the listed Company to assist any third party to engage in or participate in any business activities that have substantial competition or potential competition with the listed Company. 4. If the company/I and the company/company controlled by me violates the above commitments and causes the rights and interests of the listed Company to be damaged, the company/I will bear the corresponding liability for compensation according to laws.	January 23, 2017	Long-term	Normal
Commitments made during asset restructuring	Mingde Holding	Social insurance, housing fund, and other related issues	1. If an employee has recourse to Taisen Holding and its subsidiaries for social insurance or housing provident funds, resulting in litigation or arbitration, or if Taisen Holding and its subsidiaries are subject to administrative penalties from the relevant administrative authorities, the company will assume the corresponding compensation liabilities: If the social insurance and housing provident fund authorities request Taisen Holding and its subsidiaries to repay previous years' employee social insurance and housing provident fund, the company will use the amount approved by the competent authority to make up the contributions on behalf of Taisen Holding and its subsidiaries; if Taisen Holding and its subsidiaries bring any other expenses and economic losses due to failing to pay social insurance and housing provident funds in accordance with the regulations, the company will make up the contributions for Taisen Holding and its subsidiaries for free. 2. As regards Taisen Holding and its subsidiaries' own properties, it is committed that the company will bear the corresponding liability for compensation if Taisen Holding and its subsidiaries are punished by the relevant administrative authority because Taisen Holding and its subsidiaries fail to handle the land use rights certificate and/or the building ownership certificate. If Taisen Holding cannot continue to use the relevant land/house, the company will bear all expenses and economic losses resulting from this for free. 3. If Taisen Holding and its subsidiaries and branch companies fail to use venues and/or houses due non-standard application and the relevant enterprises need to re-locate, the company will bear any losses and expenses suffered by Taisen Holding and its subsidiaries and branch companies.	January 23, 2017	Long-term	Normal

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Commitment	Committed By	Commitment Type	Commitment Details	Committed Time	Commitment Period	Fulfillment Status
Commitments made during asset restructuring	Wang Wei, Mingde Holding	Maintaining the independence of the listed Company	I. Independence of the personnel of the listed Company 1. The senior management personnel of the listed Company (General Manager, Deputy General Manager, Secretary of the Board of Directors, Head of Finance, etc.) work full-time for the listed Company and receive remuneration from the listed Company. They do not hold any positions other than Director in the company and do not retain duties other than Directors and Supervisors in enterprises (hereinafter referred to as "the company/other enterprise controlled by me") other than Dingtai New Materials and its subsidiaries controlled by me and the company. 2. Financial officers of the listed Company do not work part-time in other enterprises controlled by the company/me and the company/other enterprise controlled by me. 3. The listed Company's personnel relations and labor relations are independent of the company/me and the company/other enterprise controlled by me. 4. The company/I will only exercise shareholder rights indirectly through shareholders' meetings and recommend candidates for directors, supervisors, and senior management personnel of the listed Companies in accordance with the laws and regulations or the provisions of the listed Company's Articles of Corporation and other rules and regulations. The company/I will not intervene in the personnel appointments and dismissals of the listed Company beyond the shareholders' meetings or Board of Directors. II. Independence of the assets of the listed Company 1. The listed Company has independent and complete assets. The assets of the listed Company are all under the control of the listed Company and are owned and operated independently by the listed Company. 2. The company/I and the company/other enterprise controlled by me will not illegally occupy the capital and assets of the listed Company in any way. 3. The company/I will not provide guarantees for the debt of the company/mine and the company/other enterprise controlled by me using assets of the listed Company. III. Financial independence of the listed Company 1. The listed Company and its holding subsidiaries establish independent financial accounting departments and establish independent financial accounting systems and financial management systems. 2. The listed Company and its holding subsidiaries can independently make financial decisions. The company/I will not intervene in the use of funds by the listed Company beyond the shareholders' meetings or Board of Directors. 3. The listed Company and its holding subsidiaries can independently open bank accounts. The company/other enterprise controlled by the company/me will not share bank accounts with the listed Company and its holding subsidiaries. 4. The listed Company and its holding subsidiaries shall pay taxes independently.	January 23, 2017	Long-term	Normal

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Commitment	Committed By	Commitment Type	Commitment Details	Committed Time	Commitment Period	Fulfillment Status
			IV. Independence of the organizations of the listed Company 1. The listed Company shall establish and improve corporate governance structures in accordance with the laws, establish independent and complete organizational structures, and separate them completely from those of the company/my organizations. The listed Company will not use office organizations or business premises together with this company/me and this company/other enterprise controlled by me. 2. The listed Company operates independently and autonomously. The company/I will not intervene in the management of the listed Company beyond the Shareholders' General Meeting and the Board of Directors. V. Independence of the business of the listed Company 1. The listed Company independently owns the assets, personnel, and qualifications to carry out business activities after the completion of the restructuring and has the ability to operate independently for the market. 2. The company/I and the company/other enterprise controlled by me will avoid engaging in businesses competing with the listed Company and its holding subsidiaries in the same industry. 3. The company/I will not illegally occupy funds or assets of the listed Company. The company/I will strictly abide by the listed Company's related-party transaction management system, regulate, and minimize the occurrence of related-party transactions with the listed Company. For unavoidable related-party transactions with the listed Company, the company/I will prompt the company/other enterprises controlled by me to conduct the transactions in accordance with fair, reasonable, and normal commercial transaction conditions, and will not require or accept conditions given by the listed Company that are more favorable than any fair market transaction, and will sign various related-party transaction agreements with the listed Company in a well-intentioned and strict manner. The company/I will strictly perform the related-party transaction decision-making procedures and the corresponding information disclosure obligations in accordance with the listed Company's Articles of Corporation and relevant laws and regulations. The company/I will strictly abide by the relevant provisions of the China Securities Regulatory Commission on the independence of listed companies, will not use the controlling shareholder/actual controller's status to violate the listed Company's standardized operating procedures, will not overpower the listed Company's and its subsidiaries' operations and management activities, will not invade the interests of the listed Company and its holding subsidiaries, and will not harm the legitimate rights and interests of the listed Company and other shareholders.			

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Commitment	Committed By	Commitment Type	Commitment Details	Committed Time	Commitment Period	Fulfillment Status
Commitments made during asset restructuring	Jiaqiang Shunfeng, Shunda Fengrun, Shunxin Fenghe, Mingde Holding, Zhaoguang Investment, Oriza Shunfeng, Guyu Qiuchuang	Performance commitments and compensation arrangements	The assets restructuring counterparties Mingde Holdings, Shunda Fengrun, Jiaqiang Shunfeng, Zhaoguang Investment, Oriza Shunfeng, Guyu Qiuchuang, and Shunxin Fenghe (collectively "the restructuring counterparties") commit that the net profits of Taisen Holding in 2016, 2017, and 2018 will not be less than RMB2.185 billion, RMB2.815 billion, and RMB3.488 billion. The aforementioned net profits refer to net profits attributable to shareholders of the parent company, after deducting non-recurring profit or loss, of Taisen Holding. Taking into account that this major asset restructuring will affect the net profit levels of the target company and raised funds invested in projects will not directly generate revenues, the listed Company and the restructuring counterparties make the following commitment to Taisen Holding's performance: 1. From the date when the fund-raising project is actually put into operation, the fund usage fee is calculated according to the benchmark interest rate of bank loans during the same period and the actual days of operation of the fund-raising project (calculated on the basis of the date when the fund-raising project is actually put into operation). The net profits committed by the restructuring counterparties is subject to the net profits after deducting the above-mentioned fund usage fee. The fund usage fee is calculated as follows: Fund usage fee = Actual amount of raised funds invested in the project × Benchmark interest rate of bank loans for the same period × Number of actually operating days of the fund-raising project/360. 2. The interest and other revenue generated by the listed Company's raised funds account or cash management account are not included in the scope of the committed net profits of the restructuring counterparties to the target asset. If the net profits realized during the profit compensation period does not reach the committed net profit, the restructuring counterparties will preferentially use the shares of Dingtai New Materials obtained from this transaction to make compensation. Cash compensation will be made when the total amount of the share compensation reaches 90% of the total number of shares issued.	September 9, 2016	From the expiration of the Performance commitment to the completion of compensation	Fulfilled
Commitment made by the Company's predecessor, Dingtai New Materials, when it made its initial public offering	Shareholders Gong Weiping, Huang Xuechun, Liu Jilu, Liu Lingyun, Lu Jiang, Shi Zhimin, Wu Cuihua, Yuan Fuxiang, Zhang Dalin, and Zhao Ming	Restricted sale and reduction of shares	After the expiration of the three-year lock-up period starting from the date of the initial listing of shares, the number of shares transferred during their service period in the listed Company shall not exceed 20% of the total number of shares of the listed Company held by them. Within three years after their departure, they will not transfer the held shares of this company, and the percentage of shares transferred each year after the above-mentioned three years cannot exceed 20% of the total number of shares of the listed Company held by them.	February 05, 2010	Long-term	Normal

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Commitment	Committed By	Commitment Type	Commitment Details	Committed Time	Commitment Period	Fulfillment Status
Commitments undertaken by the Company at the time of the public issuance of convertible bonds	Mingde Holding	Comittments relating to defects of land and property titles	1. Regarding the issuer and its subsidiary's own real estate, Mingde Holding undertook to assume any liabilities to compensate SF Holding and its subsidiaries for any loss arising from any administrative penalties which is or may be imposed by the relevant administrative authorities presently and in the future arising from the latter's failure to obtain a land use right certificate and/or a real estate ownership certificate for any land or property in use. Mingde Holding will also, without charge, assume any other expenses and economic losses caused to SF Holding in case that SF Holding is unable to continue to use the relevant land/property as a result; 2. If SF Holding and its subsidiaries and branches are affected by any non-compliance associated with a leased premise and/or property which leads to suspension of the use of the same and relocation, Mingde Holding will assume any losses and expenses suffered by SF Holding and its subsidiaries and branches as a result.	May 09, 2019	Long-term	Normal
	Mingde Holding	Commitments related to equity interest pledges	As the controlling shareholder of the Company, Mingde Holding undertook that in respect of the pledge of some of SF Holding's shares it held to obtain finance, it will take all effective measures to ensure that Mingde Holding and related subsidiaries duly repay financing proceeds secured by the share pledge in time and in full amount to ensure the stability of its controlling interest in SF Holding.	July 07, 2019	2019/7/7-2025/11/18	Normal
	Wang Wei, Lin Zheying, Zhang Yichen, Deng Weidong, Liu Chengwei, Lo Sai Lai, Ng Wai Ting, Zhou Zhonghui, Jin Li, Dicky Peter Yip, Chow Wing Kin Anthony, Li Sheng, Xu Zhijun, Gan Ling,all being directors or senior management members of SF Holding	Commitment of the Company for the due performance of measures to compensate for the dilution of current period returns	1. not to transfer interests to other institutions or individuals without compensation or unfair conditions, or cause damage to the interests of the Company in other ways; 2. to constrain the consumption if it is business related; 3. not to invest with or spend the Company's assets outside the performance of their duties; 4. that the remuneration system developed by the Board or the remuneration committee is linked to progress in the implementation of the mitigation and remediation measures; 5. that the exercise condition of the stock option incentive of the Company (if any) is linked to the implementation status of the mitigation and remediation measures; 6. to undertake any supplemental commitments in accordance with the requirements of CSRC if the above commitments fail to meet any specific requirements of CSRC issued in respect of the mitigation and remediation measures and related commitments after the issue date of these commitments and before the implementation of this public offering of A-share convertible corporate bonds; 7. I undertake to strictly implement aforementioned commitments, and ensure that the mitigation and remediation measures shall be effectively implemented. In case of violation of these commitments or refuse to fulfill them, I undertake to perform the corresponding obligations such as making an explanation or apology in accordance with the relevant requirements of the Guidelines on the Impacts on Dilution of Current Returns of the Initial Offering and Refinancing and Major Asset Reorganization, and agree to accept any regulatory actions taken by CSRC, Shenzhen Stock Exchange and other regulatory agencies in accordance with the law. And to indemnify the Company or shareholders in respect of any losses incurred in accordance with the law.	April 23, 2019	2019/4/23-2025/11/18	Normal

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Commitment	Committed By	Commitment Type	Commitment Details	Committed Time	Commitment Period	Fulfillment Status
	Mingde Holding, Wang Wei	Commitments to ensure that the Company effectively implements Measures of Compensation for Dilution of Return for Current Period	As the controlling shareholder/actual controller of the Company, our unit/I shall not overstep our/my authority to intervene in the management activities of the Company or encroach on the Company's interests. As one of the main responsible entities for the remedial measures for the return, in the event that the above-mentioned commitments are breached or refused to be fulfilled, the unit/I give consent that the relevant penalties or relevant administrative measures shall be taken by securities regulatory agencies including CSRC and Shenzhen Stock Exchange in accordance with the relevant regulations and rules formulated or issued by them.	April 23, 2019	2019/4/23-2025/11/18	Normal
	The Company	Financial input-related commitments	The Company undertakes not to invest more funds (including various forms of capital injection such as capital increase, loans and guarantees) in quasi-financial businesses until the proceeds raised are used up or within the 36 months after the receipt of the proceeds.	August 6, 2019	Until the proceeds raised are used up or within the 36 months after the receipt of the proceeds	Normal
Are the Commitments fulfilled on time?	Yes					
If any commitment is overdue, the specific reasons for the incomplete performance and detailed plan of next steps.	N/A					

2. Where there had been Profit Forecast for an asset or project and the reporting period was still within the forecast period, explain reasons for failing to reach forecast performance.

☐ Applicable √ Not applicable

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IV. Status of capital of the listed Company used for nonoperating purposes by the controlling shareholder or its related parties

□ Applicable √ Not applicable

In the reporting period, no controlling shareholder or its related party used capital of the listed Company for non-operating purposes.

V. Explanations provided by the Board of Directors, the Supervisory Committee, and the independent directors (if any) regarding the "non-standard audit report" issued by the auditor for the reporting period

□ Applicable √ Not applicable

VI. Changes in accounting policy, estimation, and methods when compared to the previous financial year

√ Applicable □ Not applicable

1. The Ministry of Finance revised the four sets of standards for financial instruments including "Accounting Standards for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments" (Cai Kuai [2017] No. 7), "Accounting Standards for Business Enterprises No. 23—Transfer of Financial Assets" (Cai Kuai [2017] No. 8), "Accounting Standards for Business Enterprises No. 24-Hedge Accounting" (Cai Kuai [2017] No. 9) and "Accounting Standards for Business Enterprises No. 37-Presentation of Financial Instruments" (Cai Kuai [2017] No. 14) in 2017. The Company started to adopt the new financial instruments standards in accordance with the Standards on January 1, 2019. The impact of changes in accounting policy on the company is as follows:

(1) According to the relevant provisions of the new financial instruments standards, the Company divided financial assets into three categories, i.e. "financial assets measured at amortized cost", "financial assets measured at fair value and whose changes are included in other comprehensive income" and "financial assets measured at fair value and whose changes are included in current profit and loss", taking into account its own business model and the characteristics of contractual cash flow in financial assets.

(2) The accounting method for impairment of Financial assets changed from the "Loss Incurred Method" to the "Expected Loss Method";

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In light of the transitional period-related provisions set out in the new financial instrument standards, the Company does not make retrospective adjustments to the comparative financial statements, the cumulative effect of the conversion between the new and old standards, and the retained earnings or other comprehensive income at the beginning of the adjustment.

2. In 2019, the Ministry of Finance issued the "Notice of the Ministry of Finance on the Revision and Issuance of the Format of 2019 General Enterprise Financial Statements" (Cai Kuai [2019] No. 6). The Company has prepared the financial statements for 2019 in accordance with the notice, and the impact of the resultant changes in accounting policy on the financial statement items is listed as follows:

(1) The original "Notes Receivable and Accounts Receivable" item is separated into "Accounts Receivable" and "Notes Receivable", and the comparative data in the comparable periods has been adjusted accordingly;

(2) The interest receivable originally included in the "Other Receivable" (the portion accrued based on the effective interest rate method) is split into the book balance of the corresponding financial assets of the "Monetary Fund", "Accounts Receivable Factoring" and "Loans and Payments", without adjusting the comparative data in the comparable periods accordingly;

(3) The interest payable (the portion accrued based on the effective interest rate method) originally included in "Other Payable" is split into book balance of the corresponding financial liabilities of "Short-term Loans", "Other Non-current Liabilities" and "Non-current Liabilities Due within One Year", without adjusting the comparative data in the comparable periods accordingly.

These changes in the accounting policy only affected the presentation of ceatain items of the financial statements, without causing any changes in the Company's net assets or net profit.

For details about the aforementioned changes in accounting policy, please refer to the announcements (announcement number: 2019-038, 2019-099) made by the Company at http://www.cninfo.com.cn on March 16, 2019 and August 28, 2019, respectively.

VII. Retrospective restatement due to correction of material accounting errors in the reporting period

□ Applicable √ Not applicable

No such cases in the reporting period.

VIII. Changes in consolidation scope when compared to the previous financial year

√ Applicable □ Not applicable

For details of the changes in the Company's scope of consolidation in 2019, refer to Chapter 12 Financial Report V. Changes in the Scope of Consolidation.

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IX. Details regarding engagement and disengagement of auditor

Auditor engaged at present

Name of domestic auditor	PricewaterhouseCoopers Zhong Tian LLP
Fee for domestic auditor (millions RMB)	22.7093
Consecutive years of audit services provided by the domestic auditor	4 years
Names of the certified public accountants from auditor	Chen Anqiang, Liu Jingping
Consecutive years of audit services provided by the Certified Public Accountants of domestic auditor	2 years

Has the auditor changed during the reporting period?

□ Yes √ No

Status of auditor of internal controls, financial adviser, or sponsor engaged:

√ Applicable □ Not applicable

The Company engaged PricewaterhouseCoopers Zhong Tian LLP as the Company's internal control auditor for 2019. The remuneration for internal control audit during the reporting period was included in the remuneration specified in the above table.

Due to major asset restructuring, the Company appointed Huatai United Securities Co., Ltd., CITIC Securities Co., Ltd., and China Merchants Securities Co., Ltd. as financial advisors of the Company. The Company paid a total of RMB35 million in financial consultant fees for the continuous supervision period (December 07, 2016 to December 31, 2019). During the reporting period, due to the public issuance of convertible corporate bonds, the Company appointed Huatai United Securities Co., Ltd. as a sponsor institution, and paid a total of RMB1.06 million as a sponsorship fee for the period of continuous supervision (from December 9, 2019 to December 31, 2020).

X. Possibility of listing suspension and termination after disclosure of this annual report

□ Applicable √ Not applicable

XI. Bankruptcy and Reorganization

□ Applicable √ Not applicable

There was no such situation for the Company during the reporting period.

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XII. Significant lawsuit or arbitration

√ Applicable □ Not applicable

Situation overview of lawsuit (arbitration)	Lawsuit amount (10 thousands RMB)	Provisions	Progress of lawsuit (arbitration)	Results and effects of lawsuit (arbitration)	Execution status of judgment of lawsuit (arbitration)	Disclosure date	Disclosure index
According to Shenzhen Glorint Factoring Co., Ltd. (the plaintiff in this case, hereinafter referred to as "Shenzhen Glorint"), the "Indictment": On October 11, 2014, Shenzhen Glorint and Hubei Xingyu Garment Co., Ltd. (hereinafter referred to as "Hubei Xingyu") signed the "SDIC Factoring Business Contract," which stipulated that Shenzhen Glorint will provide factoring financing to Hubei Xingyu, and Hubei Xingyu shall also carry out a premium repurchase on time according to the terms of the contract. Fucheng Investment Holding Group Co.,Ltd. (defendant II in this case, hereinafter referred to as "Fucheng Investment"), Zeng Shixiang (defendant III in this case), Zeng Cheng (defendant IV in this case), and JiangBin (defendant V in this case) shall provide guarantees for this contract. In May 2014 and January 2015, S.F. Express Co., Ltd. (defendant VI in this case, hereinafter referred to as "S.F. Express"), Shenzhen SF Supply Chain Co., Ltd. (defendant VII in this case, hereinafter referred to as "SF Supply Chain") signed an apparel purchase contract with Hubei Xingyu respectively. The total amount of the contract was RMB18,099,519. On January 30, 2015, Hubei Xingyu and Shenzhen Glorint signed the Supplementary Agreement (I) of the SDIC Factoring Business Contract, which stipulated that Hubei Xingyu shall transfer a total of RMB18,099,519 accounts receivable to Shenzhen Glorint, based on the accounts receivable in the above-mentioned apparel purchase contract with S.F. Express and SF Supply Chain. In view of the fact that Hubei Xingyu did not fulfill the premium repurchase of factoring financing in accordance with the stipulated SDIC Factoring Business Contract, S.F. Express and SF Supply Chain did not pay RMB18,099,519 for Shenzhen Glorint. On September 1, 2015, Shenzhen Glorint filed a lawsuit with the Futian District People's Court and requested a decree:(1) S.F. Express and SF Supply Chain should pay 18,099,519 RMB to Shenzhen Glorint. (2) Hubei Xingyu, Fucheng Investment, Zeng Shixiang, Zeng Cheng, Jiang Bin, S.F. Express, and SF Supply Chain will be jointly and severally liable for the aforementioned payment. (3) The defendants in this case should bear the legal fees, litigation fees, and all other litigation fees in this case. On July 19, 2016, Shenzhen Glorint applied to the Futian District People's Court to withdraw the lawsuit against the defendants Zeng Shixiang, Zeng Cheng, and Jiang Bin. On April 20, 2017, Futian District People's Court ruled that the case was transferred to the jurisdiction of the Yuting District People's Court, Yichang City, where the Hubei Xingyu Bankruptcy case was filed. Shenzhen Glorint rejected the first-instance ruling and appealed to Shenzhen Intermediate People's Court. On July 10, 2017, Shenzhen Intermediate People's Court ruled to revoke the decision of the Futian District People's Court and the case was under the jurisdiction of the Futian District People's Court. On October 23, 2017, the Futuan District People's court held its second hearing. The bankruptcy administrator of Hubei Xingyu, Yichang Xinli Bankruptcy and Liquidation Office Co., Ltd. engaged lawyers to participate in the trial.	1,859.95	No	On June 18, 2019, the Futian District People's Court made a first-instance judgment. On December 6, 2019, the Shenzhen Intermediate People's Court made the second-instance judgment.	The judgment of the court of first instance is as follows: 1. SF Supply Chain should pay the plaintiff RMB3,289,100 within 10 days after the judgment takes effect. 2. Hubei Xingyu, Fucheng Investment should pay the plaintiff a legal fee of RMB500,000 within 10 days after the judgment has taken effect. Second-instance judgment: The appeal is rejected, and the original sentence is upheld. This case is a dispute arising from the payment of contract payment. The subject matter of the lawsuit is the Company's payable for the contract, and the amount is small. The results of these cases will not be materially adverse to the Company's financial status and continuing operations.	Enforced	December 13,2016	Main Assets Replacement and Issuance of Shares to Purchase Assets and Raise Matching Funds and Related-party Transaction Report (Revised Draft) at http://www.cninfo.com.cn

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As of December 31, 2019, in addition to the above legal case, other legal proceedings of the listed Company and its subsidiaries were as follows:

1. The total amount involved in legal cases resolved during the reporting period was RMB220.70 million.

2. Cases not yet resolved during the reporting period include: Cases involving the Company and its subsidiaries as defendants amounted to RMB149.95 million, accounting for 0.35% of audited net assets attributable to shareholders of the parent Company at the end of 2019. The above-mentioned litigation matters include a number of independent traffic accident cases and transportation claims with small amounts involved. The Company and its subsidiaries have already purchased commercial insurance for operating vehicles, transportation and other business activities. Based on the historical experience, the insurance purchased can basically cover the losses caused by the case. Cases involving the Company and its subsidiaries as plaintiffs amounted to RMB504.89 million, accounting for 1.19% of audited net assets attributable to shareholders of the parent Company at the end of 2019. The described legal proceedings will not have a material adverse effect on the Company's financial status and ability to continue operations.

XIII. Punishment and rectification

□ Applicable √ Not applicable

There was no such situation during the reporting period.

XIV. Integrity of the Company, its controlling shareholders, and actual controller

□ Applicable √ Not applicable

XV. Execution of stock incentive plan, ESOP, or other employee incentives

√ Applicable □ Not applicable

1. During the reporting period, the unlocking conditions for the first post lock-up period under the 2017 Restricted Stock Incentive Plan of the Company was fulfilled. On January 3, 2019, the Company convened the 18th meeting of the 4th session of the Board at which the "Resolution regarding the fulfillment of unlocking conditions for the first post lock-up period under the 2017 Restricted Stock Incentive Plan" was considered and approved, and the Company was authorised to unlock the sales restriction on a total of 1,113,173 restricted shares held by 703 participants who have fulfilled the unlocking conditions. On January 11, 2019, these shares which could be released of the sales restriction ("unlocked restricted shares") were listed and available for trading.

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2. During the reporting period, the exercise conditions for the first exercise period under the 2017 Share Appreciation Rights Incentive Plan of the Company were fulfilled. On January 3, 2019, the Company convened the 18th meeting of the 4th session of the Board at which the "Resolution regarding the Cancellation of Certain Share Appreciation Rights" and the "Resolution regarding Fulfillment of the Exercise Condition for the First Exercise Period under the 2017 Share Appreciation Rights Incentive Plan" were considered and approved. Accordingly, the Company was authorised to cancel all the 6,400 share appreciation rights held by 3 incentive participants who ceased to be eligible for the incentive due to their resignation, and to handle the exercise of rights held by 17 eligible incentive participants.

3. At the 18th meeting of the 4th session of the Board and the 2019 first extraordinary general meeting convened by the Company on January 3, 2019 and January 23, 2019 respectively, the "Resolution regarding the Repurchase and Cancellation of Certain Restricted Shares" was considered and approved. Accordingly, the Company was authorised to repurchase and cancel a total of 293,308 restricted shares held by 65 incentive participants who ceased to be eligible for the incentive under the 2017 Restricted Stock Incentive Plan due to their resignation, at a repurchase price of RMB29.529 per share; and the Company was authorised to repurchase and cancel a total of 147,278 restricted shares held by 34 incentive participants who ceased to be eligible for the incentive under the 2018 Restricted Stock Incentive Plan due to their resignation, at the repurchase price of RMB24.511 per share. The total number of restricted shares repurchased for cancellation was 440,586 shares. As of March 13, 2019, the Company has completed the repurchase and cancellation of the aforesaid restricted shares, thus the share capital of the Company was reduced from 4,418,767,258 shares to 4,418,326,672 shares.

4. At the 20th meeting of the 4th session of the Board and the 2018 annual general meeting convened by the Company on March 14, 2019 and April 9, 2019 respectively, the "Resolution regarding the Repurchase and Cancellation of Certain Restricted Shares" was considered and approved. Accordingly, the Company was authorised to repurchase and cancel a total of 1,113,271 restricted shares held by 703 incentive participants who ceased to be eligible for the incentive due to failure of the Company to meet the performance assessment requirement for the second post lock-up period, at the repurchase price of RMB29.613 per share; and the Company was authorised to repurchase and cancel a total of 2,628,136 restricted shares held by 1,105 incentive participants who failed to fulfil the unlocking conditions due to failure of the Company to meet the performance assessment requirement for the first post lock-up period, and by 37 incentive participants who ceased to be eligible for the incentive under the 2018 Restricted Stock Incentive Plan due to their resignation, at a repurchase price of RMB24.581 per share. The total number of restricted shares repurchased for cancellation was 3,741,407 shares. Upon completion of the repurchase and cancellation, the total share capital of the Company will be reduced from 4,418,326,672 shares to 4,414,585,265 shares.

As the Company has implemented the 2018 dividend distribution plan prior to implementing the repurchase and cancellation of restricted shares, according to the authorization of the Board, the management of the Company adjusted the repurchase prices of the aforesaid repurchases based on relevant provisions. The repurchase price under the 2017 Restricted Stock Incentive Plan was adjusted from RMB29.613 per share to RMB29.399 per share, while that under the 2018 Restricted Stock Incentive Plan was adjusted from RMB24.581 per share to RMB24.369 per share. As of June 12, 2019, the Company has completed the repurchase and cancellation of the aforesaid restricted shares.

5. At the 20th meeting of the 4th session of the Board convened by the Company on March 14, 2019, the "Resolution on the Cancellation of Certain Share Appreciation Rights" was considered and approved. Accordingly, the Company was authorised to cancel a total of 26,500 share appreciation rights held by 17 incentive participants who ceased to have exercise qualification due to failure of the Company to meet the performance assessment requirement for the second exercise period under the 2017 Share Appreciation Rights Incentive Plan; and the Company was authorised to cancel a total of 80,825 share appreciation rights held by 29 incentive participants who ceased to be eligible for the incentive due to failure of the Company to meet the performance assessment requirement for the first exercise period, and by 5 incentive participants who ceased to be eligible for the incentive under the 2018 Share Appreciation Rights Incentive Plan due to their resignation.

6. At the 28th meeting of the 4th session of the Board and the 2019 third extraordinary general meeting convened by the Company on December 5, 2019 and December 27, 2019 respectively, the "Resolution regarding the Repurchase and Cancellation of Certain Restricted Shares" was considered and approved. Accordingly, the Company was authorised to repurchase and cancel a total of 274,346 restricted shares held by 124 incentive participants who ceased to be eligible for the incentive due to their resignation, at the repurchase price of RMB24.633 per share. As of March 17, 2020, the Company has completed the repurchase and cancellation of the aforesaid restricted shares.

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Details of the Company's stock incentive plans during the reporting period have been disclosed on http://www.cninfo.com.cn by the Company. A disclosure index is as follows:

Announcement	Disclosure Date	Disclosure Website
Announcement on Repurchase and Cancellation of Certain Restricted Shares (2019-003)	January 4, 2019	http://www.cninfo.com.cn
Announcement on Fulfillment of the Exercise Condition for the First Exercise Period under the 2017 Share Appreciation Rights Incentive Plan and the Cancellation of Certain Share Appreciation Rights (2019-004)	January 4, 2019	http://www.cninfo.com.cn
Announcement on Fulfillment of the Unlocking conditions for the First Post Lock-up Period under the 2017 Restricted Stock Incentive Plan (2019-005)	January 4, 2019	http://www.cninfo.com.cn
Announcement on the Listing and available for Trading of Unlocked Restricted Shares for the First Post Lock-up Period under the 2017 Restricted Stock Incentive Plan (2019-014)	January 10, 2019	http://www.cninfo.com.cn
Announcement on Capital Reduction due to Repurchase and Cancellation of Certain Restricted Shares (2019-019)	January 25, 2019	http://www.cninfo.com.cn
Announcement on Completion of Repurchase and Cancellation of Certain Restricted Shares (2019-033)	March 13, 2019	http://www.cninfo.com.cn
Announcement on Repurchase and Cancellation of Certain Restricted Shares (2019-043)	March 16, 2019	http://www.cninfo.com.cn
Announcement on Cancellation of Certain Share Appreciation Rights (2019-044)	March 16, 2019	http://www.cninfo.com.cn
Announcement on Capital Reduction due to Repurchase and Cancellation of Certain Restricted Shares (2019-058)	April 10, 2019	http://www.cninfo.com.cn
Announcement on Adjustment to Repurchase Price for the Repurchase and Cancellation of Restricted Shares by the Company due to Dividend Distribution (2019-062)	April 19, 2019	http://www.cninfo.com.cn
Announcement on Completion of Repurchase and Cancellation of Certain Restricted Shares (2019-074)	June 12, 2019	http://www.cninfo.com.cn
Announcement on Repurchase and Cancellation of Certain Restricted Shares (2019-137)	December 7, 2019	http://www.cninfo.com.cn
Announcement on Capital Reduction due to Repurchase and Cancellation of Certain Restricted Shares (2019-147)	December 31, 2019	http://www.cninfo.com.cn

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XVI. Significant related-party transactions

1. Related-party transactions relevant to routine operations

√ Applicable □ Not applicable

Related Party	Relationship	Type of related-party transaction	Details of related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (10 thousands RMB)	Proportion of same category of transactions	Approved transaction quota (10 Thousands RMB)	Was the approved quota exceeded?	Related-party transaction settlement method	Similar Market price	Disclosure date	Disclosure index
Mingde Holding and its subsidiaries	Controlling shareholder of the Company	Provide services to related parties	Courier service, communication service, technology development service, etc.	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	14,147.21	0.13%	27,000	No	Settlement based on the settlement period and terms in the contract	N/A	January 4, 2019	Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2019" disclosed at CNINFO (Announcement No. 2019-011) (http://www.cninfo.com.cn)
M China Management Limited and its subsidiaries and its franchisees	A director of The Company serves as a director of the parent company of M China Management Limited	Provide services to related parties	Cold-chain transportation and warehousing services	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	119,320.19	1.06%	130,000	No	Settlement based on the settlement period and terms in the contract	N/A	January 4, 2019	Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2019" disclosed at CNINFO (Announcement No. 2019-011) (http://www.cninfo.com.cn)
China Pacific Insurance (Group) Co., Ltd. and its subsidiaries	An independent director of the Company served as an independent director of China Pacific Insurance (Group) Co., Ltd. in the past 12 months	Provide services to related parties	Courier service	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	2,632.08	0.02%	7,000	No	Settlement based on the settlement period and terms in the contract	N/A	January 4, 2019	Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2019" disclosed at CNINFO (Announcement No. 2019-011) (http://www.cninfo.com.cn)
Ping An Insurance (Group) Company of China, Ltd. and its subsidiaries	An independent directors of the Company served as an independent director of Ping An Insurance (Group) Company of China, Ltd. in the past 12 months	Provide services to related parties	Courier service	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	10,946.66	0.10%	11,000	No	Settlement based on the settlement period and terms in the contract	N/A	January 4, 2019	Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2019" disclosed at CNINFO (Announcement No. 2019-011) (http://www.cninfo.com.cn)

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Related Party	Relationship	Type of related-party transaction	Details of related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (10 thousands RMB)	Proportion of same category of transactions	Approved transaction quota (10 Thousands RMB)	Was the approved quota exceeded?	Related-party transaction settlement method	Similar Market price	Disclosure date	Disclosure index
Mingde Holding and its subsidiaries	Controlling shareholder of the Company	Receive services from related parties	Express delivery agent service fees, etc.	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	15,482.23	0.17%	18,000	No	Settlement based on the settlement period and terms in the contract	N/A	January 4, 2019	Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2019" disclosed at CNINFO (Announcement No. 2019-011) (http://www.cninfo.com.cn)
China Pacific Insurance (Group) Co., Ltd. and its subsidiaries	An independent director of the Company served as an independent director of China Pacific Insurance (Group) Co., Ltd. in the past 12 months	Receive services from related parties	Insurance premium	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	8,851.19	0.10%	13,000	No	Settlement based on the settlement period and terms in the contract	N/A	January 4, 2019	Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2019" disclosed at CNINFO (Announcement No. 2019-011) (http://www.cninfo.com.cn)
CR-SF International Express Co., Ltd.	A senior manager of the Company serves as a director of CR-SF International Express Co., Ltd.	Receive services from related parties	Transportation services	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	23,079.19	0.25%	35,000	No	Settlement based on the settlement period and terms in the contract	N/A	January 4, 2019	Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2019" disclosed at CNINFO (Announcement No. 2019-011) (http://www.cninfo.com.cn)
Mingde Holding and its subsidiaries	Controlling shareholder of the Company	Purchase of materials from related parties	Purchase of materials	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	17,320.26	0.19%	15,000	Yes	Settlement based on the settlement period and terms in the contract	N/A	January 4, 2019	Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2019" disclosed at CNINFO (Announcement No. 2019-011) (http://www.cninfo.com.cn)
Zhejiang Galaxy Technology Company Limited	A director of the Company served as a director of Zhejiang Galaxy Technology Company Limited in the past 12 months	Purchase of assets from related parties	Purchase of assets	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	10,543.84	0.11%	40,000	No	Settlement based on the settlement period and terms in the contract	N/A	January 4, 2019	Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2019" disclosed at CNINFO (Announcement No. 2019-011) (http://www.cninfo.com.cn)
Total				–	–	222,322.85	–	296,000	–	–	–	–	–

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Related Party	Relationship	Type of related-party transaction	Details of related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (10 thousands RMB)	Proportion of same category of transactions	Approved transaction quota (10 Thousands RMB)	Was the approved quota exceeded?	Related-party transaction settlement method	Similar Market price	Disclosure date	Disclosure index
Details of large amount of sales returns	N/A												
Actual performance in the reporting period versus predicted total amount of daily related-party transactions, by types (if any)	The Company's eighteenth meeting of the fourth Board of Directors on January 3, 2019 and the First Extraordinary General Meeting of Shareholders of 2019 on January 23, 2019 reviewed and approved the "Proposal on Estimated Daily Related-party Transaction Amount in 2018." The amount of the aforementioned related-party transactions exceed the approved amount by 23.2026 million, which is below the minimum threshold set by the Board.												
Reason for significant difference between the transaction price and the market price	N/A												

2. Related-party transactions relevant to purchases and sales of assets

☐ Applicable √ Not applicable

The relevant issues were disclosed in the interim report. For details, see the disclosed announcement indexes of other major related-party transactions in "5. Other significant related-party transactions"

3. Related-party transactions with joint investments

☐ Applicable √ Not applicable

4. Credits and liabilities with related parties

√ Applicable ☐ Not applicable

Were there non-operating credits and liabilities with related parties?

☐ Yes √ No

No such cases in the reporting period.

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5. Other significant related-party transactions

√ Applicable □ Not applicable

In order to further accelerate the strategic development of the logistics industrial parks, quickly acquire scarce logistics site resources in core cities and enhance the Company's core competitiveness, on August 26, 2019, Shenzhen Yifeng Technology Co., Ltd., a wholly-owned subsidiary of the Company, and Shenzhen Mingde Fengtai Investment Co., Ltd. signed the "Equity Transfer Agreement on Hangzhou Zhentai Asset Management Co., Ltd.", pursuant to which Shenzhen Yifeng Technology Co., Ltd. purchased 100% equity of Hangzhou Zhentai Asset Management Co., Ltd. held by Shenzhen Mingde Fengtai Investment Co., Ltd. for a consideration of RMB150.6072 million. After the transaction is completed, the Company acquired the high-quality land resources of Hangzhou Zhentai Asset Management Co., Ltd. located in Hangzhou, where logistics industrial parks can be built in the future to provide all-round storage and logistics services for internal and external customers of the Company and local industries.

Shenzhen Mingde Fengtai Investment Co., Ltd., the counterparty to this transaction, is a wholly-owned subsidiary of Mingde Holding. Mingde Holding is the controlling shareholder of the Company, therefore the counterparty of this transaction is a related party of the Company. Pursuant to the Listing Rules of Shenzhen Stock Exchange and other relevant regulations, this transaction constitutes a related transaction. The Proposal on the Acquisition of 100% Equity of Subsidiaries of Controlling Shareholder and Related Party Transactions were considered and passed at the 24th meeting of the 4th session of the Board of Directors and the 21st meeting of the 4th session of the Board of Supervisors.

Major related-party transactions were disclosed on the following websites:

Announcement	Disclosure Date	Disclosure Website
Announcement on Acquisition of 100% Equity of Subsidiaries of Controlling Shareholders and Related-party Transactions (2019-100)	August 28, 2019	http://www.cninfo.com.cn

XVII. Significant contracts and their execution

1. Trusteeships, Contracts, and Leases

(1) Trusteeships

□ Applicable √ Not applicable

No significant trusteeships in the reporting period.

(2) Contracts

□ Applicable √ Not applicable

No significant contracts in the reporting period.

(3) Leases

□ Applicable √ Not applicable

No significant leases in the reporting period.

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2. Significant guarantees

√ Applicable □ Not applicable

(1) Guarantees provided by the Company

Unit: RMB10 thousands

The listed Company's guarantees to subsidiaries								
Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
SF HOLDING INVESTMENT LIMITED	2017/12/28	349,337.50	2018/7/26	349,337.50	Joint liability guarantee	2018/7/26-2023/7/26	No	No
SF HOLDING LIMITED	2019/1/4	550,000.00	2019/2/11	358,163.30	Joint liability guarantee	2019/02/11-2019/06/26	Yes	No
SF HOLDING LIMITED	2019/3/16	1,013,659.00	2019/6/21	365,195.08	Joint liability guarantee	2019/06/21-2025/06/26	No	No
SF HOLDING LIMITED	2019/3/16	1,013,659.00	2019/7/12	58,316.38	Joint liability guarantee	2019/7/12-2025/06/26	No	No
SF HOLDING LIMITED	2019/3/16	1,013,659.00	2019/7/19	25,076.04	Joint liability guarantee	2019/7/19-2025/06/26	No	No
Total guarantee quota approved for subsidiaries during the reporting period (B1)			1,598,587.50	Total actual amount of guarantees for subsidiaries during the reporting period (B2)				806,750.80
Total guarantee quota approved for the subsidiaries at the end of the reporting period (B3)			1,589,761.70	Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)				797,925.00

Subsidiary's guarantees to subsidiaries								
Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Beijing Shuncheng Logistics Co., Ltd.			2013/6/25	5,000.00	Joint liability guarantee	2014/5/21-2019/5/21	Yes	No
Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd.			2013/7/31	400.00	Joint liability guarantee	2013/8/21-2019/5/20	Yes	No
Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd.			2013/7/31	404.57	Joint liability guarantee	2013/8/21-2019/10/10	Yes	No
Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd.			2013/7/31	3,525.00	Joint liability guarantee	2013/9/5-2019/10/10	Yes	No
Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd.			2013/7/31	2,634.67	Joint liability guarantee	2013/10/12-2019/10/10	Yes	No
Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd.			2013/7/31	1,535.76	Joint liability guarantee	2013/11/25-2019/10/10	Yes	No

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Subsidiary's guarantees to subsidiaries								
Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd.			2013/7/31	5,000.00	Joint liability guarantee	2014/11/7-2019/10/10	Yes	No
Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd.			2013/7/31	5,000.00	Joint liability guarantee	2015/2/2-2019/10/10	Yes	No
Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd.			2013/7/31	1,000.00	Joint liability guarantee	2015/4/30-2019/10/10	Yes	No
Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd.			2013/7/31	2,500.00	Joint liability guarantee	2016/5/31-2019/10/10	Yes	No
Jiangxi S.F. Express Co., Ltd.			2015/9/15	300.00	Joint liability guarantee	2015/9/15-2019/1/16	Yes	No
Jiangxi S.F. Express Co., Ltd.			2015/9/15	500.00	Joint liability guarantee	2015/11/24-2019/1/16	Yes	No
Jiangxi S.F. Express Co., Ltd.			2015/9/15	500.00	Joint liability guarantee	2015/12/29-2019/1/16	Yes	No
Jiangxi S.F. Express Co., Ltd.			2015/9/15	500.00	Joint liability guarantee	2016/1/22-2019/1/16	Yes	No
Jiangxi S.F. Express Co., Ltd.			2015/9/15	500.00	Joint liability guarantee	2016/4/15-2019/1/16	Yes	No
Jiangxi S.F. Express Co., Ltd.			2015/9/15	500.00	Joint liability guarantee	2016/11/24-2019/1/16	Yes	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	170.00	Joint liability guarantee	2015/11/23-2019/4/19	Yes	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	310.00	Joint liability guarantee	2015/12/22-2019/4/19	Yes	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	190.00	Joint liability guarantee	2015/12/22-2019/10/18	Yes	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	290.00	Joint liability guarantee	2016/1/21-2019/10/18	Yes	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	2,210.00	Joint liability guarantee	2016/1/21-2025/9/23	No	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	500.00	Joint liability guarantee	2016/4/28-2025/9/23	No	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	1,500.00	Joint liability guarantee	2016/5/27-2025/9/23	No	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	1,500.00	Joint liability guarantee	2016/6/28-2025/9/23	No	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	100.00	Joint liability guarantee	2016/8/26-2025/9/23	No	No

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Subsidiary's guarantees to subsidiaries								
Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	1,870.00	Joint liability guarantee	2017/1/18-2025/9/23	No	No
Ningbo Fengtai E-commerce Industrial Park Management Co., Ltd.			2016/8/11	2,092.50	Joint liability guarantee	2016/8/11-2028/8/11	No	No
Hefei Fengtai E-commerce Industrial Park Management Co., Ltd.	2016/12/30	63,100	2017/7/7	622.00	Joint liability guarantee	2017/7/7-2019/7/4	Yes	No
Tianjin SF Fengtai E-commerce Industrial Park Co., Ltd.	2018/3/14	28,000	2018/10/19	6,877.00	Joint liability guarantee	2018/10/19-2033/10/19	No	No
Tianjin SF Fengtai E-commerce Industrial Park Co., Ltd.	2018/3/14	28,000	2018/10/19	2,200.00	Joint liability guarantee	2018/11/9-2033/10/19	No	No
Tianjin SF Fengtai E-commerce Industrial Park Co., Ltd.	2018/3/14	28,000	2018/10/19	1,100.00	Joint liability guarantee	2018/12/19-2033/10/19	No	No
Tianjin SF Fengtai E-commerce Industrial Park Co., Ltd.	2018/3/14	28,000	2018/10/19	2,150.00	Joint liability guarantee	2019/01/28-2033/10/19	No	No
Wuhu Fengtai E-commerce Industrial Park Management Co., Ltd.	2018/3/14	18,000	2019/1/18	750.00	Joint liability guarantee	2019/1/18-2034/1/18	No	No
Wuhu Fengtai E-commerce Industrial Park Management Co., Ltd.	2018/3/14	18,000	2019/1/18	6,688.00	Joint liability guarantee	2019/4/1-2034/1/18	No	No
Shunyuan Financial Lease (Tianjin) Co., Ltd.	2019/3/16	70,000	2019/4/22	2,000.00	Joint liability guarantee	2019/5/10-2019/10/18	Yes	No
Shunyuan Financial Lease (Tianjin) Co., Ltd.	2019/3/16	70,000	2019/4/22	18,000.00	Joint liability guarantee	2019/5/10-2024/01/24	No	No
HAVI Logistics (Dongguan) Co., Ltd.	2019/3/16	6,400	2019/5/10	375.00	Joint liability guarantee	2019/5/10-2019/10/18	Yes	No
HAVI Logistics (Dongguan) Co., Ltd.	2019/3/16	6,400	2019/5/10	5,250.00	Joint liability guarantee	2019/5/10-2021/4/18	No	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	136.88	Joint liability guarantee	2014/12/5-2019/1/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	141.36	Joint liability guarantee	2014/12/5-2019/2/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	143.97	Joint liability guarantee	2014/12/5-2019/3/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	139.78	Joint liability guarantee	2014/12/5-2019/4/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	139.96	Joint liability guarantee	2014/12/5-2019/5/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	140.39	Joint liability guarantee	2014/12/5-2019/6/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	311.56	Joint liability guarantee	2014/12/5-2019/7/26	Yes	No

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Subsidiary's guarantees to subsidiaries								
Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	342.96	Joint liability guarantee	2014/12/5-2019/8/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	212.41	Joint liability guarantee	2014/12/5-2019/9/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	488.48	Joint liability guarantee	2015/5/18-2023/8/26	No	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	2,102.65	Joint liability guarantee	2015/6/30-2023/8/26	No	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	1,401.77	Joint liability guarantee	2015/12/2-2023/8/26	No	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	1,407.03	Joint liability guarantee	2016/2/25-2023/8/26	No	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	771.23	Joint liability guarantee	2016/3/11-2023/8/26	No	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	84.64	Joint liability guarantee	2016/4/11-2023/8/26	No	No
SF Holding Limited			2016/7/25	897.18	Joint liability guarantee	2016/7/25-2019/1/25	Yes	No
SF Holding Limited			2016/7/25	897.18	Joint liability guarantee	2016/7/25-2019/7/25	Yes	No
SF Holding Limited			2016/7/25	3,229.83	Joint liability guarantee	2016/7/25-2021/9/30	No	No
SF Holding Limited	2016/12/30	509,400	2018/3/20	35,887.00	Joint liability guarantee	2018/3/20-2019/2/28	Yes	No
SF Holding Limited	2018/3/14	522,300	2018/7/11	22,429.38	Joint liability guarantee	2018/7/11-2019/3/18	Yes	No
SF Holding Limited	2018/3/14	522,300	2018/7/4	58,316.38	Joint liability guarantee	2018/7/4-2019/7/15	Yes	No
SF Holding Limited	2018/3/14	522,300	2018/5/3	13,457.63	Joint liability guarantee	2018/5/3-2019/3/11	Yes	No
SF Holding Limited	2018/3/14	522,300	2019/1/11	17,943.50	Joint liability guarantee	2019/1/11-2019/5/14	Yes	No
SF Holding Limited	2018/3/14	522,300	2019/1/8	31,401.13	Joint liability guarantee	2019/1/8-2020/1/8	No	No
SF Holding Limited	2016/12/30	509,400	2017/6/14	17,943.50	Joint liability guarantee	2017/6/14-2019/3/21	Yes	No
SF Holding Limited	2018/3/14	522,300	2018/7/17	4,485.88	Joint liability guarantee	2018/7/17-2019/3/21	Yes	No
SF Holding Limited	2018/3/14	522,300	2019/3/29	17,943.50	Joint liability guarantee	2019/3/29-2019/4/8	Yes	No

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SF Holding Limited	2019/3/16	1,013,659	2019/6/26	17,943.50	Joint liability guarantee	2019/6/26-2019/7/10	Yes	No
SF Holding Limited	2016/12/30	509,400	2018/1/16	13,457.63	Joint liability guarantee	2018/1/16-2020/1/16	No	No
S.F. Express Limited	2016/12/30	1,600	2017/8/4	697.07	Joint liability guarantee	2017/8/4-2019/6/25	Yes	No
S.F. Express Co., Ltd.	2016/12/30	13,500	2017/6/21	100.00	Joint liability guarantee	2017/6/21-2019/4/30	Yes	No
SF Airlines Company Limited	2016/12/30	76,940	2017/5/28	2,000.00	Joint liability guarantee	2017/5/28-2019/6/15	Yes	No
SF Airlines Company Limited	2016/12/30	76,940	2017/8/7	2,500.00	Joint liability guarantee	2017/8/7-2019/2/7	Yes	No
SF Holding Limited	2016/12/30	509,400	2017/6/22	13.39	Joint liability guarantee	2017/6/22-2020/7/16	No	No
S.F. EXPRESS (HONG KONG) LIMITED			2016/12/15	6.45	Joint liability guarantee	2016/12/15-2019/2/14	Yes	No
Zhejiang Shun Feng Express Co., Ltd.	2018/3/14	3,900	2018/4/8	200.00	Joint liability guarantee	2018/4/8-2019/4/28	Yes	No
Yantai S.F. Express Co., Ltd.	2018/3/14	500	2018/4/20	65.00	Joint liability guarantee	2018/4/20-2019/1/31	Yes	No
Xi'an Shunlu Logistics Co., Ltd.	2018/3/14	1,000	2018/4/17	213.48	Joint liability guarantee	2018/4/17-2019/3/9	Yes	No
SF Express ChongQing CO.LTD	2018/3/14	1,700	2018/4/28	255.89	Joint liability guarantee	2018/4/28-2019/4/27	Yes	No
S.F. Express Group (Shanghai) Co., Ltd.	2018/3/14	2,000	2018/4/27	100.00	Joint liability guarantee	2018/5/4-2019/5/4	Yes	No
S.F. Express (Shenyang) Co., Ltd	2018/3/14	2,300	2018/4/28	10.00	Joint liability guarantee	2018/4/28-2019/1/31	Yes	No
SF-Express (Ningxia) Co.,Ltd	2018/3/14	200	2018/4/28	1.00	Joint liability guarantee	2018/4/28-2019/4/10	Yes	No
S.F. Express (Huizhou) Co., Ltd.	2018/3/14	2,500	2018/4/17	19.57	Joint liability guarantee	2018/4/17-2019/3/24	Yes	No
SF Airlines Company Limited	2016/12/30	76,940	2018/4/2	46.84	Joint liability guarantee	2018/3/8-2019/3/7	Yes	No
SF Airlines Company Limited	2016/12/30	76,940	2018/4/2	22.38	Joint liability guarantee	2018/3/8-2019/3/7	Yes	No
SF Airlines Company Limited	2016/12/30	76,940	2018/4/2	10.00	Joint liability guarantee	2018/4/2-2019/3/31	Yes	No
Shenzhen Shunlu Air Freight Forwarding Co., Ltd.	2016/12/30	7,000	2018/1/9	1,850.00	Joint liability guarantee	2018/1/9-2019/2/28	Yes	No

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Shenzhen Shunlu Air Freight Forwarding Co., Ltd.	2016/12/30	7,000	2018/2/1	2,038.00	Joint liability guarantee	2018/2/1-2019/1/31	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2016/12/30	116,000	2018/2/11	600.00	Joint liability guarantee	2018/2/11-2019/3/1	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2016/12/30	116,000	2018/3/21	500.00	Joint liability guarantee	2018/3/21-2019/3/20	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2016/12/30	116,000	2018/4/2	3,000.00	Joint liability guarantee	2018/4/2-2019/4/1	Yes	No
NINGBO SHUNFENG EXPRESS CO., LTD.	2018/3/14	3,300	2018/4/8	500.00	Joint liability guarantee	2018/4/12-2019/4/11	Yes	No
Hubei S.F. Express Co., Ltd.	2016/12/30	1,450	2018/3/8	323.29	Joint liability guarantee	2018/3/8-2019/2/8	Yes	No
Guangxi ShunFeng Express Co., Ltd.	2016/12/30	300	2018/2/9	100.00	Joint liability guarantee	2018/2/9-2019/1/31	Yes	No
Chengdu Taishun Logistics Co., Ltd.	2016/12/30	2,000	2018/2/8	800.00	Joint liability guarantee	2018/2/11-2019/2/10	Yes	No
Beijing S.F. Express Co., LTD.	2018/3/14	5,000	2018/4/8	100.00	Joint liability guarantee	2018/4/8-2019/4/20	Yes	No
Anhui S.F. Express Co., Ltd.	2016/12/30	500	2018/1/10	100.00	Joint liability guarantee	2018/1/10-2019/5/31	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2016/12/30	7,700	2018/2/28	14.74	Joint liability guarantee	2018/2/28-2019/8/31	Yes	No
Liaoning Shunlu Logistics Co., Ltd.	2018/3/14	1,000	2018/5/9	191.30	Joint liability guarantee	2018/5/9-2019/4/30	Yes	No
NINGBO SHUNFENG EXPRESS CO., LTD.	2018/3/14	3,300	2018/5/8	500.00	Joint liability guarantee	2018/5/8-2019/5/7	Yes	No
S.F. EXPRESS (CHINA) LIMITED	2018/3/14	1,500	2018/4/18	44.86	Joint liability guarantee	2018/4/18-2019/5/4	Yes	No
Hangzhou Shunyifeng Import And Export Trade CO., LTD	2018/3/14	1,000	2018/5/18	20.00	Joint liability guarantee	2018/5/18-2019/6/4	Yes	No
Wuxi S.F. Express Co., Ltd.	2018/3/14	1,000	2018/5/18	10.00	Joint liability guarantee	2018/5/18-2019/5/24	Yes	No
Hunan,S.F.Express (Group) Co., Ltd.	2018/3/14	2,000	2018/6/5	143.10	Joint liability guarantee	2018/6/5-2019/5/25	Yes	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2018/3/14	20,000	2018/6/5	23.00	Joint liability guarantee	2018/6/5-2019/5/31	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100	2018/6/5	500.00	Joint liability guarantee	2018/6/5-2019/5/14	Yes	No
SF Airlines Company Limited	2018/3/14	58,000	2018/6/6	99.58	Joint liability guarantee	2018/6/6-2019/6/1	Yes	No

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Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
SF Airlines Company Limited	2018/3/14	58,000	2018/6/12	3.32	Joint liability guarantee	2018/6/12-2019/6/20	Yes	No
SF Airlines Company Limited	2018/3/14	58,000	2018/6/12	13.28	Joint liability guarantee	2018/6/12-2019/6/28	Yes	No
S.F. Express (Dong Guan) Limited	2018/3/14	8,500	2018/6/6	186.61	Joint liability guarantee	2018/6/6-2019/5/1	Yes	No
Shenzhen SF Fix Technology Co., Ltd.	2018/3/14	23,000	2018/6/21	400.00	Joint liability guarantee	2018/6/21-2019/1/31	Yes	No
Jiangxi S.F. Express Co., Ltd.	2018/3/14	1,300	2018/6/28	50.00	Joint liability guarantee	2018/6/28-2019/5/31	Yes	No
Beijing S.F. Express Co., LTD.	2018/3/14	5,000	2018/6/22	30.00	Joint liability guarantee	2018/6/22-2019/1/20	Yes	No
Foshan S.F. Express Co., Ltd.	2018/3/14	1,400	2018/6/28	123.91	Joint liability guarantee	2018/6/28-2019/5/31	Yes	No
Shanghai Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/6/22	40.00	Joint liability guarantee	2018/6/22-2019/4/30	Yes	No
Chongqing Huiyifeng Logistics Co., Ltd.	2018/3/14	3,000	2018/6/22	500.00	Joint liability guarantee	2018/6/22-2019/4/30	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2016/12/30	7,700	2017/10/24	14.74	Joint liability guarantee	2017/10/24-2019/8/31	Yes	No
Beijing Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/7/3	1,250.00	Joint liability guarantee	2018/7/3-2019/6/29	Yes	No
Beijing Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/7/3	500.00	Joint liability guarantee	2018/7/3-2019/6/27	Yes	No
Anhui S.F. Express Co., Ltd.	2018/3/14	900	2018/7/4	73.64	Joint liability guarantee	2018/7/4-2019/5/31	Yes	No
Chengdu Shunyifeng Pharmaceutical Co., Ltd.	2018/3/14	500	2018/7/3	150.00	Joint liability guarantee	2018/7/3-2019/6/15	Yes	No
Hebei S.F. Express Co., Ltd.	2018/3/14	1,600	2018/7/3	90.00	Joint liability guarantee	2018/7/3-2019/5/11	Yes	No
Hubei S.F. Express Co., Ltd.	2018/3/14	1,800	2018/7/6	42.79	Joint liability guarantee	2018/7/6-2019/3/31	Yes	No
Jiangsu S.F. Express Co., Ltd.	2018/3/14	500	2018/7/5	82.33	Joint liability guarantee	2018/7/5-2019/5/31	Yes	No
Shandong S.F. Express Co., Ltd.	2018/3/14	1,300	2018/7/3	60.00	Joint liability guarantee	2018/7/3-2019/5/1	Yes	No
Shandong S.F. Express Co., Ltd.	2018/3/14	1,300	2018/7/6	14.00	Joint liability guarantee	2018/7/6-2019/5/1	Yes	No
Shandong S.F. Express Co., Ltd.	2018/3/14	1,300	2018/7/24	255.00	Joint liability guarantee	2018/7/24-2019/5/31	Yes	No

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Shanghai Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/7/24	30.00	Joint liability guarantee	2018/7/24-2019/12/31	Yes	No
Shanghai Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/7/6	380.00	Joint liability guarantee	2018/7/6-2019/5/31	Yes	No
Shanghai Shunheng Logistics Co., Ltd.	2018/3/14	500	2018/7/2	100.00	Joint liability guarantee	2018/7/2-2019/9/30	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100	2018/7/2	1,000.00	Joint liability guarantee	2018/7/2-2019/7/24	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100	2018/7/2	1,300.00	Joint liability guarantee	2018/7/2-2019/2/28	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100	2018/7/4	39.55	Joint liability guarantee	2018/7/4-2019/5/31	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100	2018/7/18	110.54	Joint liability guarantee	2018/7/18-2019/8/8	Yes	No
S.F. Express (Dong Guan) Limited	2018/3/14	8,500	2018/7/18	24.31	Joint liability guarantee	2018/7/18-2019/5/31	Yes	No
S.F. Express (Dong Guan) Limited	2018/3/14	8,500	2018/7/24	186.61	Joint liability guarantee	2018/7/24-2019/5/1	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100	2018/7/4	104.17	Joint liability guarantee	2018/7/4-2019/5/31	Yes	No
S.F. Express (Dong Guan) Limited	2018/3/14	8,500	2018/7/18	226.45	Joint liability guarantee	2018/7/18-2019/5/31	Yes	No
Sichuan S.F. Express Co., Ltd.	2018/3/14	1,800	2018/7/6	10.00	Joint liability guarantee	2018/7/6-2019/5/11	Yes	No
XI'AN S.F EXPRESS CO., LTD	2018/3/14	1,500	2018/7/20	125.74	Joint liability guarantee	2018/7/20-2019/7/15	Yes	No
Wuxi S.F. Express Co., Ltd.	2018/3/14	1,000	2018/7/5	73.08	Joint liability guarantee	2018/7/5-2019/6/30	Yes	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2018/7/4	100.00	Joint liability guarantee	2018/7/4-2019/4/30	Yes	No
Shanghai Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/7/6	400.00	Joint liability guarantee	2018/7/6-2019/6/22	Yes	No
Shandong S.F. Express Co., Ltd.	2018/3/14	1,300	2018/7/24	20.00	Joint liability guarantee	2018/7/24-2019/5/9	Yes	No
Zhejiang Shun Feng Express Co., Ltd.	2018/3/14	3,900	2018/7/6	451.33	Joint liability guarantee	2018/7/6-2019/5/31	Yes	No
Jiangsu S.F. Express Co., Ltd.	2018/3/14	500	2018/7/23	28.15	Joint liability guarantee	2018/7/23-2019/3/19	Yes	No
S.F. EXPRESS (SINGAPORE) PRIVATE LIMITED	2018/3/14	5,400	2018/7/19	165.46	Joint liability guarantee	2018/7/19-2019/8/3	Yes	No

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Beijing Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/7/31	100.00	Joint liability guarantee	2018/7/31-2019/5/31	Yes	No
Beijing Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/7/31	200.00	Joint liability guarantee	2018/7/31-2019/5/31	Yes	No
Beijing Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/7/31	600.00	Joint liability guarantee	2018/7/31-2019/5/7	Yes	No
Lanzhou S.F. Express Co., Ltd.	2018/3/14	100	2018/8/9	15.00	Joint liability guarantee	2018/8/9-2019/4/30	Yes	No
Hunan,S.F. Express (Group) Co., Ltd.	2018/3/14	2,000	2018/8/9	100.00	Joint liability guarantee	2018/8/9-2019/6/30	Yes	No
Hunan,S.F. Express (Group) Co., Ltd.	2018/3/14	2,000	2018/8/9	200.00	Joint liability guarantee	2018/8/9-2019/6/30	Yes	No
Hunan,S.F. Express (Group) Co., Ltd.	2018/3/14	2,000	2018/8/9	400.00	Joint liability guarantee	2018/8/9-2019/6/30	Yes	No
Shenzhen SF Fix Technology Co., Ltd.	2018/3/14	23,000	2018/8/16	100.00	Joint liability guarantee	2018/8/16-2019/5/30	Yes	No
XIAMEN SHUNFENG EXPRESS CO., LTD.	2018/3/14	1,000	2018/8/16	60.00	Joint liability guarantee	2018/8/16-2019/6/30	Yes	No
QINGDAO S.F. EXPRESS CO., LTD.	2018/3/14	1,300	2018/8/16	40.00	Joint liability guarantee	2018/8/16-2019/7/31	Yes	No
NINGBO SHUNFENG EXPRESS CO., LTD.	2018/3/14	3,300	2018/8/16	30.00	Joint liability guarantee	2018/8/16-2019/4/30	Yes	No
Foshan S.F. Express Co., Ltd.	2018/3/14	1,400	2018/8/22	123.91	Joint liability guarantee	2018/8/22-2019/5/31	Yes	No
Zhejiang Shunlu Logistics Co., Ltd.	2018/3/14	4,000	2018/8/22	1,500.00	Joint liability guarantee	2018/8/22-2019/6/30	Yes	No
Shenzhen SF Fix Technology Co., Ltd.	2018/3/14	23,000	2018/8/23	1,600.00	Joint liability guarantee	2018/8/23-2019/6/30	Yes	No
TIANJIN S.F. EXPRESS CO., LTD.	2018/3/14	1,400	2018/8/23	106.05	Joint liability guarantee	2018/8/23-2019/7/31	Yes	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2018/8/23	10.00	Joint liability guarantee	2018/8/23-2019/7/31	Yes	No
Shenzhen Shunlu Air Freight Forwarding Co., Ltd.	2018/3/14	3,000	2018/8/23	1,850.00	Joint liability guarantee	2018/8/23-2019/12/31	Yes	No
Anhui S.F. Express Co., Ltd.	2018/3/14	900	2018/8/28	5.00	Joint liability guarantee	2018/8/28-2019/9/30	Yes	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2018/3/14	20,000	2018/8/28	6.60	Joint liability guarantee	2018/8/28-2019/10/31	Yes	No
Guangxi ShunFeng Express Co.,Ltd.	2018/3/14	1,000	2018/8/28	6.01	Joint liability guarantee	2018/8/28-2019/10/31	Yes	No

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Yunnan S.F. Express Co., Ltd.	2018/3/14	800	2018/8/28	11.29	Joint liability guarantee	2018/8/28-2019/6/15	Yes	No
XI'AN S.F EXPRESS CO.,LTD	2018/3/14	1,500	2018/8/28	52.12	Joint liability guarantee	2018/8/28-2019/7/31	Yes	No
Jinhua S.F. Express Co., Ltd.	2018/3/14	200	2018/8/28	83.68	Joint liability guarantee	2018/8/28-2019/8/9	Yes	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2018/8/28	1,000.00	Joint liability guarantee	2018/8/28-2019/2/18	Yes	No
Hubei S.F. Express Co., Ltd.	2018/3/14	1,800	2018/8/30	55.33	Joint liability guarantee	2018/8/30-2019/6/30	Yes	No
S.F. Transportation (Changzhou) Co., Ltd.	2018/3/14	300	2018/8/31	118.30	Joint liability guarantee	2018/8/31-2019/9/30	Yes	No
SF Airlines Company Limited	2018/3/14	58,000	2018/8/14	25.53	Joint liability guarantee	2018/8/14-2019/8/13	Yes	No
Guang Zhou S.F. Express Co., Ltd.	2018/3/14	8,000	2018/8/8	200.00	Joint liability guarantee	2018/8/8-2019/8/8	Yes	No
Guang Zhou S.F. Express Co., Ltd.	2018/3/14	8,000	2018/8/8	1,500.00	Joint liability guarantee	2018/8/8-2019/8/8	Yes	No
Jiangxi S.F. Express Co., Ltd.	2018/3/14	1,300	2018/9/6	89.10	Joint liability guarantee	2018/9/6-2019/5/31	Yes	No
Hunan,S.F. Express (Group) Co., Ltd.	2018/3/14	2,000	2018/9/6	90.70	Joint liability guarantee	2018/9/6-2019/10/31	Yes	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2018/9/12	75.88	Joint liability guarantee	2018/9/12-2019/9/14	Yes	No
S.F. Express (Dong Guan) Limited	2018/3/14	8,500	2018/9/13	149.62	Joint liability guarantee	2018/9/13-2019/7/31	Yes	No
S.F. Express Group (Shanghai) Co., Ltd.	2018/3/14	2,000	2018/9/13	60.00	Joint liability guarantee	2018/9/13-2019/7/31	Yes	No
Shenzhen Shunlu Air Freight Forwarding Co., Ltd.	2018/3/14	3,000	2018/9/13	200.00	Joint liability guarantee	2018/9/13-2019/1/31	Yes	No
Jiangsu S.F. Express Co., Ltd.	2018/3/14	500	2018/9/18	10.00	Joint liability guarantee	2018/9/18-2019/6/30	Yes	No
GANZHOU S.F EXPRESS Co., Ltd	2018/3/14	100	2018/9/18	25.00	Joint liability guarantee	2018/9/18-2019/8/31	Yes	No
S.F. Express (Shenyang) Co., Ltd	2018/3/14	2,300	2018/9/20	100.00	Joint liability guarantee	2018/9/20-2019/9/7	Yes	No
Jiangxi S.F. Express Co., Ltd.	2018/3/14	1,300	2018/9/20	15.00	Joint liability guarantee	2018/9/20-2019/9/14	Yes	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2018/3/14	20,000	2018/9/19	25.04	Joint liability guarantee	2018/9/19-2019/9/30	Yes	No

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Wuxi S.F. Express Co., Ltd.	2018/3/14	1,000	2018/9/18	73.08	Joint liability guarantee	2018/9/18-2019/6/27	Yes	No
Beijing Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/9/19	527.59	Joint liability guarantee	2018/9/19-2019/9/30	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500	2018/9/13	17.25	Joint liability guarantee	2018/9/13-2020/7/14	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500	2018/9/14	47.76	Joint liability guarantee	2018/9/14-2020/9/30	No	No
SF Airlines Company Limited	2018/3/14	58,000	2018/9/25	2,756.10	Joint liability guarantee	2018/9/25-2019/10/10	Yes	No
Chengdu Taishun Logistics Co., Ltd.	2018/3/14	2,000	2018/9/17	100.00	Joint liability guarantee	2018/9/17-2019/4/30	Yes	No
Zhejiang Shunlu Logistics Co., Ltd.	2018/3/14	4,000	2018/8/3	10.00	Joint liability guarantee	2018/08/03-2019/04/30	Yes	No
SF Airlines Company Limited	2018/3/14	58,000	2018/9/18	12.40	Joint liability guarantee	2018/9/18-2019/9/1	Yes	No
Shenzhen Shunlu Logistics Co., Ltd.	2018/3/14	1,000	2018/9/29	338.32	Joint liability guarantee	2018/9/29-2019/1/31	Yes	No
SF Airlines Company Limited	2018/3/14	58,000	2018/9/29	2.00	Joint liability guarantee	2018/9/29-2019/4/30	Yes	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2018/3/14	1,000	2018/9/28	205.17	Joint liability guarantee	2018/9/28-2019/2/23	Yes	No
Fast Delivery Investment Limited	2018/3/14	26,000	2018/9/28	11,373.84	Joint liability guarantee	2018/9/28-2019/2/28	Yes	No
Fast Delivery Investment Limited	2018/3/14	26,000	2018/12/17	1,397.35	Joint liability guarantee	2018/12/17-2019/4/30	Yes	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2018/10/15	2,208.00	Joint liability guarantee	2018/10/15-2019/10/31	Yes	No
Zhejiang Shunlu Logistics Co., Ltd.	2018/3/14	4,000	2018/10/17	80.00	Joint liability guarantee	2018/10/17-2019/9/30	Yes	No
Anhui S.F. Express Co., Ltd.	2018/3/14	900	2018/10/17	5.00	Joint liability guarantee	2018/10/17-2019/9/24	Yes	No
SF Express ChongQing CO. LTD	2018/3/14	1,700	2018/10/22	246.15	Joint liability guarantee	2018/10/22-2019/9/30	Yes	No
Shandong S.F. Express Co., Ltd.	2018/3/14	1,300	2018/10/22	48.04	Joint liability guarantee	2018/10/22-2019/9/30	Yes	No
Beijing S.F. Express Co., LTD.	2018/3/14	5,000	2018/10/22	464.88	Joint liability guarantee	2018/10/22-2019/9/22	Yes	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2018/10/9	300.00	Joint liability guarantee	2018/10/9-2019/10/7	Yes	No

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S.F. Express Co., Ltd.	2018/3/14	30,000	2018/10/15	30.00	Joint liability guarantee	2018/10/15-2019/10/15	Yes	No
SF Airlines Company Limited	2018/3/14	58,000	2018/10/1	20.90	Joint liability guarantee	2018/10/1-2019/9/30	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500	2018/10/10	29.89	Joint liability guarantee	2018/10/10-2021/7/30	No	No
Beijing Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/11/4	563.53	Joint liability guarantee	2018/11/4 – 2019/10/26	Yes	No
Yancheng S.F. Express Co., Ltd.	2018/3/14	100	2018/11/4	5.00	Joint liability guarantee	2018/11/4 – 2019/4/30	Yes	No
SF Data Service (Wuhan) Co., Ltd.	2018/3/14	500	2018/11/2	77.76	Joint liability guarantee	2018/11/2 – 2019/11/2	Yes	No
Beijing S.F. Express Co., LTD.	2018/3/14	5,000	2018/11/12	19.50	Joint liability guarantee	2018/11/12 -2019/10/31	Yes	No
Quanzhou Shunlu Logistics Co., Ltd.	2018/3/14	1,500	2018/11/15	75.88	Joint liability guarantee	2018/11/15 -2019/11/30	Yes	No
Quanzhou Shunlu Logistics Co., Ltd.	2018/3/14	1,500	2018/11/15	26.36	Joint liability guarantee	2018/11/15 -2019/10/31	Yes	No
Zhejiang Shun Feng Express Co., Ltd.	2018/3/14	3,900	2018/11/19	250.00	Joint liability guarantee	2018/12/8 – 2019/12/7	Yes	No
S.F. EXPRESS (TIANJIN) CO., LTD.	2018/3/14	1,000	2018/11/19	72.06	Joint liability guarantee	2018/11/19 -2019/11/28	Yes	No
Shandong S.F. Express Co., Ltd.	2018/3/14	1,300	2018/11/19	5.00	Joint liability guarantee	2018/11/19 -2019/11/30	Yes	No
XI'AN S.F EXPRESS CO., LTD	2018/3/14	1,500	2018/11/21	9.42	Joint liability guarantee	2018/11/21 -2019/11/30	Yes	No
Yunnan S.F. Express Co., Ltd.	2018/3/14	800	2018/11/23	10.00	Joint liability guarantee	2018/11/23 – 2019/11/5	Yes	No
S.F. Express Group (Shanghai) Co., Ltd.	2018/3/14	2,000	2018/11/23	200.00	Joint liability guarantee	2018/11/23 -2019/10/31	Yes	No
QINGDAO S.F. EXPRESS CO., LTD.	2018/3/14	1,300	2018/11/23	260.00	Joint liability guarantee	2018/11/23 -2019/11/30	Yes	No
Sichuan S.F. Express Co., Ltd.	2018/3/14	1,800	2018/11/23	56.69	Joint liability guarantee	2018/11/23 – 2019/8/31	Yes	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2018/3/14	20,000	2018/11/22	7.88	Joint liability guarantee	2018/11/22-2019/9/30	Yes	No
Anhui S.F. Express Co., Ltd.	2018/3/14	900	2018/11/22	23.64	Joint liability guarantee	2018/11/22-2019/11/30	Yes	No
SF Express ChongQing CO. LTD	2018/3/14	1,700	2018/11/2	20.81	Joint liability guarantee	2018/11/2-2020/2/28	No	No

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Suzhou Industrial Park S.F. Express Co., Ltd.	2018/3/14	1,000	2018/11/15	19.25	Joint liability guarantee	2018/11/15-2019/10/15	Yes	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2018/3/14	1,000	2018/11/15	22.62	Joint liability guarantee	2018/11/15-2019/8/31	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500	2018/11/26	12.85	Joint liability guarantee	2018/11/26-2020/8/12	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500	2018/11/2	10.45	Joint liability guarantee	2018/11/2-2020/10/4	No	No
GZ SF Pharmaceutical Supply Chain Co., Ltd.	2018/3/14	1,000	2018/12/6	20.00	Joint liability guarantee	2018/12/6-2019/9/30	Yes	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2018/3/14	1,000	2018/12/6	15.00	Joint liability guarantee	2018/12/6-2019/4/30	Yes	No
Heilongjiang S.F. Express Co., Ltd.	2018/3/14	1,600	2018/12/6	100.00	Joint liability guarantee	2018/12/6-2019/11/28	Yes	No
Liaoning Shunlu Logistics Co., Ltd.	2018/3/14	1,000	2018/12/6	420.00	Joint liability guarantee	2018/12/6-2019/10/31	Yes	No
Beijing Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2018/12/17	527.59	Joint liability guarantee	2018/12/17-2019/9/30	Yes	No
Zhejiang Shun Feng Express Co., Ltd.	2018/3/14	3,900	2018/12/17	1,000.00	Joint liability guarantee	2018/12/17-2019/6/30	Yes	No
Jiangsu Huihai Logistics Co., Ltd.	2018/3/14	200	2018/12/17	20.00	Joint liability guarantee	2018/12/17-2019/10/14	Yes	No
S.F. Express (Shenyang) Co., Ltd	2018/3/14	2,300	2018/12/5	107.75	Joint liability guarantee	2018/12/5-2019/11/30	Yes	No
S.F. Express (Dong Guan) Limited	2018/3/14	8,500	2018/12/19	993.23	Joint liability guarantee	2018/12/19-2019/11/20	Yes	No
Anhui S.F. Express Co., Ltd.	2018/3/14	900	2018/12/25	59.72	Joint liability guarantee	2018/12/25-2019/12/31	Yes	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2018/12/25	233.15	Joint liability guarantee	2018/12/25-2019/11/30	Yes	No
Shuncheng Financial Lease (Shenzhen) Co., Ltd.			2018/2/9	7,000.00	Joint liability guarantee	2018/2/9-2019/1/11	Yes	No
Shuncheng Financial Lease (Shenzhen) Co., Ltd.			2018/2/9	7,000.00	Joint liability guarantee	2018/2/9-2019/2/11	Yes	No
Shanghai Fengtaiyuanxing Property Management Service Co., Ltd.	2018/3/14	10,000	2018/9/1	4,578.29	Joint liability guarantee	2018/09/01-2021/08/31	No	No
Chengdu Shunyifeng Pharmaceutical Co., Ltd.	2018/3/14	500	2018/12/25	5.00	Joint liability guarantee	2018/12/25-2019/3/31	Yes	No
SF Airlines Company Limited	2018/3/14	58,000	2018/12/25	2,500.00	Joint liability guarantee	2019/2/7-2021/2/7	No	No

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Anhui S.F. Express Co., Ltd.	2018/3/14	900	2019/1/25	5.00	Joint liability guarantee	2019/1/25-2020/1/21	No	No
S.F. EXPRESS (CHINA) LIMITED	2018/3/14	1,500	2019/1/2	8.97	Joint liability guarantee	2019/1/2-2019/11/30	Yes	No
S.F. EXPRESS (CHINA) LIMITED	2018/3/14	1,500	2019/1/18	8.97	Joint liability guarantee	2019/1/18-2020/1/4	No	No
S.F. EXPRESS (CHINA) LIMITED	2018/3/14	1,500	2019/1/21	13.46	Joint liability guarantee	2019/1/21-2019/12/31	Yes	No
S.F. EXPRESS (CHINA) LIMITED	2018/3/14	1,500	2019/1/17	89.72	Joint liability guarantee	2019/1/17-2019/12/31	Yes	No
Anhui S.F. Express Co., Ltd.	2018/3/14	900	2019/1/31	80.00	Joint liability guarantee	2019/1/31-2019/5/31	Yes	No
Anhui S.F. Express Co., Ltd.	2018/3/14	900	2019/1/22	24.60	Joint liability guarantee	2019/1/22-2019/12/31	Yes	No
Beijing Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2019/1/29	100.00	Joint liability guarantee	2019/1/29-2019/12/31	Yes	No
Beijing S.F. Express Co., LTD.	2018/3/14	5,000	2019/1/7	30.00	Joint liability guarantee	2019/1/7-2019/12/21	Yes	No
Chengdu Shunyifeng Pharmaceutical Co., Ltd.	2018/3/14	500	2019/1/17	43.63	Joint liability guarantee	2019/1/17-2019/12/31	Yes	No
Chengdu Taishun Logistics Co., Ltd.	2018/3/14	2,000	2019/1/29	800.00	Joint liability guarantee	2019/1/29-2019/4/30	Yes	No
Foshan S.F. Express Co., Ltd.	2018/3/14	1,400	2019/1/14	76.99	Joint liability guarantee	2019/1/14-2019/12/31	Yes	No
Guangxi ShunFeng Express Co., Ltd.	2018/3/14	1,000	2019/1/21	100.00	Joint liability guarantee	2019/1/21-2020/1/31	No	No
Guizhou S.F. Express Co., Ltd.	2018/3/14	900	2019/1/7	12.21	Joint liability guarantee	2019/1/7-2019/10/31	Yes	No
HaiNan S.F. Express LTD.	2018/3/14	1,100	2019/1/21	35.00	Joint liability guarantee	2019/1/21-2019/10/29	Yes	No
HaiNan S.F. Express LTD.	2018/3/14	1,100	2019/1/21	100.00	Joint liability guarantee	2019/1/21-2019/11/30	Yes	No
HENAN S.F. EXPRESS CO., LTD	2018/3/14	1,100	2019/1/29	126.93	Joint liability guarantee	2019/1/29-2019/5/31	Yes	No
Hubei S.F. Express Co., Ltd.	2018/3/14	1,800	2019/1/25	42.79	Joint liability guarantee	2019/1/25-2020/1/15	No	No
NINGBO SHUNFENG EXPRESS CO., LTD.	2018/3/14	3,300	2019/1/7	500.00	Joint liability guarantee	2019/1/7-2020/12/31	No	No
Quanzhou Shunlu Logistics Co., Ltd.	2018/3/14	1,500	2019/1/29	300.00	Joint liability guarantee	2019/1/29-2019/12/31	Yes	No

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Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Quanzhou Shunlu Logistics Co., Ltd.	2018/3/14	1,500	2019/1/29	300.00	Joint liability guarantee	2019/1/29-2019/12/31	Yes	No
XIAMEN SHUNFENG EXPRESS CO.,LTD.	2018/3/14	1,000	2019/1/29	20.00	Joint liability guarantee	2019/1/29-2019/12/31	Yes	No
Shanghai Shuncheng Logistics Co., Ltd.	2018/3/14	6,000	2019/1/25	30.00	Joint liability guarantee	2019/1/25-2019/12/31	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100	2019/1/15	120.13	Joint liability guarantee	2019/1/15-2019/12/31	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100	2019/1/28	36.77	Joint liability guarantee	2019/1/28-2020/1/20	No	No
Shenzhen Shunlu Air Freight Forwarding Co., Ltd.	2018/3/14	3,000	2019/1/29	2,230.00	Joint liability guarantee	2019/1/29-2019/12/31	Yes	No
Shenzhen Shunlu Air Freight Forwarding Co., Ltd.	2018/3/14	3,000	2019/1/31	50.00	Joint liability guarantee	2019/1/31-2020/1/1	No	No
Shenzhen Shunlu Logistics Co., Ltd.	2018/3/14	1,000	2019/1/10	123.91	Joint liability guarantee	2019/1/10-2020/1/31	No	No
SF Airlines Company Limited	2018/3/14	58,000	2019/1/10	18.19	Joint liability guarantee	2019/1/10-2020/5/31	No	No
S.F. Express (Shenyang) Co., Ltd	2018/3/14	2,300	2019/1/21	10.00	Joint liability guarantee	2019/1/21-2020/4/30	No	No
S.F. Express (Shenyang) Co., Ltd	2018/3/14	2,300	2019/1/21	10.00	Joint liability guarantee	2019/1/21-2020/4/30	No	No
S.F. EXPRESS (TIANJIN) CO., LTD.	2018/3/14	1,000	2019/1/23	61.35	Joint liability guarantee	2019/1/23-2020/1/20	No	No
SF Express ChongQing CO. LTD	2018/3/14	1,700	2019/1/4	110.00	Joint liability guarantee	2019/1/4-2019/12/31	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500	2019/1/2	3.24	Joint liability guarantee	2019/1/2-2020/11/22	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500	2019/1/3	12.54	Joint liability guarantee	2019/1/3-2020/9/30	No	No
Sichuan S.F. Express Co., Ltd.	2018/3/14	1,800	2019/1/29	5.00	Joint liability guarantee	2019/1/29-2020/1/31	No	No
Sichuan S.F. Express Co., Ltd.	2018/3/14	1,800	2019/1/29	5.19	Joint liability guarantee	2019/1/29-2019/11/14	Yes	No
TIANJIN S.F. EXPRESS CO., LTD.	2018/3/14	1,400	2019/1/10	80.90	Joint liability guarantee	2019/1/10-2020/1/31	No	No
QINGDAO S.F. EXPRESS CO., LTD.	2018/3/14	1,300	2019/1/10	56.77	Joint liability guarantee	2019/1/10-2019/12/14	Yes	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2019/1/7	140.46	Joint liability guarantee	2019/1/7-2019/11/30	Yes	No

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Zhejiang Shun Feng Express Co., Ltd.	2018/3/14	3,900	2019/1/10	7.00	Joint liability guarantee	2019/1/10-2019/3/5	Yes	No
S.F. EXPRESS (CHINA) LIMITED	2018/3/14	1,500	2019/1/31	53.83	Joint liability guarantee	2019/1/31-2020/1/14	No	No
Chongqing Huiyifeng Logistics Co., Ltd.	2018/3/14	3,000	2019/1/31	1,500.00	Joint liability guarantee	2019/1/31-2020/1/24	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2018/3/14	1,000	2019/2/20	15.00	Joint liability guarantee	2019/2/20-2019/4/30	Yes	No
Wenzhou Shunheng Express Co., Ltd.	2018/3/14	500	2019/2/20	2.00	Joint liability guarantee	2019/2/20-2020/1/6	No	No
Fast Delivery Investment Limited	2018/3/14	26,000	2019/3/5	6,881.95	Joint liability guarantee	2019/3/5-2019/6/30	Yes	No
Fast Delivery Investment Limited	2018/3/14	26,000	2019/3/5	6,881.95	Joint liability guarantee	2019/3/5-2019/7/31	Yes	No
Jiangxi Shunlu Logistics Co., Ltd.	2018/3/14	100	2019/3/4	50.00	Joint liability guarantee	2019/3/4-2020/2/29	No	No
Shenzhen SF Fix Technology Co., Ltd.	2018/3/14	23,000	2019/3/5	20.00	Joint liability guarantee	2019/3/5-2019/10/31	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100	2019/3/5	1,300.00	Joint liability guarantee	2019/3/5-2020/3/28	No	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2019/3/5	300.00	Joint liability guarantee	2019/3/5-2020/3/1	No	No
Zhanjiang S.F. Express Co., Ltd.	2018/3/14	700	2019/3/5	25.00	Joint liability guarantee	2019/3/5-2020/1/23	No	No
Shenzhen SF Comprehensive Logistics Service Co., Ltd.	2018/3/14	500	2019/3/12	150.00	Joint liability guarantee	2019/3/12-2019/12/31	Yes	No
Xi'an Shunlu Logistics Co., Ltd.	2018/3/14	1,000	2019/3/13	222.02	Joint liability guarantee	2019/3/13-2020/3/9	No	No
Xinjiang SF Express Co., LTD.	2018/3/14	600	2019/3/13	2.00	Joint liability guarantee	2019/3/13-2020/3/7	No	No
SF Airlines Company Limited	2018/3/14	58,000	2019/3/18	10.00	Joint liability guarantee	2019/3/18-2020/3/31	No	No
Shenzhen Shunlu Logistics Co., Ltd.	2018/3/14	1,000	2019/3/19	80.00	Joint liability guarantee	2019/3/19-2020/6/30	No	No
Shenzhen SF Fix Technology Co., Ltd.	2018/3/14	23,000	2019/3/26	400.00	Joint liability guarantee	2019/3/26-2020/1/31	No	No
Yantai S.F. Express Co., Ltd.	2018/3/14	500	2019/3/26	65.00	Joint liability guarantee	2019/3/26-2020/1/31	No	No
SF Airlines Company Limited	2018/3/14	58,000	2019/3/26	21.84	Joint liability guarantee	2019/3/26-2020/3/7	No	No

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Jiangsu S.F. Express Co., Ltd.	2018/3/14	500	2019/3/27	28.15	Joint liability guarantee	2019/3/27-2020/3/19	No	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2019/3/27	20.00	Joint liability guarantee	2019/3/27-2019/12/31	Yes	No
Tibet S.F. Express Co., Ltd.	2018/3/14	100	2019/3/27	5.00	Joint liability guarantee	2019/3/27-2020/2/29	No	No
S.F. Express (Huizhou) Co., Ltd.	2018/3/14	2,500	2019/3/28	19.57	Joint liability guarantee	2019/3/28-2020/3/24	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100	2019/3/28	600.00	Joint liability guarantee	2019/3/28-2020/2/29	No	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2019/3/28	200.00	Joint liability guarantee	2019/3/28-2020/3/1	No	No
S.F. Express Co., Ltd.	2018/3/14	30,000	2019/3/29	3,000.00	Joint liability guarantee	2019/3/29-2020/3/14	No	No
Jiangxi S.F. Express Co., Ltd.	2018/3/14	1,300	2019/3/29	223.43	Joint liability guarantee	2019/3/29-2020/3/15	No	No
ZHONGSHAN S.F. EXPRESS CO. LTD	2018/3/14	1,000	2019/3/27	141.98	Joint liability guarantee	2019/3/27-2020/3/26	No	No
Hunan,S.F. Express (Group) Co., Ltd.	2018/3/14	2,000	2019/3/26	90.70	Joint liability guarantee	2019/3/26-2019/11/30	Yes	No
Zhejiang Shun Feng Express Co., Ltd.	2019/3/16	2,000	2019/4/29	50.00	Joint liability guarantee	2019/4/29-2020/4/28	No	No
Beijing S.F. Express Co., LTD.	2018/3/14	5,000	2019/4/3	100.00	Joint liability guarantee	2019/4/3-2020/4/20	No	No
Chengdu Shunyifeng Pharmaceutical Co., Ltd.	2019/3/16	100	2019/4/19	20.00	Joint liability guarantee	2019/4/19-2019/12/31	Yes	No
NINGBO SHUNFENG EXPRESS CO., LTD.	2019/3/16	2,500	2019/4/10	550.00	Joint liability guarantee	2019/4/10-2020/5/7	No	No
Shenzhen Shunlu Logistics Co., Ltd.	2019/3/16	2,100	2019/4/19	380.61	Joint liability guarantee	2019/4/19-2020/1/31	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/4/19	2,000.00	Joint liability guarantee	2019/4/19-2020/5/26	No	No
S.F. Express (Dong Guan) Limited	2019/3/16	1,800	2019/4/10	15.03	Joint liability guarantee	2019/4/10-2020/4/2	No	No
S.F. Express Group (Shanghai) Co., Ltd.	2019/3/16	800	2019/4/24	100.00	Joint liability guarantee	2019/4/24-2020/5/4	No	No
SF Express ChongQing CO. LTD	2019/3/16	800	2019/4/10	264.85	Joint liability guarantee	2019/4/10-2020/4/30	No	No
SF Transportation (Nanjing) Co., Ltd.	2019/3/16	300	2019/4/19	100.00	Joint liability guarantee	2019/4/19-2020/4/8	No	No

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S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	8,200	2019/4/26	13.59	Joint liability guarantee	2019/4/26-2021/5/15	No	No
Sichuan S.F. Express Co., Ltd.	2019/3/16	500	2019/4/10	20.00	Joint liability guarantee	2019/4/10-2020/5/14	No	No
Xinjiang SF Express Co., LTD.	2018/3/14	600	2019/4/3	6.00	Joint liability guarantee	2019/4/3-2020/2/29	No	No
Zhejiang Shunlu Logistics Co., Ltd.	2018/3/14	4,000	2019/4/3	30.00	Joint liability guarantee	2019/4/3-2019/9/15	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	8,200	2019/5/23	89.72	Joint liability guarantee	2019/5/23-2022/5/31	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	8,200	2019/5/23	151.26	Joint liability guarantee	2019/5/23-2022/5/31	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	1,000	2019/5/29	44.86	Joint liability guarantee	2019/5/29-2020/7/6	No	No
Anhui S.F. Express Co., Ltd.	2019/3/16	500	2019/5/31	180.00	Joint liability guarantee	2019/5/31-2020/5/31	No	No
Chengdu Taishun Logistics Co., Ltd.	2019/3/16	1,500	2019/5/22	900.00	Joint liability guarantee	2019/5/22-2020/4/30	No	No
Hebei S.F. Express Co., Ltd.	2019/3/16	300	2019/4/30	90.00	Joint liability guarantee	2019/4/30-2020/5/11	No	No
Henan Huihai Logistics Co., Ltd.	2018/3/14	300	2019/4/8	151.72	Joint liability guarantee	2019/4/8-2020/1/31	No	No
Hubei S.F. Transportation Co., Ltd.	2018/3/14	500	2019/4/8	323.29	Joint liability guarantee	2019/4/8-2020/3/20	No	No
Liaoning Shunlu Logistics Co., Ltd.	2019/3/16	700	2019/5/6	191.30	Joint liability guarantee	2019/5/6-2020/4/23	No	No
Inner Mongolia S.F Express CO. Ltd.	2019/3/16	100	2019/5/28	10.00	Joint liability guarantee	2019/5/28-2020/3/31	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	10,900	2019/4/30	3,000.00	Joint liability guarantee	2019/4/30-2020/3/31	No	No
SF-Express (Ningxia) Co., Ltd	2018/3/14	200	2019/4/8	100.00	Joint liability guarantee	2019/4/8-2020/1/31	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000	2019/5/6	100.00	Joint liability guarantee	2019/5/6-2020/4/30	No	No
Wuxi S.F. Express Co., Ltd.	2019/3/16	500	2019/5/23	20.00	Joint liability guarantee	2019/5/23-2020/5/24	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000	2019/6/11	200.00	Joint liability guarantee	2019/6/11-2020/4/16	No	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2019/3/16	1,000	2019/6/19	23.00	Joint liability guarantee	2019/6/19-2020/5/31	No	No

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Subsidiary's guarantees to subsidiaries								
Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
S.F. Express Co., Ltd.	2019/3/16	25,000	2019/6/19	4.00	Joint liability guarantee	2019/6/19-2020/4/16	No	No
Shanghai Shuncheng Logistics Co., Ltd.	2019/3/16	2,000	2019/6/21	400.00	Joint liability guarantee	2019/6/21-2020/6/22	No	No
FS ELECTRONIC TECHNOLOGY CO., LIMITED	2019/3/16	4,000	2019/6/20	26.92	Joint liability guarantee	2019/6/20-2020/3/31	No	No
Shenzhen SF Fix Technology Co., Ltd.	2019/3/16	20,800	2019/6/5	1,600.00	Joint liability guarantee	2019/6/5-2020/6/30	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	10,900	2019/6/5	104.17	Joint liability guarantee	2019/6/5-2019/8/5	Yes	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000	2019/6/10	60.00	Joint liability guarantee	2019/6/10-2020/5/31	No	No
XI'AN S.F EXPRESS CO., LTD	2019/3/16	300	2019/6/21	53.84	Joint liability guarantee	2019/6/21-2020/6/17	No	No
Tibet S.F. Express Co., Ltd.	2019/3/16	200	2019/5/29	2.00	Joint liability guarantee	2019/5/29-2020/4/30	No	No
Shanghai Shunxiaofeng Transportation Co., Ltd.	2019/3/16	200	2019/6/4	50.00	Joint liability guarantee	2019/6/4-2019/10/31	Yes	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	1,000	2019/6/11	44.86	Joint liability guarantee	2019/6/11-2020/5/31	No	No
E COMMERCE FULFILLMENT COMPANY LIMITED	2019/3/16	7,060	2019/6/19	21.92	Joint liability guarantee	2019/6/19-2019/12/12	Yes	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000	2019/6/10	14.00	Joint liability guarantee	2019/6/10-2020/1/31	No	No
Zhejiang Shunlu Logistics Co., Ltd.	2019/3/16	1,800	2019/5/30	650.00	Joint liability guarantee	2019/5/30-2019/12/31	Yes	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000	2019/6/21	255.00	Joint liability guarantee	2019/6/21-2020/6/30	No	No
Xi'an Shunlu Logistics Co., Ltd.	2019/3/16	400	2019/6/24	80.00	Joint liability guarantee	2019/6/24-2020/5/31	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000	2019/6/26	300.00	Joint liability guarantee	2019/6/26-2020/5/31	No	No
Shanxi S.F. Express Co., Ltd.	2019/3/16	200	2019/6/25	35.00	Joint liability guarantee	2019/6/25-2019/12/31	Yes	No
Shanxi S.F. Express Co., Ltd.	2019/3/16	200	2019/6/25	6.00	Joint liability guarantee	2019/6/25-2019/12/31	Yes	No
Wuxi S.F. Express Co., Ltd.	2019/3/16	500	2019/6/27	73.08	Joint liability guarantee	2019/6/27-2020/6/27	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	3,100	2019/5/10	237.86	Joint liability guarantee	2019/5/10-2020/7/15	No	No

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Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	3,100	2019/5/13	58.86	Joint liability guarantee	2019/5/13-2020/7/15	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	3,100	2019/4/30	30.00	Joint liability guarantee	2019/4/30-2019/7/31	Yes	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	3,100	2019/6/13	24.85	Joint liability guarantee	2019/6/13-2020/7/31	No	No
EXEL LOGISTICS CHINA CO., LTD.	2019/3/16	1,100	2019/6/13	63.61	Joint liability guarantee	2019/6/13-2020/1/31	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	3,100	2019/4/17	50.00	Joint liability guarantee	2019/4/17-2020/3/21	No	No
Yunnan S.F. Express Co., Ltd.	2019/3/16	800	2019/6/24	221.86	Joint liability guarantee	2019/6/24-2020/5/31	No	No
Chongqing Huiyifeng Logistics Co., Ltd.	2019/3/16	3,000	2019/6/24	500.00	Joint liability guarantee	2019/6/24-2020/6/20	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/6/24	2.00	Joint liability guarantee	2019/6/24-2020/4/30	No	No
SF Airlines Company Limited	2018/3/14	58,000	2019/3/26	49.76	Joint liability guarantee	2019/3/26-2020/3/7	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/7/1	103.27	Joint liability guarantee	2019/7/1-2020/6/21	No	No
Jinhua S.F. Express Co., Ltd.	2019/3/16	200	2019/7/4	5.00	Joint liability guarantee	2019/7/4-2020/4/30	No	No
Jiangsu S.F. Express Co., Ltd.	2019/3/16	300	2019/7/10	18.02	Joint liability guarantee	2019/7/10-2020/4/30	No	No
Jinhua S.F. Express Co., Ltd.	2019/3/16	200	2019/7/18	83.68	Joint liability guarantee	2019/7/18-2020/8/9	No	No
Jiangsu S.F. Express Co., Ltd.	2019/3/16	300	2019/7/18	5.00	Joint liability guarantee	2019/7/18-2020/12/14	No	No
Lanzhou S.F. Express Co., Ltd.	2019/3/16	200	2019/7/18	15.00	Joint liability guarantee	2019/7/18-2020/6/30	No	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000	2019/7/8	45.00	Joint liability guarantee	2019/7/8-2020/6/24	No	No
Shanghai Shuncheng Logistics Co., Ltd.	2019/3/16	2,000	2019/7/4	380.00	Joint liability guarantee	2019/7/4-2020/5/31	No	No
Shanghai Shunheng Logistics Co., Ltd.	2019/3/16	400	2019/7/4	100.00	Joint liability guarantee	2019/7/4-2020/9/30	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	11,900	2019/7/16	110.54	Joint liability guarantee	2019/7/16-2020/10/15	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/7/2	200.00	Joint liability guarantee	2019/7/2-2020/6/30	No	No

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Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900	2019/7/18	300.00	Joint liability guarantee	2019/7/18-2020/8/30	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900	2019/7/19	178.84	Joint liability guarantee	2019/7/19-2020/6/30	No	No
Yantai S.F. Express Co., Ltd.	2019/3/16	200	2019/7/2	5.00	Joint liability guarantee	2019/7/2-2019/12/31	Yes	No
Changchun Fengtai E-commerce Industrial Park Management Co., Ltd.	2019/3/16	600	2019/7/16	209.00	Joint liability guarantee	2019/7/16-2021/7/23	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200	2019/7/4	26.50	Joint liability guarantee	2019/7/4-2021/2/19	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200	2019/7/3	69.87	Joint liability guarantee	2019/7/3-2020/3/31	No	No
Hunan, S.F. Express (Group) Co., Ltd.	2019/3/16	2,000	2019/7/4	12.00	Joint liability guarantee	2019/7/4-2020/11/30	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/7/11	3.44	Joint liability guarantee	2019/7/11-2020/6/28	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/7/11	13.77	Joint liability guarantee	2019/7/11-2020/6/28	No	No
Hunan, S.F. Express (Group) Co., Ltd.	2019/3/16	2,000	2019/8/19	12.00	Joint liability guarantee	2019/8/19-2020/11/30	No	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500	2019/7/4	1,300.00	Joint liability guarantee	2019/7/4-2020/6/29	No	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500	2019/7/4	500.00	Joint liability guarantee	2019/7/4-2020/6/27	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	11,900	2019/8/5	104.17	Joint liability guarantee	2019/8/5-2020/10/15	No	No
Guang Zhou S.F. Express Co., Ltd.	2019/3/16	4,000	2019/8/20	200.00	Joint liability guarantee	2019/8/20-2020/8/8	No	No
Guang Zhou S.F. Express Co., Ltd.	2019/3/16	4,000	2019/8/8	1,500.00	Joint liability guarantee	2019/8/8-2020/8/8	No	No
QINGDAO S.F. EXPRESS CO., LTD.	2019/3/16	800	2019/7/31	40.00	Joint liability guarantee	2019/7/31-2019/12/31	Yes	No
Beijing S.F. Express Co., LTD.	2019/3/16	1,500	2019/8/6	10.00	Joint liability guarantee	2019/8/6-2020/5/31	No	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2019/3/16	1,000	2019/7/16	20.45	Joint liability guarantee	2019/7/16-2020/6/30	No	No
S.F. Express (Dong Guan) Limited	2019/3/16	3,500	2019/8/15	11.74	Joint liability guarantee	2019/8/15-2020/6/4	No	No
Shenzhen Shunlu Logistics Co., Ltd.	2019/3/16	2,100	2019/7/31	140.00	Joint liability guarantee	2019/7/31-2020/9/30	No	No

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Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
S.F. Express (Dong Guan) Limited	2019/3/16	3,500	2019/8/15	508.77	Joint liability guarantee	2019/8/15-2020/7/14	No	No
Quanzhou Shunlu Logistics Co., Ltd.	2019/3/16	800	2019/8/16	15.00	Joint liability guarantee	2019/8/16-2020/6/30	No	No
SF Express ChongQing CO. LTD	2019/3/16	1,400	2019/7/31	253.77	Joint liability guarantee	2019/7/31-2020/9/30	No	No
TIANJIN S.F. EXPRESS CO., LTD.	2019/3/16	800	2019/7/4	130.00	Joint liability guarantee	2019/7/4-2020/7/29	No	No
HaiNan S.F. Express LTD.	2019/3/16	700	2019/8/16	177.28	Joint liability guarantee	2019/8/16-2020/8/31	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/8/23	5,000.00	Joint liability guarantee	2019/8/23-2021/8/15	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/8/22	3,000.00	Joint liability guarantee	2019/8/22-2021/8/15	No	No
EXEL LOGISTICS CHINA CO., LTD.	2019/3/16	1,700	2019/7/24	156.01	Joint liability guarantee	2019/7/24-2020/7/31	No	No
EXEL LOGISTICS CHINA CO., LTD.	2019/3/16	1,700	2019/7/10	50.01	Joint liability guarantee	2019/7/10-2020/7/31	No	No
DHL LOGISTICS (CHINA) CO., LTD.	2019/3/16	5,900	2019/7/19	1,086.87	Joint liability guarantee	2019/7/19-2020/7/31	No	No
S.F. EXPRESS (SINGAPORE) PRIVATE LIMITED	2019/3/16	3,500	2019/8/31	165.46	Joint liability guarantee	2019/8/31-2020/8/31	No	No
Wuxi S.F. Express Co., Ltd.	2019/3/16	600	2019/7/3	174.68	Joint liability guarantee	2019/7/3-2020/7/31	No	No
Hubei S.F. Express Co., Ltd.	2019/3/16	1,000	2019/8/21	29.00	Joint liability guarantee	2019/8/21-2020/7/31	No	No
SF-Express (Ningxia) Co., Ltd	2019/3/16	200	2019/8/29	12.00	Joint liability guarantee	2019/8/29-2020/8/31	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000	2019/8/21	10.00	Joint liability guarantee	2019/8/21-2020/7/31	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900	2019/8/22	205.17	Joint liability guarantee	2019/8/22-2020/9/23	No	No
Shenzhen SF Fix Technology Co., Ltd.	2019/3/16	20,800	2019/8/28	40.00	Joint liability guarantee	2019/8/28-2020/5/30	No	No
SF Technology Co., Ltd.	2019/3/16	100	2019/8/29	5.00	Joint liability guarantee	2019/8/29-2020/1/8	No	No
Shenzhen SF Comprehensive Logistics Service Co., Ltd.	2019/3/16	2,500	2019/9/3	30.00	Joint liability guarantee	2019/9/3-2021/1/31	No	No
Dongguan DHL Supply Chain Co., Ltd.	2019/3/16	510	2019/9/2	148.63	Joint liability guarantee	2019/9/2-2020/9/30	No	No

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Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100	2019/9/27	53.30	Joint liability guarantee	2019/9/27-2020/9/30	No	No
Shanghai Shunheng Logistics Co., Ltd.	2019/3/16	400	2019/9/5	10.00	Joint liability guarantee	2019/9/5-2020/6/30	No	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2019/3/16	1,000	2019/9/20	25.04	Joint liability guarantee	2019/9/20-2020/8/31	No	No
S.F. Express (Shenyang) Co., Ltd	2019/3/16	600	2019/9/18	100.00	Joint liability guarantee	2019/9/18-2020/9/7	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900	2019/9/17	3.00	Joint liability guarantee	2019/9/17-2020/7/31	No	No
TIANJIN S.F. EXPRESS CO., LTD.	2019/3/16	800	2019/9/6	106.05	Joint liability guarantee	2019/9/6-2020/11/6	No	No
XI'AN S.F EXPRESS CO., LTD	2019/3/16	600	2019/9/6	125.74	Joint liability guarantee	2019/9/6-2020/8/31	No	No
Jiangxi S.F. Express Co., Ltd.	2019/3/16	300	2019/9/3	17.27	Joint liability guarantee	2019/9/3-2020/10/31	No	No
XI'AN S.F EXPRESS CO., LTD	2019/3/16	600	2019/9/10	50.47	Joint liability guarantee	2019/9/10-2020/7/31	No	No
Henan Huihai Logistics Co., Ltd.	2019/3/16	300	2019/9/17	3.00	Joint liability guarantee	2019/9/17-2020/12/31	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900	2019/9/27	5.00	Joint liability guarantee	2019/9/27-2020/8/15	No	No
Shantou S.F. Express Co., Ltd.	2019/3/16	200	2019/9/27	4.00	Joint liability guarantee	2019/9/27-2020/7/12	No	No
Jiangxi S.F. Express Co., Ltd.	2019/3/16	300	2019/9/27	15.00	Joint liability guarantee	2019/9/27-2020/9/14	No	No
Hunan, S.F. Express (Group) Co., Ltd.	2019/3/16	2,000	2019/9/27	143.10	Joint liability guarantee	2019/9/27-2020/10/31	No	No
Hubei S.F. Express Co., Ltd.	2019/3/16	1,000	2019/9/27	100.00	Joint liability guarantee	2019/9/27-2020/7/31	No	No
Zhejiang Shun Feng Express Co., Ltd.	2019/3/16	2,800	2019/9/26	1,000.00	Joint liability guarantee	2019/9/26-2020/6/30	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000	2019/9/26	75.88	Joint liability guarantee	2019/9/26-2020/7/31	No	No
Anhui S.F. Express Co., Ltd.	2019/3/16	1,000	2019/9/27	40.00	Joint liability guarantee	2019/9/27-2020/7/31	No	No
Jiangsu S.F. Express Co., Ltd.	2019/3/16	300	2019/9/18	47.26	Joint liability guarantee	2019/9/18-2020/7/14	No	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500	2019/9/10	300.00	Joint liability guarantee	2019/9/10-2020/5/31	No	No

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Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500	2019/9/10	100.00	Joint liability guarantee	2019/9/10-2020/5/31	No	No
Anhui S.F. Express Co., Ltd.	2019/3/16	1,000	2019/9/18	115.10	Joint liability guarantee	2019/9/18-2020/8/14	No	No
Zhejiang Shun Feng Express Co., Ltd.	2019/3/16	2,800	2019/9/20	56.01	Joint liability guarantee	2019/9/20-2020/7/31	No	No
Zhejiang Shunlu Logistics Co., Ltd.	2019/3/16	5,000	2019/9/29	1,500.00	Joint liability guarantee	2019/9/29-2020/8/31	No	No
Xi'an Shunlu Logistics Co., Ltd.	2019/3/16	1,300	2019/9/29	9.42	Joint liability guarantee	2019/9/29-2020/8/31	No	No
EXEL LOGISTICS CHINA CO., LTD.	2019/3/16	1,700	2019/10/12	145.63	Joint liability guarantee	2019/10/12-2020/7/30	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100	2019/10/30	300.00	Joint liability guarantee	2019/10/30-2020/9/30	No	No
S.F. EXPRESS CORPORATION	2019/3/16	1,000	2019/10/29	6.99	Joint liability guarantee	2019/10/29-2020/12/31	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000	2019/10/25	26.92	Joint liability guarantee	2019/10/25-2020/9/30	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000	2019/10/21	179.44	Joint liability guarantee	2019/10/21-2020/6/30	No	No
Jiangxi S.F. Express Co., Ltd.	2019/3/16	300	2019/10/23	50.00	Joint liability guarantee	2019/10/23-2020/5/31	No	No
Sichuan S.F. Express Co., Ltd.	2019/3/16	500	2019/10/24	5.19	Joint liability guarantee	2019/10/24-2020/11/30	No	No
S.F. Express (Huzhou) Co., Ltd.	2019/3/16	100	2019/10/28	10.00	Joint liability guarantee	2019/10/28-2020/7/31	No	No
S.F. Express (Shenyang) Co., Ltd	2019/3/16	600	2019/10/30	46.41	Joint liability guarantee	2019/10/30-2020/10/30	No	No
S.F.EXPRESS (TIANJIN) CO., LTD.	2019/3/16	300	2019/10/25	76.58	Joint liability guarantee	2019/10/25-2020/10/31	No	No
S.F. Express Group (Shanghai) Co., Ltd.	2019/3/16	800	2019/10/29	200.00	Joint liability guarantee	2019/10/29-2020/10/31	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000	2019/10/23	30.00	Joint liability guarantee	2019/10/23-2020/10/15	No	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000	2019/10/30	50.18	Joint liability guarantee	2019/10/30-2020/9/30	No	No
Sichuan S.F. Express Co., Ltd.	2019/3/16	500	2019/10/30	21.35	Joint liability guarantee	2019/10/30-2020/12/31	No	No
Zhejiang Shun Feng Express Co., Ltd.	2019/3/16	2,800	2019/10/30	300.00	Joint liability guarantee	2019/10/30-2020/12/7	No	No

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Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Zhejiang Shunlu Logistics Co.,Ltd.	2019/3/16	5,000	2019/10/23	30.00	Joint liability guarantee	2019/10/23-2020/9/15	No	No
Zhenjiang S.F. Express Co., Ltd.	2019/3/16	100	2019/10/25	11.01	Joint liability guarantee	2019/10/25-2019/12/31	Yes	No
Zhenjiang S.F. Express Co., Ltd.	2019/3/16	100	2019/10/25	14.77	Joint liability guarantee	2019/10/25-2020/6/30	No	No
Weihai S.F. Express Co., Ltd.	2019/3/16	100	2019/10/30	1.00	Joint liability guarantee	2019/10/30-2019/11/15	Yes	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500	2019/10/16	527.59	Joint liability guarantee	2019/10/16-2020/9/30	No	No
Jiangsu S.F. Express Co., Ltd.	2019/3/16	300	2019/10/9	10.00	Joint liability guarantee	2019/10/9-2020/6/30	No	No
Shenzhen SF Fix Technology Co., Ltd.	2019/3/16	20,800	2019/10/9	250.00	Joint liability guarantee	2019/10/9-2020/12/31	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200	2019/10/2	21.53	Joint liability guarantee	2019/10/2-2022/7/14	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200	2019/10/2	11.29	Joint liability guarantee	2019/10/2-2021/8/25	No	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500	2019/11/1	600.00	Joint liability guarantee	2019/11/1-2020/10/19	No	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500	2019/11/11	563.53	Joint liability guarantee	2019/11/11-2020/10/26	No	No
Liaoning Shunlu Logistics Co., Ltd.	2019/3/16	1,600	2019/11/11	420.00	Joint liability guarantee	2019/11/11-2020/10/31	No	No
Shanghai Shunheng Logistics Co., Ltd.	2019/3/16	400	2019/11/29	49.56	Joint liability guarantee	2019/11/29-2020/10/31	No	No
Hunan,S.F.Express (Group) Co., Ltd.	2019/3/16	2,000	2019/11/7	400.00	Joint liability guarantee	2019/11/7-2020/7/31	No	No
Hunan,S.F.Express (Group) Co., Ltd.	2019/3/16	2,000	2019/11/7	200.00	Joint liability guarantee	2019/11/7-2020/7/31	No	No
Beijing S.F. Express Co., LTD.	2019/3/16	1,500	2019/11/7	464.88	Joint liability guarantee	2019/11/7-2020/9/22	No	No
SF Data Service (Wuhan) Co., Ltd.	2019/3/16	200	2019/11/7	77.76	Joint liability guarantee	2019/11/7-2020/10/31	No	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500	2019/11/22	57.88	Joint liability guarantee	2019/11/22-2020/2/6	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	11,900	2019/11/22	1,000.00	Joint liability guarantee	2019/11/22-2020/10/30	No	No
GZ SF Pharmaceutical Supply Chain Co., Ltd.	2019/3/16	500	2019/11/29	10.00	Joint liability guarantee	2019/11/29-2020/1/24	No	No

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Subsidiary's guarantees to subsidiaries								
Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Anhui S.F. Express Co., Ltd.	2019/3/16	1,000	2019/11/22	73.64	Joint liability guarantee	2019/11/22-2020/6/30	No	No
Xi'an Shunlu Logistics Co., Ltd.	2019/3/16	1,300	2019/11/13	547.78	Joint liability guarantee	2019/11/13-2020/10/31	No	No
Weihai S.F. Express Co., Ltd.	2019/3/16	100	2019/11/15	1.00	Joint liability guarantee	2019/11/15-2021/1/31	No	No
Weihai S.F. Express Co., Ltd.	2019/3/16	100	2019/11/15	1.00	Joint liability guarantee	2019/11/15-2021/1/31	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/11/15	300.00	Joint liability guarantee	2019/11/15-2020/5/13	No	No
Nantong S.F. Express Co., Ltd.	2019/3/16	100	2019/11/1	13.47	Joint liability guarantee	2019/11/1-2020/2/29	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/11/20	7.04	Joint liability guarantee	2019/11/20-2020/9/1	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000	2019/11/29	17.94	Joint liability guarantee	2019/11/29-2020/11/30	No	No
DHL LOGISTICS (CHINA) CO., LTD.	2019/3/16	5,900	2019/11/21	135.00	Joint liability guarantee	2019/11/21-2020/2/28	No	No
DHL LOGISTICS (CHINA) CO., LTD.	2019/3/16	5,900	2019/11/21	6.00	Joint liability guarantee	2019/11/21-2020/2/28	No	No
FS ELECTRONIC TECHNOLOGY CO., LIMITED	2019/3/16	4,000	2019/11/12	31.40	Joint liability guarantee	2019/11/12-2020/9/22	No	No
ZHONGSHAN S.F. EXPRESS CO. LTD	2019/3/16	200	2019/11/21	17.16	Joint liability guarantee	2019/11/21-2020/9/14	No	No
Shenzhen SF Fix Technology Co., Ltd.	2019/3/16	20,800	2019/12/3	20.00	Joint liability guarantee	2019/12/3-2020/7/31	No	No
S.F. Express (Shenyang) Co., Ltd	2019/3/16	600	2019/12/3	107.75	Joint liability guarantee	2019/12/3-2020/11/30	No	No
Shanghai Shunxiaofeng Transportation Co., Ltd.	2019/3/16	200	2019/12/12	20.00	Joint liability guarantee	2019/12/12-2020/11/24	No	No
Hebei S.F. Express Co., Ltd.	2019/3/16	300	2019/12/18	1.00	Joint liability guarantee	2019/12/18-2020/11/14	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	11,900	2019/12/12	1,500.00	Joint liability guarantee	2019/12/12-2020/3/31	No	No
GZ SF Pharmaceutical Supply Chain Co., Ltd.	2019/3/16	500	2019/12/20	10.00	Joint liability guarantee	2019/12/20-2020/10/31	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/12/18	150.00	Joint liability guarantee	2019/12/18-2020/5/13	No	No
HaiNan S.F. Express LTD.	2019/3/16	700	2019/12/30	100.00	Joint liability guarantee	2019/12/30-2020/11/30	No	No

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Subsidiary's guarantees to subsidiaries								
Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Hubei S.F. Express Co., Ltd.	2019/3/16	1,000	2019/12/13	16.07	Joint liability guarantee	2019/12/13-2020/11/30	No	No
Jiangxi S.F. Express Co., Ltd.	2019/3/16	300	2019/12/18	36.85	Joint liability guarantee	2019/12/18-2020/2/29	No	No
S.F. Express (Dong Guan) Limited	2019/3/16	3,500	2019/12/30	993.23	Joint liability guarantee	2019/12/30-2020/12/20	No	No
XIAMEN SHUNFENG EXPRESS CO., LTD.	2019/3/16	300	2019/12/30	40.00	Joint liability guarantee	2019/12/30-2020/12/31	No	No
SF Express ChongQing CO. LTD	2019/3/16	1,400	2019/12/24	21.65	Joint liability guarantee	2019/12/24-2020/11/30	No	No
Zhejiang Shunlu Logistics Co., Ltd.	2019/3/16	5,000	2019/12/30	108.78	Joint liability guarantee	2019/12/30-2020/12/25	No	No
S.F. Express Group (Shanghai) Co., Ltd.	2019/3/16	800	2019/12/24	11.76	Joint liability guarantee	2019/12/24-2020/11/30	No	No
Shenzhen Shunlu Air Freight Forwarding Co., Ltd.	2019/3/16	6,500	2019/12/30	2,238.00	Joint liability guarantee	2019/12/30-2020/12/31	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100	2019/12/3	32.43	Joint liability guarantee	2019/12/3-2020/11/30	No	No
EXEL LOGISTICS CHINA CO., LTD.	2019/3/16	1,700	2019/12/3	86.22	Joint liability guarantee	2019/12/3-2020/9/30	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100	2019/12/2	53.21	Joint liability guarantee	2019/12/2-2021/2/28	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100	2019/12/27	0.31	Joint liability guarantee	2019/12/27-2021/2/28	No	No
SF Airlines Company Limited	2019/3/16	26,000	2019/12/13	1,397.35	Joint liability guarantee	2019/12/13-2020/11/30	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200	2019/12/23	5,732.61	Joint liability guarantee	2019/12/23-2020/6/19	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200	2019/12/23	3,866.35	Joint liability guarantee	2019/12/23-2020/6/19	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000	2019/12/10	1,249.76	Joint liability guarantee	2019/12/10-2020/12/14	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000	2019/12/30	8.97	Joint liability guarantee	2019/12/30-2021/1/4	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000	2019/12/30	13.46	Joint liability guarantee	2019/12/30-2020/12/31	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100	2019/7/31	1,139.00	Joint liability guarantee	2019/7/31-2020/12/31	No	No
Shenzhen Fengtai E-commerce Industrial Park Property Service Co., Ltd.	2019/3/16	3,700	2019/8/1	3,342.61	Joint liability guarantee	2019/8/1-2022/7/31	No	No

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Subsidiary's guarantees to subsidiaries								
Guarantee party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Yiwu Fengyutai Enterprise Management Co,. Ltd	2019/3/16	1,400	2019/8/1	1,239.44	Joint liability guarantee	2019/8/1-2022/7/31	No	No
Huai'an Fengtai Enterprise Management Co., Ltd.	2019/3/16	400	2019/8/1	315.54	Joint liability guarantee	2019/8/1-2022/7/31	No	No
Total guarantee quota approved for subsidiaries during the reporting period (C1)		2,051,412.50		Total actual amount of guarantees for subsidiaries during the reporting period (C2)				217,526.44
Total guarantee quota approved for the subsidiaries at the end of the reporting period (C3)		2,131,281.70		Total actual guarantee balance for subsidiaries at the end of the reporting period (C4)				189,019.63
Total guarantee amount provided by the Company								
Total guarantee quota approved during the reporting period (B1+C1)		3,650,000.00		Total actual amount of guarantee during the reporting period (B2+C2)				1,024,277.24
Total guarantee quota approved at the end of the reporting period (B3+C3)		3,721,043.40		Total actual guarantee balance at the end of the reporting period (B4+C4)				986,944.63
Total guarantee amount (B4+C4) to net assets of the Company								23.27%
Of which:								
Amount of guarantee for shareholders, actual controller, and their related parties (D)								–
Amount of debt guarantee provided for guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (E)								480,683.57
Amount of total guarantee over 50% of net assets (F)								–
Total amount of the above three guarantees (D+E+F)								480,683.57
Explanation of warranty liability or possible joint liquidation (if any)								N/A
Explanation of provision of guarantees for external parties in violation of the prescribed procedure (if any)								N/A

Before Taisen Holding was incorporated into the listed Company in December 2016, Taisen Holding and its subsidiaries performed external guarantee procedures in accordance with their own Articles of Corporation and other relevant regulations. After Taisen Holding was incorporated into the listed Company in December 2016, as a subsidiary of the listed Company, Taisen Holding and its subsidiaries strictly performed the review and disclosure procedures of external guarantees in accordance with relevant laws and regulations such as the Stock Listing Rules of Shenzhen Stock Exchange and other related laws and regulations.

(2) Illegal provision of guarantees for external parties

□ Applicable √ Not applicable

No such cases in the reporting period.

3. Cash assets managed under trust

(1) Wealth managed under trust

√ Applicable □ Not applicable

Entrusted finances during the reporting period

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Unit: RMB10 thousands

Type	Funding Source for Entrusted Funds	Maximum Daily Balance of Such Entrusted Funds During the Reporting Period	Unexpired Balance	Overdue Outstanding Amount
Bank wealth management products	Self-owned fund	896,000.00	51,000.00	–
Bank wealth management products	Raised funds	350,000.00	301,000.00	–
Total		–	352,000.00	–

Note: The maximum daily balances for different types of entrusted funds in the above table occur on different dates, and the total amount does not represent the maximum daily balance of the Company's total amount of wealth management products.

Details of individual items with significant amount or of low safety, poor liquidity, or without principal guarantee high risk wealth management products

☐ Applicable √ Not applicable

The entrusted financing is expected to fail to recover the principal, or there may be other circumstances that may result in impairment.

☐ Applicable √ Not applicable

(2) Entrusted loans

√ Applicable ☐ Not applicable

Entrusted loans during the reporting period

Unit: RMB10 thousands

Total Entrusted Loans during the reporting period	Funding Source for Entrusted Loans	Unexpired Balance	Overdue Outstanding Amount
–	Self-owned fund	34,266.00	2,818.00

Details of individual items with significant amount or of low safety, poor liquidity, or without principal guarantee high risk entrusted loans

☐ Applicable √ Not applicable

The entrusted loans are expected to fail to recover the principal, or there may be other circumstances that may result in impairment.

√ Applicable ☐ Not applicable

In order to motivate and retain the key employees of the Company's key positions, cope with the increasingly fierce market competition for talent, and raising barriers to competition for talent, the Company formulated the employee welfare loan management policy in 2017 and provided eligible employees with a total amount of no more than RMB700 million loans for 2017 and 2018, for the purpose of meeting the daily consumption needs of employees. For details, refer to the Employee Welfare Loan Management System disclosed on www.cninfo.com on October 27, 2017. No additional entrusted loans was provided during the reporting period and as of the end of the reporting period, the unexpired balance of the employee welfare loan was RMB342.66 million.

As of the end of the reporting period, Lefeng Factoring had an overdue unrecovered entrusted loan balance of RMB27 million. Lefeng Factoring has filed a lawsuit to the court. Since the loan collateral is sufficient to cover the unrecovered loan balance, the Company is more likely to be compensated, and the matter will not have a material adverse impact on the Company's financial position. The Company acquired Lefeng Factoring in 2018. The entrusted loan was granted prior to the acquisition. After the completion of the acquisition, Lefeng Factoring did not secure new entrusted loans.

4. Other significant contracts

☐ Applicable √ Not applicable

No such cases in the reporting period.

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XVIII. Social Responsibilities

1. Performance of Social Responsibilities

Details of the Company's performance of its social responsibility can be found in the *SF Holding Social Responsibilities Report* disclosed on the Cninfo website (www.cninfo.com.cn) on March 24, 2020.

As the leader in the express delivery industry, SF Holding has always fulfilled its social responsibility to promote the efficient operation and sustainable development of the commercial community. We delivered client-centered and high-quality services striving to create values for clients. A win-win situation has been created among clients, suppliers and the communities to achieve common development. Persistent efforts have been made to protect the environment and ensure sustainable development by actively promoting green express delivery. Hundreds of thousands of SFers have secured own benefits and career development paths. We operated in compliance with regulatory requirements, maximized earnings for shareholders in return for their support, and defended the interests of all shareholders and other stakeholders; SF Charity Foundation is fully devoted to the cause of public welfare with beginner's mind to benefit the society.

SF has unremittingly provided considerate service for clients as usual during the Spring Festival. As one of the few logistics companies that are able to provide end-to-end express delivery service during the outbreak of novel coronavirus, SF has been closely involved in the fight against the virus outbreak, and hundreds of thousands of SFers take on their responsibilities by holding to the front-line.

The fact that the outbreak took place during the Spring Festival put the Company's management, resource reservation and scheduling, and product and service capacities to the test. In the face of the epidemic, the Company initiated the quick response mechanism and resumed quick and secure operations to ensure prompt delivery of anti-epidemic supplies. It all relied on united management system, efficient arrangement and execution, a reliable and efficient network of self-operated network and rich delivery resources. Since January 24, SF Airlines has launched several new domestic and international flights, creating quick paths for delivering emergency supplies for epidemic prevention. SF International carried supplies for epidemic prevention from enterprises and individuals with all strengths by opening flights "from Tokyo to Wuhan", "from Incheon to Beijing". From January 24 to March 11, SF Airlines carried out more than 190 flights, carrying some 4,600 tons of supplies in total. SF International shipped more than 1,200 tons of medical supplies for epidemic control from Japan, Singapore, South Korea, Malaysia, United States and Australia to China. SF operated over 1,800 truck deliveries, delivering more than 9,800 tons of anti-epidemic supplies. Some 100 million packages were delivered via SF's services networks to Hubei province.

SF is committed to overcoming obstacles with clients in times of adversity. Our customer service team ensured steady and safe service in the interest of customers and won their trust during the epidemic. S.F has developed tailor-made solutions for BGI Group and provided quality delivery. By March 2, SF had carried out and delivered more than 12,000 novel coronavirus qPCR reagents, shipped more than 100 DNA sequencers and affiliated parts by air and road transportation at top speed. On February 6, Nestle needed to deliver face masks to workers in 96 cities (including Wuhan in Hubei province) across the country, but could not find a carrier due to traffic control measures. SF formed a task force team, drew up a special operation plan, and solved a series of issues related to collection, trans-shipping and traffic control, and successfully delivered the materials to the destinations. Later, Nestle urgently needed to ship raw materials from Ezhou, Hubei province to Dongguan City. SF sent vehicles to pick up the raw materials from the plant of the supplier in Ezhou, and completed the delivery, ensuring the supply for Dongguan plant. Furthermore, SF developed a series of targeted solutions such as Yijitong (online system to sendtraditional Chinese medicine, medical reports, etc. for patients) to provide special services for clients in need. As of the end of February, we had helped more than 570 new customers migrate offline business operations onto the internet. SF intra-city instant delivery service opened green paths for Wuhan and serve the citizens by means of running errands of purchasing medications and fresh food.

SF strictly enforced anti-epidemic and quarantine measures to safeguard employees' well-being. Since the virus outbreak, the Company immediately initiated the epidemic prevention and control mechanism, especially for frontline employees. The mechanism involves ensuring the anti-epidemic supplies for workers at the workplace, issuing safeguard plans and instructions, arranging both online and offline training courses on epidemic prevention, implementing real-time reporting system on the well-being of workers, ensuring payment of wages, subsidies and social insurance contributions for workers, and sending warm regards. We set up a Smart Office platform to enable back-office employees to work from home. Thanks to the timely and effective countermeasures adopted, business operations have resumed, and employees returned to work, safe and sound.

All SF staff members have been involved in the epidemic prevention campaign, in line with our commitments to charity causes. On January 26, SF Holding donated RMB20 million to purchase emergency supplies including face masks, goggles, etc. SF Charity Foundation opened free delivery service to support Wuhan. As of March 12, SF Charity Foundation had completed 2,500 deliveries of 1,700 tons of supplies in total for social contributions free of charge.

SFers have made their own contributions to the nationwide campaign. Wang Yong is one of them. He voluntarily picked up and delivered public health workers to and from Jinyintan Hospital and later formed a team of volunteers to provide the transportation and catering service for thousands of medical workers. Wang fought along with the medical workers on the frontline of the fight against epidemic. What we delivered and spread is warmth and inspiration, he said. It is the social responsibility which SFers believe in and carry out intermittently to serve customers and benefit the society with actions and faith, with honesty and sincerity.

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2. Targeted Poverty Alleviation Program

□ Applicable √ Not applicable

During the reporting period, the Company did not carry out any Targeted Poverty Alleviation Program. For details on the poverty alleviation activities of the Company and the SF Charity Foundation, refer to the Social Responsibility Report of S.F. Holding Co., Ltd announced on www.cninfo.com.cn on March 24, 2020

3. Environmental protection

Did the listed Company and its subsidiaries belong to the major pollutant discharge units announced by the Ministry of Ecology and Environment?

No

The Company and its subsidiaries are not part of the major pollutant discharge units announced by the Ministry of Ecology and Environment.

XIX. Other Major Issues

√ Applicable □ Not applicable

1. Issuance of debt financing products in domestic and international markets by wholly-owned subsidiaries

In order to satisfy the development requirements of domestic and international business, reduce financing costs and optimize the debt structure according to the development strategies of the Company, at the 18th meeting of the 4th session of the Board and the 2019 first extraordinary general meeting convened by the Company on January 3, 2019 and January 23, 2019 respectively, the "Resolution regarding the Issuance of Debt Financing Products in Domestic and International Markets by Wholly-owned Subsidiaries" was considered and approved, and the Company was authorised to issue debt financing products in domestic and international markets through Taisen Holding and SF Holding Investment Limited, the wholly-owned subsidiaries, for an equivalent amount of no more than RMB16 billion (inclusive), including RMB10 billion which are the expected size of issuance in domestic market and RMB6 billion which are the expected size of issuance in international market. On March 20, 2019, Taisen Holding received from CSRC the "Approval for Public Issuance of Corporate Bonds to Eligible Investors by Shenzhen S.F. Taisen Holding (Group) Co., Ltd." (Zheng Jian Xu Ke (证监许可) [2019] No.388) pursuant to which Taisen Holding was approved to issue corporate bonds for a total nominal amount of no more than RMB2 billion to eligible investors through public issuance. On March 26, 2019, Taisen Holding received from the National Association of Financial Market Institutional Investors the "Notice of Registration Acceptance" (Zhong Shi Xie Zhu (中市协注) [2019] No. SCP71) pursuant to which the National Association of Financial Market Institutional Investors has accepted the registration of the super short-term commercial paper of Taisen Holding with a registered amount of RMB3 billion. On April 10, 2019, Taisen Holding completed the offering of the first tranche of super short-term commercial paper for 2019 with an issued amount of RMB500 million. On July 12, 2019, Taisen Holding completed the offering of the second tranche of super short-term commercial paper for 2019 with an issued amount of RMB500 million. On August 23, 2019, Taisen Holding completed the offering of the third tranche of super short-term commercial paper for 2019 with an issued amount of RMB500 million. On September 21, 2019, Taisen Holding completed the public issuance of corporate bonds (First Tranche), with an amount of RMB300 million. For details, please refer to the announcements (2019-006, 2019-051, 2019-053, 2019-060, 2019-083, 2019-0094 and 2019-104) of the Company disclosed on http://www.cninfo.com.cn.

2. Issuance of convertible bonds by the Company

In order to enhance the Company's competitiveness, further strengthen its core competitiveness and increase its capabilities of sustainable development according to the development strategies of the Company, at the 21st meeting of the 4th session of the Board and the 2019 second extraordinary general meeting convened by the Company on April 23, 2019 and May 9, 2019 respectively, resolutions regarding the public issuance of convertible corporate bonds were considered and approved. The total amount of proceeds to be raised from such public issuance of convertible corporate bonds shall not exceed RMB6.5 billion. The Company convened the 23rd meeting of the 4th session of the Board on August 6, 2019 to consider and approve the "Resolution regarding Adjustment to the Proposal of Public Issuance of Convertible Corporate Bonds by the Company" such that the total amount of proceeds from the public issuance of convertible corporate bonds will decrease from an amount not exceeding RMB6.5 billion (inclusive) to an amount not exceeding RMB5.8 billion (inclusive), and the use of proceeds will be adjusted accordingly. On August 23, 2019, the application for public issuance of convertible corporate bonds by the Company was considered and approved by the China Securities Issuance Examination Committee ("CSIEC") of CSRC. On October 18, 2019, the Company received the Approval for Public Issuance of Convertible Corporate Bonds by S.F. Holding Co., Ltd. (Zheng Jian Xu Ke [2019]1903) from CSRC, pursuant to which the Company was approved to issue convertible corporate bonds for a total nominal amount of RMB5.8 billion to the public for a period of 6 years. On November 18, 2019, the Company issued 58 million convertible corporate bonds (Bond Abbreviation: "SF

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Convertible Bond", Bond Code: 128080), each with a nominal value of RMB100 and a total amount of RMB5.8 billion. Upon the approval by Shenzhen Stock Exchange "Shenzhen Stock Shang No. [2019]786", the convertible corporate bonds were listed and traded on Shenzhen Stock Exchange starting from December 9, 2019. For details, please refer to the announcements (2019-072, 2019-081, 2019-089, 2019-093, 2019-110, 2019-118, 2019-124 and 2019-132) of the Company disclosed on http://www.cninfo.com.cn.

3. Commencement of asset securitization Business

In order to revitalize existing assets and enhance the capital utilization efficiency, the Company has established a special asset-backed plan by using the logistics industrial park held by the subsidiary Shenzhen Fengtai E-Commerce Industrial Park Asset Management Co., Ltd. as the principal and raised funds by means of the issuance of asset-backed securities under the plan. On November 21, 2018, the Company obtained the "No Objection Letter regarding Huatai Asset Management's 'Huatai Jiayue – Shunfeng Industrial Park Phase I Asset-Backed Special Plan' being in line with the Conditions for Listing on the Shenzhen Stock Exchange" (Shen Zheng Han (深证函) [2018] No. 666) issued by the Shenzhen Stock Exchange, and the total size of issuance by way of shelf-offering approved in the No Objection Letter was RMB5 billion for a valid period of two years. In 2018, the Company issued the first tranche of asset-backed securities with a total size of RMB1.846 billion. On June 13, 2019, the Company convened the 22nd meeting of the 4th session of the Board and the 19th meeting of the 4th session of the Board of Supervisors respectively at which the "Resolution regarding the Commencement of Asset Securitization and Related Party Transactions" was considered and approved. The Company proposed to continue the development of the asset securitization business and raise funds by means of issuance of asset-backed securities under the special plan. The tranche issued in the reporting period was the second tranche within the amount authorized for shelf-offering under the special plan, and the total amount of asset-backed securities proposed to be issued in this tranche shall not exceed RMB1.5 billion. On September 1, 2019, the transaction documents related to the special asset-backed plan were signed. On September 26, 2019, after verification by KPMG Huazhen (Special General Partnership), the funds received from the subscriptions for the current special plan amounted to RMB1.36 billion, reaching the target size of the special plan as stipulated in the Statement of Huatai Jiayue – Shunfeng Industrial Park Phase I Asset-Backed Special Plan No.2, which has been officially established. For details, please refer to the announcement (2019-078, 2019-101 and 2019-107) of the Company disclosed on http://www.cninfo.com.cn.

4. Signing of the Strategic Cooperation Agreement between a wholly-owned subsidiary and China Pacific Insurance (Group) Co., Ltd.

As both the Company and China Pacific Insurance (Group) Co., Ltd. ("China Pacific Insurance") are leaders in their respective industries, to promote the continuous rapid development of both parties in their respective industries and fully utilize their resources and industry advantages, Taisen Holding and China Pacific Insurance entered into the Strategic Cooperation Agreement on June 17, 2019 after due consultations. On the basis of deepening cooperation in conventional areas, both parties are willing to focus on complementation to each other's strengths and resources and sharing core capabilities to carry out multi-level and multi-area strategic cooperation to realize mutual benefits and joint developments. The strategic cooperation will have positive effects on the future development of principal business of the Company which will be conducive to the long-term development of the Company. For details, please refer to the announcement (2019-079) disclosed on http://www.cninfo.com.cn.

5. Participation of Subsidiaries and Progress in Investments in Equity Investment Funds

In order to promote the healthy development of the Company's pharmaceutical supply chain business, share and integrate advantageous resources, promote the Company to achieve the positive interaction between industrial and capital operation, and improve the Company's core competitiveness and profitability, On April 26, 2018, the Company's subsidiary Shenzhen S.F. Investment Co., Ltd. signed the Limited Partnership Agreement in respect of the Suzhou Danqing Phase II Pharmaceutical Innovation Industry Investment Partnership (Limited Partnership)as a limited partner for the proposed subscription of Suzhou Danqing Phase II Pharmaceutical Innovation Industry Investment Partnership (Limited Partnership) shares for a consideration of RMB200 million. On April 9, 2019, the follow-up fund raising of Danqing Phase II Investment Fund was officially completed. After the fund raising, the fund size of Danqing Phase II Investment Fund amounted to RMB3,184.5 million, of which Shenzhen S.F. Investment Co., Ltd. subscribed for 6.2804%. For details, please refer to the announcement (2019-059) disclosed on http://www.cninfo.com.cn.

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A disclosure index for the above-mentioned significant events and other significant events is as below:

Announcement	Disclosure Date	Disclosure Website
Announcement on Issuance of Debt Financing Products in Domestic and International Markets by Wholly-owned Subsidiaries (2019-006)	January 4, 2019	http://www.cninfo.com.cn
Announcement on the Progress of Acquisition of 100% Equity Interest in DHL Supply Chain (Hong Kong) Limited and DHL Logistics (Beijing) Co., Ltd. (2019-013)	January 5, 2019	http://www.cninfo.com.cn
Announcement on the Progress of the Hubei International Logistics Hub Project (2019-016)	January 17, 2019	http://www.cninfo.com.cn
Announcement on the Progress of Acquisition of 100% Equity Interest in DHL Supply Chain (Hong Kong) Limited and DHL Logistics (Beijing) Co., Ltd. (2019-023)	February 19, 2019	http://www.cninfo.com.cn
Announcement on the Progress of the Hubei International Logistics Hub Project (2019-031)	March 2, 2019	http://www.cninfo.com.cn
Announcement on Obtaining Approval from CSRC for Public Issuance of Corporate Bonds to Eligible Investors by Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a Wholly-owned Subsidiary of the Company (2019-051)	March 22, 2019	http://www.cninfo.com.cn
Announcement on Receiving Notice of Registration Acceptance from the National Association of Financial Market Institutional Investors by Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a Wholly-owned Subsidiary of the Company (2019-053)	March 27, 2019	http://www.cninfo.com.cn
Announcement on Completion of Offering of Danqing Phase II Investment Fund Participated and Invested by Wholly-owned Subsidiaries (2019-059)	April 11, 2019	http://www.cninfo.com.cn
Announcement on the Result of Issuance of the 2019 First Tranche of Super Short-Term Commercial Paper of Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a wholly-owned subsidiary of the Company (2019-060)	April 12, 2019	http://www.cninfo.com.cn
Announcement on Measures of Compensation for Dilution of Return for Current Period due to Public Issuance of Convertible Corporate Bonds and Undertakings of the Relevant Entities (2019-068)	April 24, 2019	http://www.cninfo.com.cn
Proposal of Public Issuance of Convertible Corporate Bonds	April 24, 2019	http://www.cninfo.com.cn
Announcement on Acknowledgement of Receipt of Application for Public Issuance of Convertible Corporate Bonds from CSRC (2019-072)	May 22, 2019	http://www.cninfo.com.cn
Announcement on the Commencement of Asset Securitization and Related Party Transactions (2019-078)	June 14, 2019	http://www.cninfo.com.cn
Announcement on the Signing of Strategic Cooperation Agreement between a Wholly-owned Subsidiary and China Pacific Insurance (Group) Co., Ltd. (2019-079)	June 18, 2019	http://www.cninfo.com.cn
Announcement on Receiving the "Feedback Notice from CSRC on First Review of Administrative Permission" (2019-081)	June 22, 2019	http://www.cninfo.com.cn
Reply to Feedback Opinions Regarding the "Feedback Notice from CSRC on First Review of Administrative Permission (No.191156)" by the Company and Huatai United Securities Co., Ltd."	July 9, 2019	http://www.cninfo.com.cn
Announcement on Result of Issuance of 2019 Second Tranche of Super Short-Term Commercial Paper by Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a Wholly-owned Subsidiary of the Company (2019-083)	July 13, 2019	http://www.cninfo.com.cn

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Announcement	Disclosure Date	Disclosure Website
Announcement on Adjustment to the Proposal of Public Issuance of Convertible Corporate Bonds (2019-089)	August 7, 2019	http://www.cninfo.com.cn
Announcement on Measures of Compensation for Dilution of Return for the Current Period due to Public Issuance of Convertible Corporate Bonds and Undertakings of the Relevant Entities (Amendment) (2019-090)	August 7, 2019	http://www.cninfo.com.cn
Feasibility Analysis Report on the Use of Proceeds from Public Issuance of Convertible Corporate Bonds (Amendment)	August 7, 2019	http://www.cninfo.com.cn
Proposal of Public Issuance of Convertible Corporate Bonds (Amendment)	August 7, 2019	http://www.cninfo.com.cn
Announcement on Consideration and Approval of the Application for Public Issuance of Convertible Corporate Bonds by CSIEC of CSRC(2019-093)	August 26, 2019	http://www.cninfo.com.cn
Announcement on Result of Issuance of 2019 Third Tranche of Super Short-Term Commercial Paper by Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a Wholly-owned Subsidiary of the Company(2019-094)	August 27, 2019	http://www.cninfo.com.cn
Announcement on the Commencement of Asset Securitization and Related Party Transactions (2019-101)	September 3, 2019	http://www.cninfo.com.cn
Announcement on the Results of the Public Issuance of the 2019 Corporate Bonds (First Tranche) for Qualified Investors by Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a wholly-owned subsidiary (2019-104)	September 21, 2019	http://www.cninfo.com.cn
Announcement on the Establishment of Huatai Jiayue – Shunfeng Industrial Park Phase I Asset-Backed Special Plan No.2 (2019-107)	September 27, 2019	http://www.cninfo.com.cn
Announcement on Obtaining Approval for Public Issuance of Convertible Corporate Bonds from CSRC (2019-110)	October 19, 2019	http://www.cninfo.com.cn
Announcement on Public Issuance of Convertible Corporate Bonds (2019-118)	November 14, 2019	http://www.cninfo.com.cn
Announcement on the Results of Public Issuance of Convertible Corporate Bonds (2019-124)	November 22, 2019	http://www.cninfo.com.cn
Announcement in relation to the Listing of Convertible Corporate Bonds (2019-132)	December 6, 2019	http://www.cninfo.com.cn

XX. Significant events of subsidiaries

□ Applicable √ Not applicable

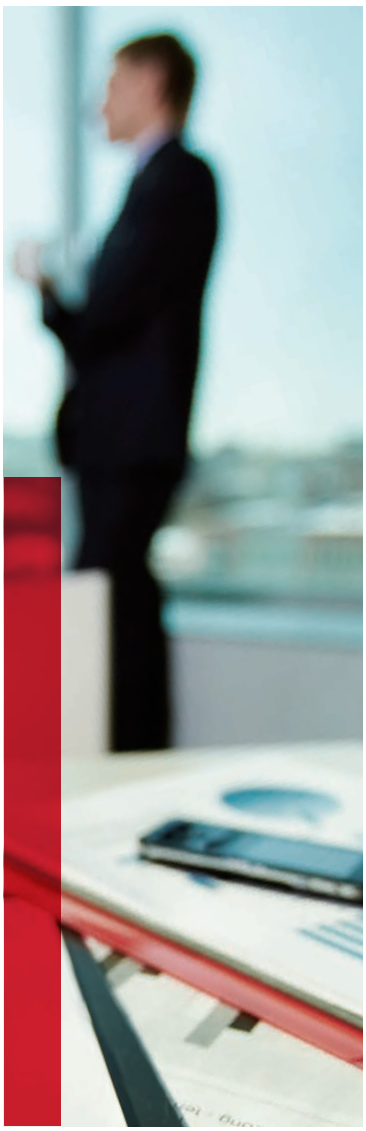
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06

Share Changes and Shareholder Details







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I. Changes in shares

1. Changes in shares

Unit: number of shares

	Before Change		Increase or Decrease (+ or -)					After Change	
	Number of shares	Proportion	New shares issued	Bonus shares	Conversion of equity reserve into share capital	Others	Subtotal	Number of shares	Proportion
I. Restricted sales of shares	3,295,795,745	74.59%	–	–	–	-512,162,573	-512,162,573	2,783,633,172	63.06%
2.Shares held by state-owned legal person	106,655,020	2.41%	–	–	–	-106,655,020	-106,655,020	–	–
3.Other shares held by domestic capital	3,188,979,606	72.17%	–	–	–	-405,390,697	-405,390,697	2,783,588,909	63.05%
Of which: Other shares held by domestic legal person	3,094,575,619	70.03%	–	–	–	-392,648,480	-392,648,480	2,701,927,139	61.20%
Other shares held by domestic natural person	94,403,987	2.14%	–	–	–	-12,742,217	-12,742,217	81,661,770	1.85%
4.Shares held by overseas capital	161,119	0.00%	–	–	–	-116,856	-116,856	44,263	0.00%
Of which: Other shares held by overseas legal person	–	–	–	–	–	–	–	–	–
Other shares held by overseas natural person	161,119	0.00%	–	–	–	-116,856	-116,856	44,263	0.00%
II. Unrestricted sales of shares	1,122,971,513	25.41%	–	–	–	507,980,580	507,980,580	1,630,952,093	36.94%
1.RMB-denominated ordinary shares	1,122,971,513	25.41%	–	–	–	507,980,580	507,980,580	1,630,952,093	36.94%
III. Total number of shares	4,418,767,258	100.00%	–	–	–	-4,181,993	-4,181,993	4,414,585,265	100.00%

Note: Any discrepancies a the above table between totals and sums of the amounts are due to rounding.

Reasons of share changes

√ Applicable □ Not applicable

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At the 18th meeting of the 4th session of the Board and the 2019 first extraordinary general meeting convened by the Company on January 3, 2019 and January 23, 2019 respectively, the "Resolution regarding the Repurchase and Cancellation of Certain Restricted Shares" was considered and approved. Accordingly, the Company was authorised to repurchase and cancel a total of 293,308 restricted shares held by 65 incentive participants who ceased to be eligible for the incentive under the 2017 Restricted Stock Incentive Plan due to their resignation; and the Company was authorised to repurchase and cancel a total of 147,278 restricted shares held by 34 incentive participants who ceased to be eligible for the incentive under the 2018 Restricted Stock Incentive Plan due to their resignation. The total number of restricted shares repurchased for cancellation was 440,586 shares. As of March 13, 2019, the Company has completed the repurchase and cancellation of the aforesaid restricted shares, thus the total share capital of the Company was reduced from 4,418,767,258 shares to 4,418,326,672 shares.

At the 20th meeting of the 4th session of the Board and the 2018 annual general meeting convened by the Company on March 14, 2019 and April 9, 2019 respectively, the "Resolution regarding the Repurchase and Cancellation of Certain Restricted Shares" was considered and approved. Accordingly, the Company was authorised to repurchase and cancel a total of 1,113,271 restricted shares held by 703 incentive participants who ceased to be eligible for being released of the sales restriction under the 2017 Restricted Stock Incentive Plan due to failure of the Company to meet the performance assessment requirement for the second post lock-up period; and the Company was authorised to repurchase and cancel a total of 2,628,136 restricted shares held by 1,105 incentive participants who ceased to be eligible for the incentive due to failure of the Company to meet the performance assessment requirement for the first post lock-up period, and by 37 incentive participants who ceased to be eligible for the incentive under the 2018 Restricted Stock Incentive Plan due to their resignation. The total number of restricted shares repurchased for cancellation was 3,741,407 shares. As of June 12, 2019, the Company has completed the repurchase and cancellation of the aforesaid restricted shares, thus the total share capital of the Company was reduced from 4,418,326,672 shares to 4,414,585,265 shares.

In summary, the total number of shares of the Company changed from 4,418,767,258 shares to 4,414,585,265 shares.

Approval of share changes

□ Applicable √ Not applicable

Transfer of share ownership

□ Applicable √ Not applicable

Implementation progress of share repurchase

√ Applicable □ Not applicable

On January 31, 2019, the Company convened the 19th meeting of the 4th session of the Board at which the "Resolution regarding the Proposal for Share Repurchase by the Company through Aggregate Auction" was considered and approved. Accordingly, the Company proposed to use internal funds to repurchase part of the shares of the Company through aggregate auction for employee stock ownership plans (ESOP) or share incentives. The total amount of funds for repurchase shall be no less than RMB200 million and no more than RMB400 million, while the repurchase price shall be no more than RMB45 per share and the repurchase period shall be six months from the date of consideration and approval of the repurchase proposal by the Board.

As of April 8, 2019, the Company has repurchased a total of 11,010,729 shares through aggregate auction with the highest transaction price of RMB37.34 per share and the lowest transaction price of RMB34.48 per share while the total transaction price was RMB395 million (excluding transaction fees). The share repurchase has been completed and the shares repurchased are deposited in the special account for repurchased securities of the Company and will subsequently be used for employee stock ownership plans (ESOP) or share incentives. The Company will make appropriate arrangement and timely disclosure in due course.

Implementation of share reduction through aggregate auction

□ Applicable √ Not applicable

Effects of share changes on the basic EPS, diluted EPS, net assets per share attributable to ordinary shareholders of the Company, and other financial indicators for the last year and the last reporting period

√ Applicable □ Not applicable

During the reporting period, the share capital of the Company decreased by 4,181,993 shares, and the basic EPS, diluted EPS and net assets per share attributable to ordinary shareholders of the Company increased.

Other contents that the Company considers necessary, or are required by the securities regulatory authorities, to disclose

□ Applicable √ Not applicable

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2. Changes in restricted shares

√ Applicable □ Not applicable

Unit: number of shares

Name of shareholder	Restricted shares at the beginning of the period	Number of restricted shares removed in the period	Number of restricted shares increased in the period	Restricted shares at the end of the period	Restricted sales reasons	Date of restricted sales removal
Shenzhen Mingde Holding Development Co., Ltd.	2,701,927,139	–	–	2,701,927,139	Commitment for issuing restricted shares for purchasing assets during major asset restructuring	January 23, 2020
Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership) (Note)	156,901,383	156,901,383	–	–	Commitment for issuing restricted shares for purchasing assets during major asset restructuring	March 25, 2019
Shenzhen Zhaoguang Investment Co., Ltd.	106,655,020	106,655,020	–	–	Commitment for issuing restricted shares for purchasing assets during major asset restructuring	March 25, 2019
Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership)	106,655,020	106,655,020	–	–	Commitment for issuing restricted shares for purchasing assets during major asset restructuring	March 25, 2019
Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership)	106,655,020	106,655,020	–	–	Commitment for issuing restricted shares for purchasing assets during major asset restructuring	March 25, 2019
Liu Jilu	75,123,253	7,563,907	–	67,559,346	restricted shares for senior managers	7,563,907 lock-up shares of senior management were unlocked at the beginning of 2019.
Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership)	21,331,005	21,331,005	–	–	Commitment for issuing restricted shares for purchasing assets during major asset restructuring	March 25, 2019
Liu Lingyun	4,456,942	–	–	4,456,942	restricted shares for IPO	January 23, 2020
Gong Weiping	2,040,640	–	–	2,040,640	restricted shares for IPO	January 23, 2020
Huang Xuechun	1,735,024	–	–	1,735,024	restricted shares for IPO	January 23, 2020
Others	12,315,299	6,401,218	–	5,914,081	–	–
Total	3,295,795,745	512,162,573	–	2,783,633,172	–	–

Note: Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership) was renamed Ningbo Shunda Fengrun Venture Capital Partnership (Limited Partnership) on October 17, 2019.

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II. Issuance and Listing of Securities

1. Issuance of securities (excluding preferred shares) during the reporting period

√ Applicable □ Not applicable

Shares and Derivative securities	Issuance date	Issuance price (or interest rate)	Number of issued shares	Listing date	Number of shares permitted for listing transactions	Transaction termination date
Convertible Corporate Bonds, Bonds with Warrants, Corporate Bonds						
Convertible Corporate Bonds	November 18, 2019	RMB100	58 million	December 9, 2019	58 million	November 18, 2025

Information about issuance of securities (excluding preferred shares) during the reporting period

On October 18, 2019, the Company received the Approval for the Public Issuance of Convertible Corporate Bonds by S.F. Holding Co., Ltd. (Zheng Jian Xu Ke (证监许可) [2019] No. 1903) from CSRC, pursuant to which the Company was approved to issue convertible corporate bonds to the public with a total nominal value of RMB5.8 billion for a period of 6 years. On November 18, 2019, the Company issued 58 million convertible corporate bonds (Bond abbreviation: SF Convertible Bonds, Bond Code: 128080), each with a nominal value of RMB100 and a total amount of RMB5.8 billion. Upon the approval by Shenzhen Stock Exchange document "Shen Zheng Shang [2019] No. 786", the Company's convertible corporate bonds were listed and traded on Shenzhen Stock Exchange starting from December 9, 2019.

2. Explanation on changes in share capital, structure of shareholders, and structure of assets and liabilities

√ Applicable □ Not applicable

During the reporting period, the Company repurchased and cancelled 4,181,993 shares under the stock incentive plan, and the total number of shares of the Company changed from 4,418,767,258 shares to 4,414,585,265 shares.

3. Existing shares held by internal employees of the Company

□ Applicable √ Not applicable

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III. Shareholder and actual controller details

1. Total number of shareholders and their holdings

Unit: number of shares

Total number of shareholders at the end of reporting period	63,302	Total number of shareholders on the end of last month before the disclosure date of the annual report	71,799	Total number of preferred shareholders with voting rights restored (if any)	-	Total number of preferred stockholders with voting rights restored on the on the end of last month before the disclosure date of the annual report (if any)	-

Shareholders holding more than 5% of shares or shares of the top 10 shareholders

Name of shareholder	Type of shareholder	Shareholding percentage	Number of shares held at the end of the reporting period	Increase or decrease of shares during reporting period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status of shares	Amount
Shenzhen Mingde Holding Development Co., Ltd.	Domestic non-state-owned legal person	61.20%	2,701,927,139	-	2,701,927,139	-	Pledged	990,000,000
Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership) (Note)	Domestic non-state-owned legal person	6.21%	274,204,878	-98,434,555		274,204,878	Pledged	222,838,566
Shenzhen Zhaoguang Investment Co., Ltd.	State-owned legal person	6.04%	266,637,546	-		266,637,546	-	-
Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership)	Domestic non-state-owned legal person	4.15%	183,351,738	-66,222,222		183,351,738	-	-
Liu Jilu	Domestic natural person	1.98%	87,474,628	-2,604,500	67,559,346	19,915,282	-	-
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.64%	72,542,406	56,938,607		72,542,406	-	-
Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	1.46%	64,512,344	-178,297,445		64,512,344	-	-
Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership)	Domestic non-state-owned legal person	1.21%	53,299,609	-27,900		53,299,609	-	-
Zhongyuan Asset Management Co., Ltd.	State-owned legal person	0.65%	28,820,764	-38,780,429		28,820,764	Pledged	28,820,764
Perseverance Asset Management L.L.P. – Gaoyi Linshan. No. 1 Yuanwang Fund	Other	0.61%	27,000,000	27,000,000		27,000,000	-	-
Additional Shares Strategic investor or general legal person becomes the top 10 shareholder due to the placement of new shares (if any)	N/A							
Explain any associated relationship and/or persons acting in concert between the above-mentioned shareholders	The Company is not aware of whether there is an associated relationship between the above mentioned shareholders and whether they are acting in concert.							

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Top 10 shareholders holding unrestricted shares

Name of shareholder	Number of unrestricted shares held at the end of the reporting period	Type of shares	
		Type of shares	Quantity
Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership) (Note)	274,204,878	RMB-denominated ordinary shares	274,204,878
Shenzhen Zhaoguang Investment Co., Ltd.	266,637,546	RMB-denominated ordinary shares	266,637,546
Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership)	183,351,738	RMB-denominated ordinary shares	183,351,738
Hong Kong Securities Clearing Company Ltd.	72,542,406	RMB-denominated ordinary shares	72,542,406
Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership)	64,512,344	RMB-denominated ordinary shares	64,512,344
Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership)	53,299,609	RMB-denominated ordinary shares	53,299,609
Zhongyuan Asset Management Co., Ltd.	28,820,764	RMB-denominated ordinary shares	28,820,764
Perseverance Asset Management L.L.P. – Gaoyi Linshan. No. 1 Yuanwang Fund	27,000,000	RMB-denominated ordinary shares	27,000,000
Norges Bank – Own Funds	22,062,834	RMB-denominated ordinary shares	22,062,834
Chang'an International Trust Co., Ltd. – Chang'an Trust – Mingsheng Targeted Additional Shares Issuance No. 1 – Capital Trust	21,390,565	RMB-denominated ordinary shares	21,390,565
Explain any associated relationship and/or persons acting in concert between the top ten shareholders		The Company is not aware of whether there is an associated relationship between the above-mentioned shareholders and whether they are acting in concert.	
Explain the top 10 common shareholders' participation in margin financing (if any)		N/A	

Note: Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership) was renamed Ningbo Shunda Fengrun Venture Capital Partnership (Limited Partnership) on October 17, 2019

Did any of the top 10 common shareholder or the top 10 non-restricted common shareholders of the Company conduct any promissory repurchase during the reporting period?

☐ Yes √ No

No such cases in the reporting period.

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2. Details about the controlling shareholder

Nature of ultimate controlling shareholders: natural person

Type of controlling shareholders: legal person

Name of controlling shareholder	Legal representative/ company principal	Date of establishment	Organization Code	Business scope
Shenzhen Mingde Holding Development Co., Ltd.	Wang Wei	November 05, 1997	91440300279396064N	International freight forwarders; economic and technical consulting, technical information consulting; commercial activities in the form of franchise; import and export operations (except for projects prohibited by laws, administrative regulations and State Council decisions; restricted projects must obtain permissions for operations); investment in industrial enterprises (specific projects will be separately declared).
Holdings or participating companies listed at home and abroad of the Controlling shareholder in the reporting period	N/A			

Change of controlling shareholder in the reporting period

□ Applicable √ Not applicable

No such cases in the reporting period.

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3. Details about the actual controlling persons acting in concert

Nature of the actual controller: domestic natural person

Type of the actual controller: natural person

Name of actual controller	Relationship wit the actual controller	Nationality	Obtained the Right of Sanctuary in Other Countries or Regions?
Wang Wei	Himself	China	No
Major occupations and jobs	Mr. Wang Wei, born in 1970, is of Chinese nationality, and is the founder and actual controller of S.F. Currently, he is the chairman and general manager of the Company.		
Domestic and foreign-listed companies with shares held by the actual controller in the past 10 years	N/A		

Change of actual controller during the reporting period

☐ Applicable √ Not applicable

The actual controller did not change during the reporting period.

The ownership and controlling relationship between the actual controller of the Company and the Company is detailed as follows:



The actual controller controlled the Company by trust or other asset management methods

☐ Applicable √ Not applicable

4. Other institutional shareholders owning over 10% of shares

☐ Applicable √ Not applicable

5. Details of restrictions on shareholdings of controlling shareholders, actual controllers, restructuring parties, and other commitment subjects

☐ Applicable √ Not applicable

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07 Preferred Shares

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☐ Applicable √ Not applicable

No such cases in the reporting period.

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08 Convertible Corporate Bonds

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√ Applicable □ Not applicable

I. Previous Adjustments of Stock Conversion Price

The Company has never adjusted the conversion price since the offering of the convertible corporate bonds.

II. Share Conversions (Cumulative)

□ Applicable √ Not applicable

III. Top 10 Holders of the Convertible Bond

SN	Name of convertible bond holders	Nature of convertible bond holder	The number of convertible bonds held at the end of the reporting period (number of units)	The amount of convertible bonds held at the end of the reporting period (RMB)	Percentage of convertible bonds held at the end of the reporting period
1	Industrial and Commercial Bank of China Limited-Eund Anxin Hubao Bond Securities Investment Fund (易方达安心回报债券型证券投资基金)	Others	5,124,710	512,471,000.00	8.84%
2	Industrial and Commercial Bank of China Limited-Xingquan Convertible Bond Mixed Securities Investment Fund (兴全可转债混合型证券投资基金)	Others	2,620,189	262,018,900.00	4.52%
3	China Resources SZITIC Trust Co,Ltd.-China Resources Trust Tianli No.1 Collective Fund Trust (华润深国投信托有限公司－华润信托·添利1号集合资金信托计划)	Others	2,300,296	230,029,600.00	3.97%
4	AEGON-INDUSTRIAL Fund Management Co., Ltd.(兴业全球基金)-Minsheng Bank-Minsheng Bank of China Limited	Others	1,391,366	139,136,600.00	2.40%
5	National Social Security Fund 210 (全国社保基金二一零组合)	Others	1,071,207	107,120,700.00	1.85%
6	Ping An Bank Co., Ltd.-Changxin Convertible Bond Securities Investment Fund (长信可转债债券型证券投资基金)	Others	1,058,528	105,852,800.00	1.83%
7	Ping An Fund-China Ping An Life Insurance Company Limited-Dividends-Individual Insurance Dividends-Ping An Life- Single Asset Management Plan under Ping An Fund Fixed Income's No.1 Entrusted Investment (平安基金固定收益委托投资1号单一资产管理计划)	Others	921,701	92,170,100.00	1.59%
8	Basic Pension Fund 107 (基本养老保险基金一零七组合)	Others	848,783	84,878,300.00	1.46%
9	Guangfa Fund-China Merchants Bank-China Merchants Wealth Asset Management Co., Ltd.	Others	619,800	61,980,000.00	1.07%
10	China galaxy Securities Company Limited	State-owned legal person	500,862	50,086,200.00	0.86%

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IV. The Profitability, Asset and Credit Status of the Guarantor Have Changed Significantly

□ Applicable √ Not applicable

V. The Company's Liabilities at the End of the Reporting Period, Changes in its Credit Standing, As well as the Cash Arrangements for Repayment of Debt in the Coming Years

1. As of the end of the reporting period, the Company's main accounting data and financial indicators for the past 2 years are as follows:

Items	2019	2018 (Restated)	Rate of change over the same period
Current Ratio	138.46%	121.12%	17.34%
Asset-liability ratio	54.08%	48.35%	5.73%
Quick ratio	135.61%	118.02%	17.59%
Interest coverage ratio	9.06	9.88	-8.30%
Loan repayment rate	100.00%	100.00%	0.00%
Interest Payment rate	100.00%	100.00%	0.00%

2. Credit rating of the convertible bond this year:

On May 8, 2019, China Chengxin Securities Credit Rating Co., Ltd. (中诚信证券评估有限公司) issued the "Credit Rating Report of Shunfeng Holding Co., Ltd. for its Convertible Bond issued in 2019" (Letter No. [2019]G294). The Credit Rating Company gave AAA rating to S.F. Holding Co., Ltd. with stable outlook. The rating reflects that The Company has strong ability to repay debts and is basically immune from the impact of unfavorable economic environment, meaning it has an extremely low risk of default. China Chengxin Securities Credit Rating Co., Ltd. rated "S.F. Holding Co., Ltd. 2019 Convertible Corporate Bond" as AAA, which shows that the bond is extremely safe, virtually not affected by adverse economic environment, and the risk of default is extremely low. The credit rating of convertible bond stayed unchanged during the reporting period.

3. Cash arrangements for debt repayment in the coming years

With stable operation and abundant cash flow, the Company maintains a steady growth in asset size and profitability, and in the meantime, keeps a reasonable asset-liability ratio with good credit standing. The Company will maintain reliable and sufficient supply of funds, so as to make arrangements for future payment of interest on convertible corporate bond and the repayment of principal upon maturity.

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09

Directors, Supervisors, Senior Management and Employees

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I. Changes in shares held by directors, supervisors and senior executives

Name	Title	Tenure status	gender	Age	Start date	End date	Shares held at the beginning of the period (share)	Quantity Of shares increased in the current period (share)	Quantity of shares decreased in the current period (share)	Other increased or decreased changes (share)	Quantity of shares held at the end of the period (share)
Wang Wei	Chairman, general manager	Current	Male	50	December 28, 2016	Present	–	–	–	–	–
Lin Zheying	Deputy chairman	Current	Male	56	December 28, 2016	Present	–	–	–	–	–
Lin Zheying	Deputy general manager	Former	Male	56	December 28, 2016	December 27, 2019	–	–	–	–	–
Zhang Yichen	Director	Current	Male	57	December 28, 2016	Present	–	–	–	–	–
Zhang Rui	Director	Former	Male	55	December 28, 2016	March 6, 2019	–	–	–	–	–
Deng Weidong	Director	Current	Male	53	April 9, 2019	Present	–	–	–	–	–
Liu Chengwei	Director	Current	Male	50	December 28, 2016	Present	–	–	–	–	–
Lo Sai Lai	Director	Current	Male	58	December 28, 2016	Present	–	–	–	–	–
Lo Sai Lai	Deputy general manager	Former	Male	58	December 28, 2016	March 14, 2019	–	–	–	–	–
Du Haoyang	Director, deputy general manager	Former	Male	49	December 28, 2016	December 27, 2019	–	–	–	–	–
Chen Fei	Director, deputy general manager	Current	Male	45	December 27, 2019	Present	–	–	–	–	–
NG Wai Ting	Director, deputy general manager, financial head	Current	Female	49	December 28, 2016	Present	–	–	–	–	–
Zhou Zhonghui	Independent director	Current	Male	73	December 28, 2016	Present	–	–	–	–	–
Chow Wing Kin Anthony	Independent director	Current	Male	70	December 28, 2016	Present	–	–	–	–	–
Jin Li	Independent director	Current	Male	50	December 28, 2016	Present	–	–	–	–	–

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Name	Title	Tenure status	gender	Age	Start date	End date	Shares held at the beginning of the period (share)	Quantity Of shares increased in the current period (share)	Quantity of shares decreased in the current period (share)	Other increased or decreased changes (share)	Quantity of shares held at the end of the period (share)
Dicky Peter Yip	Independent director	Current	Male	73	February 15, 2017	Present	–	–	–	–	–
Chen Qiming	Chairman of the Supervisory Committee	Former	Male	54	December 26, 2016	December 27, 2019	–	–	–	–	–
Sang Li	Supervisor	Former	Male	48	December 26, 2016	December 27, 2019	–	–	–	–	–
Guan Li	Supervisor	Former	Male	41	December 28, 2016	December 27, 2019	–	–	–	–	–
Yang Tao	Supervisor	Former	Male	50	February 15, 2017	December 27, 2019	–	–	–	–	–
Liu Jilu	Supervisor	Current	Male	73	December 28, 2016	Present	90,079,128	–	-2,604,500	–	87,474,628
Sun Xun	Chairman of the Supervisory Committee	Current	Male	43	December 27, 2019	Present	–	–	–	–	–
Cen Ziliang	Supervisor	Current	Male	55	December 27, 2019	Present	–	–	–	–	–
Li Li	Supervisor	Current	Female	48	December 27, 2019	Present	–	–	–	–	–
Li Juhua	Supervisor	Current	Female	41	December 27, 2019	Present	–	–	–	–	–
Li Sheng	Deputy general manager	Current	Male	54	December 28, 2016	Present	–	–	–	–	–
Xu Zhijun	Deputy general manager	Current	Male	44	December 28, 2016	Present	–	–	–	–	–
Leong Chong	Deputy general manager	Former	Male	55	December 28, 2016	March 14, 2019	–	–	–	–	–
Gan Ling	Deputy general manager, secretary of the Board	Current	Female	46	December 28, 2016	Present	–	–	–	–	–
Total	--	--	--	--	--	--	90,079,128	–	-2,604,500	–	87,474,628

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II. Changes of Directors, Supervisors, and Senior Executives

√ Applicable □ Not applicable

Name	Title	Tenure status	Date	Reason
Zhang Rui	Director	Resigned	March 6, 2019	Resigned as a director due to personal job deployment.
Lo Sai Lai	Deputy general manager	Resigned	March 14, 2019	Resigned as a deputy general manager due to personal reasons but remained as a director.
Leong Chong	Deputy general manager	Resigned	March 14, 2019	Resigned as a deputy general manager due to personal reasons.
Du Haoyang	Director, deputy general manager	Resigned	December 27, 2019	Resigned due to expiration of term of office
Lin Zheying	Deputy general manager	Resigned	December 27, 2019	Resigned as a deputy general manager due to expiration of term of office but remained as a director.
Chen Qiming	Chairman of the Board of Supervisors, Employee Representative Supervisor	Resigned	December 27, 20 19	Resigned due to expiration of term of office
Sang Li	Employee Representative Supervisor	Resigned	December 27, 2019	Resigned due to expiration of term of office
Guang Li	Supervisor	Resigned	December 27, 2019	Resigned due to expiration of term of office
Yang Tao	Supervisor	Resigned	December 27, 2019	Resigned due to expiration of term of office

III. Resumes of key personnel

The professional background, main working experience and their main duties in the Company of current directors, supervisors, and senior executives of the Company.

Board of Directors

Chairman

Mr. Wang Wei, born in 1970, a Chinese national, is the founder and actual controller of S.F. Currently, he is s the Chairman and General Manager of SF Holding.

Deputy Chairman

Mr. Lin Zheying, born in 1964, a Chinese national, graduated from Rennes Business School in France. He holds a doctorate in Business Administration. From 1987 to 2010, he served as a cadre of the Ministry of Commerce. From 2011 to 2014, he served as the Executive Director of HanKore Environment Tech Group. From 2013 to 2015, he was the Executive Director of CY Foundation Group Limited. Since 2011, he has been the Executive Director of Ancient Jade Capital Management Co., Ltd. From 2013 to 2016, he served as the Deputy Chairman of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. From December 2016 to December 2019, he served as a Deputy General Manager of SF Holding. Since December 2016, he has been serving as the Deputy Chairman of SF Holding.

Directors

Mr. Zhang Yichen, born in 1963, a permanent resident of Hong Kong Special Administrative Region of China. He graduated from the Massachusetts Institute of Technology with a bachelor's degree in computer science. From 1987 to 2000, he served as the Head of securities proprietary trading business of Greenwich Capital Markets Corporation and New York Branch of Tokyo Bank, and Head of Bond Capital Market of Merrill Lynch Greater China. From 2000 to 2002, he served as the Executive Director of CITIC Pacific and President of CITIC Pacific Information Technology Corporation. In 2002, he participated in the establishment of CITIC Capital Holdings. Currently, he serves as the Chairman and CEO of CITIC Capital. From 2013 to 2016, he served as a Director of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. Since December 2016, he has been serving as a Director of SF Holding.

Mr. Deng Weidong, born in 1967, a Chinese national. He graduated from Nanjing University with a D.Sc. degree in physical geography under earth and ocean sciences. From 1994 to 1997, he served in Hainan Yangpu Economic Development Zone Administration Bureau. From 1997 to 2005, he served as the Deputy General Manager and General Manager of the R&D Department in China Nanshan Development (Group) Inc. From 2006 to 2009, he served as the Deputy General Manager of Chiwan Container Terminal Co., Ltd. and General Manager of Shenzhen Magang Cangma Co., Ltd. From 2009 to 2011, he served as the General Manager of Planning and Commerce Department and an assistant to the General Manager of China Merchants Holding (International) Co., Ltd. From 2011 to 2015, he served as the Deputy General Manager of China Merchants Holding (International) Co., Ltd. From 2015 till present, he has been the Head of the Capital Operation Department of China Merchants Group. Since April 2019, he has been serving as a Director of SF Holding.

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Mr. Liu Chengwei, born in 1970, a Chinese national. He graduated from Suzhou University with a master degree in finance. He is also a senior economist and lawyer. From 2008 to 2009, he served as Vice President of Suzhou Venture Group Co., Ltd. From 2009 to 2016, he served as the Director of Social Security and Provident Fund Management Center of Suzhou Industrial Park. From 2012 to 2016, he served as the Deputy Director General of Labor and Social Security Bureau of Suzhou Industrial Park. From 2016 till, he serves as the Deputy Chairman and President of Suzhou Oriza Holdings Co., Ltd. In 2016, he served as a director of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. Since December 2016, he has been serving as a Director of SF Holding.

Mr. Lo Sai Lai, born in 1962, a permanent resident of Hong Kong Special Administrative Region of China, with permanent residency in the U.K. From May 2002 to November 2012, he served as General Manager of Data Center, Chief Information Officer, and General Manager of Information Management Center of Ping An Insurance (Group) Co., Ltd., as well as the Deputy General Manager and Chief Information Officer of the Group. From 2016 to March 2019, he served as the Chief Information Officer and Deputy General Manager of SF Holding. Since March 2019, He has been serving as the Chief Advisor of SF Holding. Since December 2016, he has been serving as a Director of SF Holding.

Mr. Chen Fei, born in 1975, a permanent resident of the Hong Kong Special Administrative Region of China. He graduated from Wharton Business School, University of Pennsylvania with an MBA. From 2006 to 2016, he served as an Executive Director of the Investment Banking Department of Goldman Sachs. From 2016 to 2018, he served as the Assistant CEO of SF Holding; and since 2018, he has been serving as the Chief Strategy Officer of SF Holding. Since December 2019, he has been serving as a Director and Deputy General Manager of SF Holding.

Ms. NG Wai Ting, born in 1971, a permanent resident of the Hong Kong Special Administrative Region of China. She graduated from the University of New South Wales, Sydney, Australia, with a bachelor degree in accounting and information systems, and an Australian certified public accountant. From 1994 to 2013, she served as a Director of KPMG (Hong Kong). From 2013 to 2016, she served as a Director of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. From 2013 to 2015, she served as the President of the Corporate Finance Division of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. From 2015 to 2016, she served as the Chief Financial Officer of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. Since December 2016, she has been serving as a Director, Deputy General Manager and Chief Financial Officer of SF Holding.

Mr. Zhou Zhonghui, born in 1947, a Chinese national. He has a master's degree and doctoral degree and is qualified as a Chinese certified public accountant. He is the Executive Director of the China General Accountants Association and a member of the Advisory Committee of the China Association of Valuers. Mr. Zhou is an Independent Non-executive Director of Shanghai Fudan Zhangjiang Biopharmaceutical Co., Ltd. (Stock Code: 01349); an Independent Non-executive Director of COSCO SHIPPING Holdings Co., Ltd. (A-share Stock Code: 601919, H-share Stock Code: 01919); an Independent Non-executive Director of CITIC Securities Co., Ltd. (A-share Stock Code: 600030, H-share Stock Code: 0630). Mr. Zhou used to be a lecturer, associate professor, and professor at the Accounting Department of Shanghai University of Finance and Economics. He is the Financial Director of Hong Kong Xinlong Co., Ltd.; General Manager and Chief Accountant of PricewaterhouseCoopers Zhongtian PPL; Senior Partner and Senior Consultant of PricewaterhouseCoopers; Chief Accountant of the Securities Regulatory Commission, and a member of the International Advisory Committee of the Securities Regulatory Commission; a member of Auditing Standards Committee of China Institute of Certified Public Accountants. Since December 2016, he has been serving as an Independent Director of SF Holding.

Mr. Chow Wing Kin Anthony, born in 1950, a permanent resident of the Hong Kong Special Administrative Region of China. He is a professional lawyer recognized in Hong Kong, England, and Wales. Mr. Zhou has worked as a professional lawyer in Hong Kong for more than 39 years and is currently a Senior Advisor and Global Chairman of Guantao Law Firm (Hong Kong). He is a member of Association of China-Appointed Attesting Officer Limited and an arbitrator of South China International Economic and Trade Arbitration Commission (Shenzhen International Arbitration Institute). Mr. Zhou is currently the Chairman of the Board of the Hong Kong Jockey Club, a consultant of the Exchange Fund Advisory Committee, the Governance Sub-Committee and the Investment Sub-Committee of Hong Kong Monetary Authority. Mr. Zhou currently serves as an Independent Non-executive Director of the Hong Kong Railway Company Limited, Kingmaker Footwear Holdings Limited, WeBank Co., Ltd. and Ping An Healthcare and Technology Co., Ltd. He has served as a Nonexecutive Director of Asia United Infrastructure Construction Holdings Limited (formerly China Urban Construction Group Co., Ltd.) and an Independent Non-executive Director of Futian Industrial (Group) Co., Ltd. From 1997 to 2000, he was the Chairman of the Hong Kong Law Society, and was also the former Chairman of the Hong Kong Securities Regulatory Commission's Procedure Review Committee, as well as a member of the National Committee of the Chinese People's Political Consultative Conference. In 1998, Mr. Zhou was appointed as a Justice of the Peace and awarded the Silver Bauhinia Star in 2003. In December 2018, Mr. Zhou was conferred an honorary doctorate by the Open University of Hong Kong. Since December 2016, he has been serving as an Independent Director of the Company SF Holding.

Mr. Jin Li, born in 1970, a Chinese national. He received a PhD from the Massachusetts Institute of Technology. From July 1992 to May 1994, he served as an instructor at the International Finance Department of Fudan University. From July 2001 to June 2007, he served as Assistant Professor of Finance at Harvard Business School. From July 2012 to present, he has been the Professor of the Department of Finance, Guanghua School of Management, Peking University. Currently he is a tenured Professor of Finance of Oxford University, as well as a member of the National Committee of the Chinese People's Political Consultative Conference. Since September 2017, He has served as an Independent Director of CITIC aiBank Corporation Limited. Since May 2019, He serves as a Director of Da Cheng Fund Management Co., Ltd. Since December 2016, he has been serving as an Independent Director of SF Holding.

Mr. Dicky Peter Yip, born in 1947, a permanent resident of the Hong Kong Special Administrative Region of China. He holds a master's degree. He is currently an Independent Non-executive Director of Sun Hung Kai Properties Development Co., Ltd.; an Independent Non-executive Director of South China Group Holdings Co., Ltd. (formerly South China (China) Co., Ltd.); an Independent Non-executive Director and the Chairman of Ping An OneConnect Bank(Hong Kong) Limited. Mr. Dicky Peter Yip joined the Hongkong and Shanghai Banking Corporation Limited ("HSBC") in 1965 and served as the President of HSBC China from January 2003 to May 2005. He was appointed as the General Manager of HSBC from April 2005 to June 2012. From May 2005 to June 2012, he served as the Deputy Governor of the Bank of Communications Co., Ltd. In addition, Mr. Dicky Peter Yip also served in various advisory committees including the Hong Kong Aviation Advisory Committee, the Hong Kong Arts Development Council and the Hong Kong Urban Redevelopment Authority. He is currently the Honorary Member of the Hong Kong Committee of the United Nations Children's Fund. Mr. Dicky Peter Yip received a master's degree in Business Administration from the University of Hong Kong. He is a member of the Chartered Institute of Banking in London. He is also awarded the Certified Financial Planner (CFP) qualification by the Hong Kong Institute of Financial Planners and the Professional Wealth Manager (CFMP) by the Hong Kong Institute of Bankers. Mr. Dicky Peter Yip was awarded the Bronze Bauhinia Star in 2003. Since February 2017, he has been serving as an Independent Director of SF Holding.

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Board of Supervisors

Chairman of the Board of Supervisors

Mr. Sun Xun, born in 1977, a Chinese national. He holds a master's degree in law from the University of Bristol and an MBA degree from Dongbei University of Finance and Economics. From 2005 to 2006, he served as a Legal Counsel of Alstom SA. From 2006 to 2012, he served as the Legal Director and Deputy General Counsel of Otis Elevator (Korea) under United Technologies Corporation (UTC). From 2013 to 2015, he served as the APAC Region Legal Compliance Officer for Avon Products Inc. From 2015 to 2016, he served as the Head of Legal Affairs of Shenzhen S.F. Taisen Holding (Group) Co., Ltd., and from 2017 to 2018, he served as the Head of Legal Affairs of S.F. Holding. Since 2019, he has been serving as the Chief Risk Control Officer of SF Holding and since December 2019, he has been serving as the Chairman of the Board of Supervisors of SF Holding.

Supervisors

Mr. Cen Ziliang, born in 1965, a permanent resident of the Hong Kong Special Administrative Region of China. From 1997 till present, he has served as the Regional General Manager, Planning Director, Operation Director, Vice President of Operation Department, Head of Industrial Projects, Head of SF Procurement Supply Chain Center of Shenzhen Shuncheng Supply Chain Service Co., Ltd. Currently, he serves as the Senior Director of Audit and Supervision, a member of the Procurement Strategy Committee and the Head of the Procurement Supervision Committee of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. Since December 2019, he has been serving as a Supervisor of SF Holding.

Ms. Li Li, born in 1972, a Chinese national. She graduated from North China Institute of Aerospace Engineering, majoring in finance and accounting. From July 2011 to March 2013, she served as the Deputy General Manager of SF Aviation Logistics Support. From March 2013 to December 2016, she served as the Director of Culture and Staff Relations of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. From December 2016 to June 2019, she served the Director of Culture and Staff Relations of SF Holding, and from June 2019 to the present she has been serving as the Director of Talent Ecosystem and Supply Chain of SF Holding. Since December 2019, she has been serving as a Supervisor of SF Holding.

Ms. Li Juhua, born in 1979, a Chinese national. She graduated from Tongji University in 2002. From 2002 to 2004, she served as the Accounting Director of Nestle Group Shanghai Totole Flavoring Food Co., Ltd. From 2004 to 2008, she served as the Accounting Manager of Walmart's China Headquarters. From 2008 to 2010, she served as the Financial Manager of B&Q Shenzhen. From 2010 to 2012, she served as the Financial Director of Maoye International (A+H share listed company); and from 2012 to 2016, she served as the Accounting Deputy Director, Accounting Director and Tax Director of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. Since 2017 to present, she has been serving as the Head of the Financial Sharing Center.Since December 2019, she has been serving as a Supervisor of SF Holding.

Mr. Liu Jilu, born in 1947, is a Chinese national. He is a member of the Communist Party of China. He has a university degree and is an engineer, an outstanding private entrepreneur in Anhui Province, the Deputy Chairman of Ma'anshan Association of Old Science and Technology Workers, Deputy Chairman of Anhui Metallurgy Association, Vice President of Ma'anshan Entrepreneurs Association, Executive Vice President of Ma'anshan Industrial Economics Union, and representative of Dangtu County People's Congress. He has served successively as General Manager of Ma'anshan Dingtai Metal Products Company, Chairman and General Manager of Ma'anshan Dingtai Technology Co., Ltd., and Chairman, General Manager, and Party Committee Secretary of Ma'anshan Dingtai Rare Earth & New Materials Co., Ltd. Since December 2016, he has been serving as a Supervisor of SF Holding.

Senior Executives

For the work experience, positions, and other posts held concurrently by Mr. Wang Wei, Mr. Chen Fei and Ms. NG Wai Ting, refer to the introduction to the Board of Directors.

Mr. Li Sheng, born in 1966 and a Chinese national, graduated from Sichuan Normal University with a bachelor degree in law. From 1997 to 2005, he served as a Senior Executive of Walmart China. From 2005 to 2013, he was the Head of Audit and Supervision Department of Shenzhen S.F. Taisen Holding (Group) Co., Ltd., General Manager of Hubei District, President of Central China Division, and President of West China Division. Since 2013, he has been the person in charge of SF Airlines. From 2013 to 2016, he served as a director of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. From 2015 to 2016, he served as the Deputy General Manager of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. Since December 2016, he has been serving as the Deputy General Manager of SF Holding.

Mr. Xu Zhijun, born in 1976 and a Chinese national, graduated from the National University of Singapore with a master's degree in logistics management. From 2001 to 2004, he served as a corporate consultant for IDSC. From 2004 to 2015, he served as Planning General manager, Strategic Planning Director, Corporate Development Director, President of Corporate Operations Management Division, Group Vice President, and Greater Operations Head of Shenzhen S.F. Taisen Holding (Group) Co., Ltd., Ltd. From 2015 to 2016, he served as the Deputy General Manager and Assistant Chief Operating Officer of Shenzhen S.F. Taisen Holding (Group) Co., Ltd., and Chief Operating Officer of the Express Delivery Business Group. Since December 2016, he has been serving as the Deputy General Manager of SF Holding.

Ms. Gan Ling, born in 1974, a Chinese national. She graduated from the University of Texas at Austin with a master degree of Business Administration. From 2006 to 2010, she was an analyst of Coatue Management, one of the Tiger cub funds. From 2010 to 2015, she was the Deputy General Manager of Maoye International Holdings Limited. She has served as a member of the appeal review committee of the Shenzhen Stock Exchange since 2017. She joined SF in 2015 and from 2015 to 2016, she served as the Secretary of the Board of Directors of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. Since December 2016, she has been serving as the Secretary of the Board of Directors and the Deputy General Manager of SF Holding.

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Positions held in shareholder entities

√ Applicable □ Not applicable

Name	Name of the shareholder entity	Position in shareholder entity	Start date	End date	Receives payment from the shareholder entity?
Wang Wei	Shenzhen Mingde Holding Development Co., Ltd.	Executive director	1997/11/5	Present	No
Wang Wei	S.F. Holding (Group) Commerce Co., Ltd.	Chairman	2016/1/12	2019/12/9	No
Wang Wei	Shenzhen Shunshang Investment Co., Ltd.	Executive director	2016/7/26	2019/3/1	No
Wang Wei	Shenzhen SF Electronic Commerce Co., Ltd.	Executive director	2016/1/7	2019/3/1	No
Wang Wei	E-commerce Beijing S.F. Co., Ltd.	Executive director	2016/1/15	2019/3/14	No
Wang Wei	Shenzhen S.F. Commerce Co., Ltd	Executive director	2016/1/7	2019/3/1	No
Lin Zheying	S.F. Holding (Group) Commerce Co., Ltd.	Director	2015/11/9	2019/12/9	No
Zhang Yichen	S.F. Holding (Group) Commerce Co., Ltd.	Director	2016/1/12	2019/12/9	No
NG Wai Ting	S.F. Holding (Group) Commerce Co., Ltd.	Director	2015/11/9	2019/12/9	No
Liu Jilu	Ma'anshan Shuntai Rare Earth & New Materials Co., Ltd.	Director and General Manager	2016/8/25	Present	Yes
Chen fei	Shenzhen Fengyi Technology Co., Ltd.	Director	2018/6/15	Present	No
Notes to posts held in shareholder entity	N/A				

Employment in other companies

√ Applicable □ Not applicable

Name	Name of the shareholder entity	Position in shareholder entity	Start date	End date	Receives payment from the shareholder entity?
Wang Wei	Zhuhai Suibian Technology Co., Ltd.	Director	2014/7/9	Present	No
Wang Wei	Shenzhen Zhongshunyi Financial Services Co., Ltd.	Director	2015/4/16	Present	No
Wang Wei	Zhejiang Galaxy Technology Company Limited	Director	2018/1/2	2019/6/3	No
Wang Wei	Guangdong Shucheng Technology Co., Ltd.	Director and General Manager	2018/8/3	Present	No
Wang Wei	ZBHA (Group) Co., Ltd.	Chairman	2018/8/30	2019/12/20	No
Wang Wei	Shenzhen SF Lottery (Shenzhen) Technology Development Co., Ltd.	Chairman	2016/6/16	2019/9/16	No
Lin Zheying	Ancient Jade Capital Management Co., Ltd.	Executive director	2011/1/12	Present	Yes
Lin Zheying	Beijing Xinyue Fangde Investment Management Co.,Ltd.	Executive director	2015/3/27	Present	No
Lin Zheying	Shenzhen Zhongshunyi Financial Services Co., Ltd.	Director	2015/4/16	Present	No
Lin Zheying	Suzhou Jade Equity Investment Management Co., Ltd.	Executive director	2013/9/16	Present	No
Lin Zheying	Suzhou Ruihuang Equity Investment Management Partnership (Limited Partnership)	Executive partner	2014/3/15	Present	No

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Name	Name of the shareholder entity	Position in shareholder entity	Start date	End date	Receives payment from the shareholder entity?
Lin Zheying	Suzhou Windbell Equity Investment Management Partnership (Limited Partnership)	Executive partner	2013/8/22	Present	No
Lin Zheying	Jade Investment Management (Beijing) Co., Ltd.	Executive director	2011/10/19	Present	No
Lin Zheying	Shenzhen SF Lottery (Shenzhen) Technology Development Co., Ltd.	Director	2016/6/19	2019/9/16	No
Lin Zheying	Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership)	Representative of executive partner	2013/8/30	Present	No
Lin Zheying	Beijing LiDar360 Technology Co., Ltd	Director	2016/5/5	Present	No
Lin Zheying	Ningbo Meishan Bonded Port Area Tongfeng Investment Management Co., Ltd.	Chairman	2018/4/17	Present	No
Lin Zheying	GCH Technology Co., Ltd	Director	2015/12/22	Present	No
Lin Zheying	Star UAV System Co., Ltd	Chairman	2019/4/11	Present	No
Lin Zheying	Fuzhou Yuanzhang Trading Co., Ltd.	Executive director	2019/6/6	Present	No
Zhang Yichen	Best Castle Limited	Director	2007/11/15	Present	No
Zhang Yichen	CC (2015B) GP Ltd.	Director	2015/4/24	Present	No
Zhang Yichen	CCAIM Holdings Limited	Director	2007/11/30	Present	No
Zhang Yichen	CCHL Management Holding Ltd.	Director	2016/1/27	Present	No
Zhang Yichen	CCP Holdings Ltd.	Director	2010/6/8	Present	No
Zhang Yichen	CCVP (HK) Limited	Director	2012/1/17	Present	No
Zhang Yichen	CCVP Advisory Ltd.	Director	2012/1/17	Present	No
Zhang Yichen	CMC Football Holdings Limited	Director	2015/12/15	2019/3/2	No
Zhang Yichen	CCVP GP Ltd.	Director	2012/1/17	Present	No
Zhang Yichen	China Universal Leasing Company Limited	Director	2012/6/18	2019/2/11	No
Zhang Yichen	China Venture Capital and Private Equity Association Limited	Director	2008/2/18	Present	No
Zhang Yichen	CITIC Capital Business Advisory Limited	Director	2005/7/5	2019/6/21	No
Zhang Yichen	CITIC Capital Asset Management Limited	Chairman of the Board of Directors	2004/12/30	Present	No
Zhang Yichen	CITIC Capital China Mezzanine Fund Limited	Chairman of the Board of Directors	2005/12/23	Present	No
Zhang Yichen	CITIC Capital Construction Machinery Investments Limited	Director	2008/6/30	Present	No
Zhang Yichen	CITIC Capital Finance Limited	Director	2006/2/1	Present	No
Zhang Yichen	CITIC Capital Financial Holding Limited	Director	2007/8/31	Present	No
Zhang Yichen	CITIC Capital Global Services Holdings Limited	Director	2007/7/31	Present	No
Zhang Yichen	CITIC Capital Guaranty Investments Ltd.	Director	2010/2/26	Present	No
Zhang Yichen	CITIC Capital Hoisting Machinery Investments Limited	Director	2008/6/30	Present	No
Zhang Yichen	CITIC Capital Holdings Limited	Chairman of the Board of Directors	2002/5/27	Present	Yes

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Name	Name of the shareholder entity	Position in shareholder entity	Start date	End date	Receives payment from the shareholder entity?
Zhang Yichen	CITIC Capital Iceland Investment Limited	Director	2005/1/21	Present	No
Zhang Yichen	CITIC Capital Investment Consulting Limited	Director	2007/11/21	Present	No
Zhang Yichen	CITIC Capital Investment Holdings Limited	Director	2003/6/6	Present	No
Zhang Yichen	CITIC Capital MB (HK) Limited	Director	2006/6/30	Present	No
Zhang Yichen	CITIC Capital MB Investment Limited	Director	2005/12/19	Present	No
Zhang Yichen	CITIC Capital Ming Kang Healthcare Investment Holdings Limited	Director	2007/4/23	Present	No
Zhang Yichen	CITIC Capital Partners Group Ltd.	Director	2005/12/19	Present	No
Zhang Yichen	CITIC Capital Partners Holdings Ltd.	Director	2005/12/19	Present	No
Zhang Yichen	CITIC Capital Partners Limited	Chairman of the Board of Directors	2003/1/3	Present	No
Zhang Yichen	CITIC Capital Silk Road GP Ltd.	Director	2016/2/1	Present	No
Zhang Yichen	CITIC Capital Special Investment Holdings Limited	Director	2011/8/5	Present	No
Zhang Yichen	CITIC Kazyna GP Ltd.	Director	2008/10/29	Present	No
Zhang Yichen	CITIC Kazyna Investment Advisor (Hong Kong) Limited	Director	2010/5/26	Present	No
Zhang Yichen	CITIC Kazyna Manager Ltd.	Director	2008/10/29	Present	No
Zhang Yichen	CKIF CITIC Capital Carry GP Ltd.	Director	2012/8/24	Present	No
Zhang Yichen	CP Management Holdings Limited	Director	2009/4/8	Present	No
Zhang Yichen	Dalton Foundation Limited	Director	2014/9/22	Present	No
Zhang Yichen	Excel Wisdom Holding Limited	Director	2012/6/20	Present	No
Zhang Yichen	Fuwa Heavy Industry Co., Ltd.	Deputy Chairman	2008/1/7	Present	No
Zhang Yichen	Harbin Pharmaceutical Group Holding Company Ltd.	Director	2005/8/1	Present	No
Zhang Yichen	Ming Kang Healthcare Investment Limited	Director	2007/5/8	Present	No
Zhang Yichen	Multifield International Limited	Director	2005/4/26	Present	No
Zhang Yichen	Mutual Glory International Limited	Director	2015/2/17	Present	No
Zhang Yichen	Peace Investment Limited	Director	2011/8/10	Present	No
Zhang Yichen	Perfect Business Limited	Director	2007/11/21	Present	No
Zhang Yichen	Perfect Move Investments Limited	Director	2007/11/15	Present	No
Zhang Yichen	Pioneer Way Investments Limited	Director	2006/10/9	Present	No
Zhang Yichen	Prosper Glory Investments Limited	Director	2007/2/12	Present	No
Zhang Yichen	Sina Corporation	Director	2002/5/1	Present	No
Zhang Yichen	Skipper Holdings Limited	Director	2014/1/15	Present	No
Zhang Yichen	Smart Goal Limited	Director	2016/1/27	Present	No

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Name	Name of the shareholder entity	Position in shareholder entity	Start date	End date	Receives payment from the shareholder entity?
Zhang Yichen	Sun Success International Limited	Director	2003/1/7	Present	No
Zhang Yichen	Super Sun Profits Limited	Director	2005/10/4	Present	No
Zhang Yichen	Treasure Land Holdings Limited	Director	2016/1/27	Present	No
Zhang Yichen	Universal Medical Financial & Technical Advisory Services Company Limited	Director	2012/6/19	Present	No
Zhang Yichen	World Profit International Capital Limited	Director	2010/2/19	Present	No
Zhang Yichen	Benyuan Investment Advisory (Beijing) Co., Ltd.	Director	2012/3/28	Present	No
Zhang Yichen	Harbin Management Advisory Limited	Director	2005/10/28	2019/5/20	No
Zhang Yichen	Jiaqiang (Shanghai) Consulting Co., Ltd.	Director	2003/5/7	Present	No
Zhang Yichen	Kaixin Venture Capital Management (Beijing) Co., Ltd.	Chairman	2008/8/1	Present	No
Zhang Yichen	Kaixin Venture Capital Co., Ltd.	Director	2008/8/1	Present	No
Zhang Yichen	Shanghai Stefford Real Estate Co., Ltd.	Director	2015/6/5	Present	No
Zhang Yichen	Shanghai Xinming Investment Consulting Co., Ltd.	Director	2007/11/6	Present	No
Zhang Yichen	CITIC Fengyue (Dalian) Co., Ltd.	Director	2008/8/13	Present	No
Zhang Yichen	CITIC Capital (Tianjin) Equity Investment Partnership (Limited Partnership)	Representative of executive partner	2009/7/15	Present	No
Zhang Yichen	CITIC Capital (Tianjin) Investment Management Partnership (Limited Partnership)	Representative of executive partner	2009/7/15	Present	No
Zhang Yichen	CITIC Capital (China) Investment Co., Ltd.	Director	2008/4/22	Present	No
Zhang Yichen	CITIC Capital Cultural Tourism (Chengdu) Co., Ltd.	Chairman	2016/3/8	Present	No
Zhang Yichen	Fast Food Holdings Limited	Director	2016/12/9	Present	No
Zhang Yichen	RCIF Asset Management Limited	Director	2016/11/8	Present	No
Zhang Yichen	RCIF Partners GP Limited	Director	2016/11/8	Present	No
Zhang Yichen	Shenhua Group Co., Ltd.	Director	2013/8/1	Present	No
Zhang Yichen	CITIC Capital Equity Investment (Tianjin) Co., Ltd.	Chairman	2010/12/14	Present	No
Zhang Yichen	CITIC Capital Alternative Investment Management Limited	Director	2007/11/30	Present	No
Zhang Yichen	CCHL Management Holding II Ltd.	Director	2017/3/15	Present	No
Zhang Yichen	CITIC Capital Charitable Foundation Limited	Director	2011/5/26	Present	No
Zhang Yichen	CITIC Capital Special Situations Advisory Limited	Director	2017/5/8	Present	No
Zhang Yichen	CITIC Capital Special Situations GP Limited	Director	2017/5/8	Present	No
Zhang Yichen	CITIC Capital Special Situations Holdings Limited	Director	2017/5/5	Present	No

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Name	Name of the shareholder entity	Position in shareholder entity	Start date	End date	Receives payment from the shareholder entity?
Zhang Yichen	CITIC Capital Special Situations Management Limited	Director	2017/5/8	Present	No
Zhang Yichen	Grand Foods Holdings Limited	Chairman	2017/7/31	Present	No
Zhang Yichen	Pleasant Retail Properties (HK) Limited	Director	2017/9/1	2019/4/1	No
Zhang Yichen	Stockbridge Capital Group, LLC	Director	2017/1/1	Present	No
Zhang Yichen	Ultra Brilliant Advisory Limited	Director	2017/5/8	Present	No
Zhang Yichen	CITIC Capital (Ningbo) Investment Management Co., Ltd.	Chairman	2017/5/3	Present	No
Zhang Yichen	Pengwei Investment Consulting (Shanghai) Co., Ltd.	Director	2015/8/28	Present	No
Zhang Yichen	CITIC (Shenzhen) Innovative Equity Investment Management Co., Ltd.	Chairman	2018/10/24	Present	No
Zhang Yichen	CC (2018A) GP Limited	Director	2018/7/16	Present	No
Zhang Yichen	CITIC Capital OI GP Ltd.	Director	2018/11/23	Present	No
Zhang Yichen	CCOI Investment Holdings Limited	Director	2018/11/23	Present	No
Zhang Yichen	CCP Fast Food Holdings Limited	Director	2016/12/14	Present	No
Zhang Yichen	Frontier Strategic Resources Services Ltd.	Director	2019/6/5	Present	No
Zhang Yichen	Frontier Strategic Resources Holding Ltd.	Director	2019/6/5	Present	No
Zhang Yichen	Frontier Strategic Resources GP Ltd.	Director	2019/6/5	Present	No
Zhang Yichen	Cityneon Holdings Pte. Ltd.	Director	2019/5/31	Present	No
Zhang Yichen	Global Nature Investment Holdings Limited	Director	2019/9/23	Present	No
Zhang Yichen	CCHL Investment Holdings Limited	Director	2019/2/19	Present	No
Zhang Yichen	CC Investment Holdings Limited	Director	2019/2/20	Present	No
Zhang Yichen	CCHL Fast Food Holdings Limited	Director	2019/8/12	Present	No
Liu Chengwei	Suzhou Oriza Holdings Co., Ltd.	President and Deputy Chairman	2016/3/22	Present	Yes
Liu Chengwei	China-Singapore Suzhou Industrial Park Ventures Co., Ltd.	Chairman and General Manager	2016/5/3	Present	No
Liu Chengwei	Suzhou Industrial Park Shahu Financial Services Co., Ltd.	Executive director	2016/5/3	Present	No
Liu Chengwei	Cowin Venture Capital Co., Ltd.	Executive director and General Manager	2016/4/22	Present	No
Liu Chengwei	Suzhou Industry Zone Yuandian Venture Capital Co.,Ltd.	Executive director and General Manager	2016/4/22	Present	No
Liu Chengwei	Oriza Equity Investment Fund Management Co., Ltd.	Chairman and General Manager	2016/4/22	Present	No
Liu Chengwei	China Development KeyWin Equity Investment Fund Management Co., Ltd.	Director	2016/4/22	Present	No

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Name	Name of the shareholder entity	Position in shareholder entity	Start date	End date	Receives payment from the shareholder entity?
Liu Chengwei	SINO-IC Capital LTD.	Director	2016/4/22	Present	No
Liu Chengwei	Suzhou Industrial Park Oriza Chenkun Equity Investment Fund Management Center (Limited Partnership)	Representative of executive partner	2016/4/22	Present	No
Liu Chengwei	Suzhou Industrial Park Oriza Yuandian Venture Capital Management Co., Ltd.	Chairman	2016/4/22	Present	No
Liu Chengwei	Suzhou Industrial Park Oriza Chongyuan Equity Investment Fund Management Co., Ltd.	Chairman	2016/4/22	Present	No
Liu Chengwei	Suzhou Oriza Kaifeng Venture Capital Management Co., Ltd.	Chairman	2016/4/22	Present	No
Liu Chengwei	Huayi Venture Capital Management (Suzhou) Co., Ltd.	Chairman	2016/4/27	Present	No
Liu Chengwei	Suzhou Industrial Park Guochuang Venture Capital Co.,Ltd.	Director, General Manager	2016/4/27	Present	No
Liu Chengwei	Suzhou Yuanfeng Venture Capital Co., Ltd.	Chairman	2016/4/27	2018/12/25	No
Liu Chengwei	Suzhou Derui Hengfeng Venture Capital Co., Ltd.	Chairman	2016/4/27	Present	No
Liu Chengwei	Cowin Aggressive Venture Capital	Director	2016/4/27	Present	No
Liu Chengwei	Guochuang Oriza Venture Capital (Limited Partnership)	Representative of executive partner	2016/4/27	Present	No
Liu Chengwei	Suzhou Industrial Park Chongyuan Shunfeng Equity Investment Management Center (Limited Partnership)	Representative of executive partner	2016/4/27	Present	No
Liu Chengwei	Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership)	Representative of executive partner	2016/4/27	Present	No
Liu Chengwei	Suzhou Industrial Park Oriza Chongyuan M&A Equity Investment Fund Partnership (Limited Partnership)	Representative of executive partner	2016/4/27	Present	No
Liu Chengwei	Suzhou Industrial Park Chongyuan Qijia Equity Investment Company (Limited Partnership)	Representative of executive partner	2016/4/27	Present	No
Liu Chengwei	Suzhou Industrial Park Chongyuan M&A Equity Investment Management Center (Limited Partnership)	Representative of executive partner	2016/4/27	Present	No
Liu Chengwei	Suzhou Industrial Park Oriza Bingsheng Equity Investment Fund Partnership (Limited Partnership)	Representative of executive partner	2016/4/27	Present	No
Liu Chengwei	Suzhou Industrial Park Guochuang Oriza Phase II Venture Capital Co., Ltd.	Executive director	2016/4/27	Present	No
Liu Chengwei	Infiniti – China-Singapore Venture Capital Firm	Joint Management Committee member	2016/4/27	Present	No
Liu Chengwei	Suzhou Hewen Investment Management Co., Ltd.	Chairman	2016/5/11	Present	No
Liu Chengwei	Suzhou Hewen Investment Partnership (Limited Partnership)	Representative of executive partner	2016/5/11	Present	No
Liu Chengwei	Chinese Culture Limited Liability Company	Director	2016/5/11	Present	No
Liu Chengwei	CMC Holdings Limited	Director	2016/5/11	Present	No

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Name	Name of the shareholder entity	Position in shareholder entity	Start date	End date	Receives payment from the shareholder entity?
Liu Chengwei	Huayuan Management Consulting (Hong Kong) Co., Ltd.	Executive director	2016/8/29	Present	No
Liu Chengwei	Oriza Management Consulting (Hong Kong) Co., Ltd.	Executive director	2016/10/18	Present	No
Liu Chengwei	Suzhou Industrial Park Oriza Chongyuan Youyun Equity Investment Management Center (Limited Partnership	Representative of executive partner	2016/12/28	Present	No
Liu Chengwei	Suzhou Industrial Park Oriza Chongyuan Youyun Venture Capital Enterprise (Limited Partnership)	Representative of executive partner	2016/12/28	Present	No
Liu Chengwei	Suzhou Industrial Park Oriza Runxin Equity Investment Management Co., Ltd.	Executive director	2017/7/22	Present	No
Liu Chengwei	Suzhou Infinity Innovation Nanotechnology Co., Ltd.	Director	2017/7/26	Present	No
Liu Chengwei	Tongcheng Holdings Co., Ltd.	Director	2017/11/1	Present	No
Liu Chengwei	Suzhou Industrial Park Yuanhe Emerging Industry Investment Management Co., Ltd.	Executive director	2017/9/27	Present	No
Liu Chengwei	Yuanhe Houwang (Suzhou) Investment Management Co., Ltd.	Chairman	2017/9/22	Present	No
Liu Chengwei	Yuanhe Puhua (Suzhou) Investment Management Co., Ltd.	Chairman	2018/1/10	Present	No
Liu Chengwei	Jiangsu Jiequan Yuanhe IPR Science and Technology Fund (Limited Partnership)	Representative of executive partner	2019/2/26	Present	No
Deng Weidong	China Merchants (Liaoning) Port Development Co., Ltd.	Executive director and General Manager	2018/5/16	Present	No
Deng Weidong	China Merchants Group Gangtong Development (Shenzhen) Co., Ltd.	Executive director and General Manager	2018/1/16	Present	No
Deng Weidong	Chongqing Globalbill Cross-border Technology Co., Ltd.	Director	2014/4/23	Present	No
Deng Weidong	Broadford Global Limited	Director	2017/11/27	Present	No
Deng Weidong	Rainbow Giant Limited	Director	2018/2/9	Present	No
Deng Weidong	China Merchants Property Operation & Services Co., Ltd.	Director	2019/12/12	Present	No
Deng Weidong	China Merchants Energy Shipping Co. Ltd	Director	2019/4/26	Present	No
Lo Sai Lai	Jolokia Partner Limited	Director	2012/5/12	Present	No
Lo Sai Lai	Jolokia Holding Limited	Director	2013/4/10	Present	No
NG Wai Ting	SF Charity Foundation	Director	2016/10/26	Present	No
Zhou Zhonghui	China Pacific Insurance (Group) Co., Ltd.	Independent non-executive director	2013/7/1	2019/7/18	Yes
Zhou Zhonghui	Shanghai Fudan Zhangjiang Biopharmaceutical Co., Ltd.	Independent non-executive director	2013/5/1	Present	Yes
Zhou Zhonghui	COSCO SHIPPING Holdings Co., Ltd.	Independent non-executive director	2017/5/28	Present	Yes
Zhou Zhonghui	Goldman Sachs Gao Hua Securities Company Limited	Independent non-executive director	2017/9/19	Present	Yes
Zhou Zhonghui	CITIC Securities Company Limited	Independent non-executive director	2019/12/31	Present	Yes
Chow Wing Kin Anthony	Global Chairman of Guantao Law Firm (Hong Kong)	Senior consultant	2016/2/1	Present	Yes
Chow Wing Kin Anthony	Kingmaker Footwear Holdings Limited	Non-executive director	1994/6/10	Present	Yes
Chow Wing Kin Anthony	Hong Kong Railway Company Limited	Independent non-executive director	2016/5/18	Present	Yes

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Name	Name of the shareholder entity	Position in shareholder entity	Start date	End date	Receives payment from the shareholder entity?
Chow Wing Kin Anthony	WeBank Co., Ltd.	Independent non-executive director	2014/12/16	Present	Yes
Chow Wing Kin Anthony	Hong Kong Jockey Club	Chairman of the board	2018/8/30	Present	No
Chow Wing Kin Anthony	Riding For The Disabled Association Limited	Director and Chairman	2018/12/3	Present	No
Chow Wing Kin Anthony	Ping An Healthcare and Technology Company Limited	Independent non-executive director	2018/5/4	Present	Yes
Jin Li	CITIC aiBank Corporation Limited	Independent non-executive director	2017/9/5	Present	Yes
Jin Li	Beijing Jixin Zhicai Technology Co., Ltd.	Executive director	2017/1/6	2019/6/1	No
Jin Li	Da Cheng Fund Management CO., LTD.	Director	2016/4/25	Present	Yes
Jin Li	YINGDA INTERNATIONAL TRUST CO., LTD.	Director	2019/6/6	2019/12/31	No
Dicky Peter Yip	Ping An Insurance (Group) Company of China, Ltd.	Independent non-executive director	2013/6/17	2019/7/17	Yes
Dicky Peter Yip	South China Holdings Limited	Independent non-executive director	2012/12/10	Present	Yes
Dicky Peter Yip	Sun Hung Kai Properties Development Co., Ltd.	Independent non-executive director	2004/9/28	Present	Yes
Dicky Peter Yip	Ping An OneConnect Bank (Hong Kong) Limited	Independent non-executive director	2019/8/30	Present	Yes
Chen Fei	Hubei International Aviation Industry New Town Development Co., Ltd.	Director	2016/12/8	Present	No
Li Sheng	SF Charity Foundation	Director	2016/10/26	Present	No
Xu Zhijun	CR-SF International Express Co., Ltd.	Deputy Chairman	2018/6/28	Present	No
Gan Ling	Sunrise Capital Feeder Fund Ltd.	Director	2015/4/16	Present	No
Notes to posts held at other companys	N/A				

Details on Company's current directors, supervisors, and senior executives' punishments from Securities Regulatory Institution in the past three years

☐ Applicable √ Not applicable

IV. Remuneration for directors, supervisors, and senior managers

In order to further improve the remuneration management system for the Company's directors, supervisors, and senior executives, establish an incentive and restraint mechanism compatible with the modern enterprise system, match responsibilities with rights, and fully mobilize the enthusiasm of the Company's directors, supervisors, and senior executives, the Company formulated the Management System of Remuneration of Directors, Supervisors, and Senior Executives,which was examined and approved on the Company's 2017 Second Extraordinary General Meeting of Shareholder.

According to the Management System of Remuneration of Directors, Supervisors, and Senior Executives, the Company pays allowances to independent directors each year. The amount of the allowances is subject to the Company's Shareholders' General Meeting. The allowances for independent directors are issued quarterly from the next month following the day when the Shareholders' General Meeting passes their resolutions.

The Company does not provide separate allowances for external directors, internal directors, external supervisors, and internal supervisors. Internal directors and internal supervisors receive remuneration for senior executive or other positions concurrently held by them.

The Company implements the annual salary system for senior executives. The remuneration structure consists of three parts: basic salary, performance-based annual salary, and long-term incentives. The remuneration and appraisal committee of the Company's Board of Directors is responsible for assessing senior executives and determining their remuneration. The remuneration of the Company's internal directors, internal supervisors, and senior executives is issued according to the Company's salary system.

Remuneration of directors, supervisors, senior executives during the reporting period

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Unit: RMB10 thousands

Name	Position	Gender	Age	Current/ Former	Total Before-tax Remuneration Gained from the Company	Whether Gained Remuneration from the Related Parties of the Company
Wang Wei	Chairman and General Manager	Male	50	Current	120.60	No
Lin Zheying	Deputy Chairman	Male	56	Current	23.24	Yes
Lin Zheying	Deputy General Manager	Male	56	Resigned		
Zhang Yichen	Director	Male	57	Current	–	Yes
Zhang Rui	Director	Male	55	Resigned	–	Yes
Deng Weidong	Director	Male	53	Current	–	Yes
Liu Chengwei	Director	Male	50	Current	–	Yes
Lo Sai Lai	Director	Male	58	Current	613.35	No
Lo Sai Lai	Deputy General Manager	Male	58	Resigned		
Du Haoyang	Director and Deputy General Manager	Male	49	Resigned	323.04	No
Chen Fei	Director and Deputy General Manager	Male	45	Current	–	No
NG Wai Ting	Director, Deputy General Manager, CFO	Female	49	Current	536.42	No
Zhou Zhonghui	Independent Director	Male	73	Current	38.00	Yes
Chow Wing Kin Anthony	Independent Director	Male	70	Current	38.00	Yes
Jin Li	Independent Director	Male	50	Current	38.00	Yes
Dicky Peter Yip	Independent Director	Male	73	Current	38.00	Yes
Chen Qiming	Chairman of the Board of Supervisors	Male	54	Resigned	246.99	No
Sang Li	Supervisor	Male	48	Resigned	176.21	No
Guan Li	Supervisor	Male	41	Resigned	268.48	No
Yang Tao	Supervisor	Male	50	Resigned	303.25	No
Sun Xun	Chairman of the Board of Supervisors	Male	43	Current	–	No
Cen Ziliang	Supervisor	Male	55	Current	–	No
Li Jilu	Supervisor	Male	73	Current	–	Yes
Li Li	Supervisor	Female	48	Current	–	No
Li Juhua	Supervisor	Female	41	Current	–	No
Leong Chong	Deputy General Manager	Male	55	Resigned	–	No
Li Sheng	Deputy General Manager	Male	54	Current	483.08	No
Xu Zhijun	Deputy General Manager	Male	44	Current	322.21	No
Gan Ling	Deputy General Manager and Secretary of the Board	Female	46	Current	254.72	No
Total	–	–	–	–	3,823.59	–

Note 1: Chen Fei has served as a director of the Company since December 27, 2019; Sun Xun, Cen Ziliang, Li Li, and Li Juhua have served as supervisors of the Company since December 27, 2019; Liang Xiang resigned as a deputy general manager of the Company on March 14, 2019.

Note 2: The table above shows remuneration the aforementioned employees received from the Company during their tenure as its directors, supervisors or senior manager members in 2019.

Equity incentives awarded to directors and senior executives of the Company during the reporting period

□ Applicable √ Not applicable

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V. Employees of the Company

1. Number of employees, role type, and educational background

Number employees of the parent company (person)	114,813
Number employees of major subsidiaries (person)	114,813
Total number of employees (person)	114,813
Total number of employees receiving a salary during the reporting period (person)	114,813

Role type

Category	Number (person)
Operations personnel	74,952
Professional personnel	23,403
Management personnel	16,458
Total	114,813

Educational background

Category	Number (person)
Doctorate	68
Master' degree	3,071
Bachelor' degree	21,548
Associate' degree	26,813
High school and below	63,313
Total	114,813

2. Remuneration policy

SF adheres to the remuneration concept of high reward and takes value creation as the incentive orientation. For employees with a high value contribution, the Company provides a market-competitive remuneration and reward system to ensure the internal momentum of the Company for sustainable development.

The Company determines the salary based on posts and offers a market level of remuneration. Bonuses are determined based on the contributed value, which reflects the differences and stimulates the performance. Through a diversified, long-term and short-term incentive mechanism, we attract and retain the Company's core talents so that the interests of the core staff cab be more closely aligned with the interests of the shareholders and the Company, thus driving the Company's long-term business performance to continue to grow.

3. Training plan

Along with the rapid growth of the Company, SF Holding has been pursuing rapid growth with employees. In order to ensure training is implemented in each department, the Company has established a top-down, clear-cut training organization system to ensure that all training is conducted by dedicated personnel and is actually implemented.

(1) SF University: Develops training plans and stipulates training standards. It is responsible for overall planning, research, standards, and coordination of the Company's training. In addition, SF University serves as SF Holding's talent cultivation base, focusing on the construction of training resources and the training platform as well as the design and implementation of key talent training projects.

(2) Human Resources Learning and Development Groups: Learning and Development Groups are responsible for the training and management of employees in each department.They collect training demands of the business departments, provide solutions, and implement training management. They also focus on the management of daily training in the business areas of each department.

(3) Managers at all levels: They are responsible for the training of subordinate employees during daily work to grow talent for the Company.

The Company's training management system comprehensively constructs a learning ecology through four aspects: managerial training, professional training, cultivation of new employees, and learning platform construction. It also enhances employees' abilities and qualities while continuing to consolidate the software and hardware construction of the Internet learning platform as well as investment in software and hardware teaching venues and facilities.

(1) Managerial training: The Company customizes training programs for managers; provides cutting-edge, professional, and diverse cross-border sharing and elite open class platforms; helps managers create changeable thinking and enhance their leadership, thus boosting the Company's strategic transformation and supporting business operations.

(2) Professional training: The Company customizes professional training programs for medium-level and grass-roots employees and provides elite open class platforms for general-purpose capabilities in the workplace, to help employees continue to improve in their professional fields, and to comprehensively improve the general-purpose capabilities of the workplace for better performance.

(3) Cultivation of new employees: The Company provides regular training to new employees to accelerate their integration into the Company and make contributions. By providing special training programs and introduction training for college recruits, the Company helps new employees integrate into corporate culture and grow rapidly and professionally.

(4) Learning platform construction: The Company has constructed a learning platform that integrates knowledge management, training management, curriculum management, case management, and learning experience, to provide a complete ecosystem of learning, sharing, and communication for employees throughout the Company.

4. Labor outsourcing

□ Applicable √ Not applicable

The Company did not have a large number of labor dispatch during the reporting period.

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10 Corporate Governance







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I. Corporate governance details

In accordance with the requirement of Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China and Stock Listing Rules of Shenzhen Stock Exchange, Guidelines of the Shenzhen Stock Exchange for Standardized Operation of Companies Listed on SME board as well as relevant laws and regulations of CSRC and Shenzhen Stock Exchange, the Company stipulated the Articles of Corporation and other internal control regulations, improved its corporate governance structure, internal management and control system, and normalized company behaviors. The actual conditions of corporate governance met the requirements of the regulatory documents with respect to the corporate governance structure of listed companies issued by CSRC.

1. Shareholders and the Shareholders' General Meeting

During the reporting period, the Company standardized the gathering, convening, and voting procedures of shareholders' general meetings in strict accordance with Securities Law, Company Law, and relevant laws and regulations to effectively guarantee the rights and interests of minority shareholders and equally treat all investors so that they can fully exercise their rights. The Company hired lawyers to attend shareholders' general meetings and issue legal opinions for the holding and voting procedures of the shareholders' general meetings. In this way, the legal rights and interests of all shareholders were fully respected and safeguarded.

2. Controlling shareholders and the Company

The Company's controlling shareholders strictly regulated shareholder behavior in accordance with the Code of Corporate Governance for Listed Companies in China, Stock Listing Rules of Shenzhen Stock Exchange, and Articles of Corporation. The controlling shareholders exercised shareholder rights through the Shareholders' General Meeting, and there was no direct or indirect interference with the Company's operations and decision-making beyond the Shareholders' General Meeting and the Board of Directors.

3. Directors and the Board of Directors

The Company elects candidates for the Board of Directors in strict accordance with the Company Law, Articles of Corporation, and Regulated Opinions on Shareholders General Meetings of Listed Companies. The number and composition of the Board of Directors meet the requirements of laws and regulations.

The Board of Directors of the Company convened Board sessions in strict accordance with the relevant provisions of the Articles of Corporation, Working System for Independent Directors, and Rules of Procedure for the Board of Directors issued by Shenzhen Stock Exchange and other related regulations. All directors scrupulously attended the Board sessions, seriously examined various proposals, and fulfilled their duties diligently. Independent directors fulfilled their duties independently, safeguarded the Company's overall interests, and provided independent opinions on major and important issues.

4. Supervisors and supervisory committees

The Company elects candidates for the Board of Supervisors in strict accordance with the Company Law, Articles of Corporation, and Regulated Opinions on Shareholders General Meetings of Listed Companies. The number and composition of the Board of Supervisors meet the requirements of laws and regulations. The Board of Supervisors of the Company convened the Board sessions in strict accordance with the relevant provisions of the Articles of Corporation, Rules of Procedure for the Board of Supervisors, and other related regulations. All supervisors scrupulously attended the Board sessions, seriously fulfilled their duties diligently, and provided their opinions for major issues, related-party transactions, and financial status.

5. Information disclosure and transparency

The Company conscientiously performed information disclosure obligations in accordance with the requirements of the Articles of Corporation, Stock Listing Rules of Shenzhen Stock Exchange, and the relevant laws and regulations of the CSRC and the Shenzhen Stock Exchange. The Company designated Securities Times, Securities Daily, Shanghai Securities News, China Securities Journal, and Cninfo to disclose the Company's information in a true, accurate, and timely manner so that all shareholders of the Company can be fairly informed about the Company.

6. Investor relations management

During the reporting period, the Company strictly disclosed information in accordance with relevant laws and regulations and the Stock Listing Rules of Shenzhen Stock Exchange to ensure that all shareholders of the Company can access to information on an equal basis. In addition, the Company designated the Secretary of the Board of Directors as the head of investor relations management to organize and implement the daily management of investor relations and promptly answer investors' questions in the form of phone calls, email, and interactions. The Company designated the Securities Affairs Department as a specialized investor relations management agency to strengthen communications with investors and fully guarantee investors' rights to know.

7. Performance appraisals and incentives

Through performance appraisals, the Company effectively implemented a comprehensive assessment of each employee and further understood each employee's work ability and expertise, thereby effectively adjusting appropriate positions for employees and achieving the goal of performance appraisal. The Company is gradually improving the performance appraisal mechanism. The remuneration of the Company's senior executives and medium-level management personnel is linked to the Company's operating performance indicators.

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8. Interested parties

The Company can fully respect and safeguard the legitimate rights and interests of relevant stakeholders, coordinate and balance the interests of shareholders, employees, communities and others, and jointly promote the Company's sustained and healthy development. The Company will continue to further its governance, perfect its corporate governance structure, disclose information to enhance the Company's transparency, strengthen investor relations management, and protect the interests of small and medium investors.

Are there any differences between the Company's actual governance status and the Company Law and relevant rules of CSRC?

□ Yes √ No

There is no difference between the Company's governance status and the Company Law and relevant rules of CSRC.

II. Details of the Company's separation from the controlling shareholder with respect to business, personnel, assets, organization, and financial affairs

The Company has established and improved the Company's corporate governance structure in strict accordance with the Company Law, Securities Law, Articles of Corporation, and relevant laws and regulations. The Company was independent from the controlling shareholder in business, personnel, assets, organization, and finance to realize independent business and self-management.

III. Horizontal competition

□ Applicable √ Not applicable

IV. Details about the annual shareholders' general meeting and extraordinary shareholders' general meetings held during the reporting period

1. Details about the shareholders' general meeting during the reporting period

Meeting	Meeting Type	Investor Participation %	Date Convened	Disclosure Date	Disclosure Index
First Extraordinary General Meeting of Shareholders of 2019	Extraordinary General Meeting	84.5919%	January 23, 2019	January 24, 2019	"Resolutions of the First Extraordinary General Meeting of 2019" (2019-018)(http://www.cninfo.com.cn)
2018 Annual General Meeting	Annual General Meeting	74.2888%	April 9, 2019	April 10, 2019	"2018 Annual General Meeting Resolutions" (2019-057)(http://www.cninfo.com.cn)
Second Extraordinary General Meeting of Shareholders of 2019	Extraordinary General Meeting	75.7941%	May 9, 2019	May 10, 2019	"Resolutions of the Second Extraordinary General Meeting of 2019" (2019-070)(http://www.cninfo.com.cn)
Third Extraordinary General Meeting of Shareholders of 2019	Extraordinary General Meeting	78.2893%	December 27, 2019	December 28, 2019	"Resolutions of the Second Extraordinary General Meeting of 2019" (2019-144)(http://www.cninfo.com.cn)

2. Extraordinary Shareholders' General Meeting requested by the preferred shareholder with restitution of voting right

□ Applicable √ Not applicable

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V. Performance of Independent Directors

1. Details of independent director attendance at board sessions and shareholders' general meetings

Details of independent director attendance at board sessions and shareholders' general meetings							
Independent director	Sessions required to attend during the reporting period (times)	Attendance in person (times)	Attendance by way of telecommunication (times)	Entrusted presence (times)	Absence (times)	Nonattendance In person for two consecutive times	Attendance in shareholders' meeting
Zhou Zhonghui	12	2	10	0	0	No	2
Chow Wing Kin Anthony	12	2	10	0	0	No	2
Jin Li	12	3	9	0	0	No	0
Dicky Peter Yip	12	6	6	0	0	No	3

Information about directors who do not attend in-person two or more board meetings in a row.

N/A

2. Details on independent directors objecting to relevant events

Did independent directors object to relevant events?

□ Yes √ No

During the reporting period, no independent directors objected to relevant events of the Company.

3. Other details about the performance of independent directors

Was advice to the Company from independent directors adopted?

√ Yes □ No

Explanation of advice of independent directors for the Company being adopted

During the reporting period, the Company' independent directors were able to exercise their duties and perform their duties as independent directors. They carefully reviewed the issues of the Board of Directors and actively expressed suggestions and opinions, which played a catalytic role in the normal operations and scientific decision-making of the Board of Directors. The independent directors of the Company, with their rich professional experience, put forward many guiding opinions and rational suggestions on the Company's development strategy and standardized operation.

During the reporting period, the independent directors of the Company issued professional and objective independent opinions on major issues reviewed by the Board of Directors. For details, refer to the 2019 Independent Directors' Debriefing Report published on www.cninfo.com on the same day as this Annual Report.

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VI. Performance of special committee affiliated to the Board during the reporting period

The Company's Board of Directors consists of five special committees: Audit Committee, Remuneration and Appraisal Committee, Strategy Committee, Nomination Committee and Risk Management Committee.

1. Performance of audit committee

During the reporting period, the Audit Committee of the company's Board of Directors performed its duties in accordance with relevant regulations, understood the Company's financial status and operating conditions in detail, reviewed the Company's periodic reports, regular audits of the internal audit department, and special audit work etc., and reviewed the formulation and implementation of the Company's internal control systems. It effective provided guidance and supervision on the Company's financial status and operating conditions.

2. Performance of remuneration and appraisal committee

During the reporting period, the Remuneration and Appraisal Committee of the Board of Directors reviewed and verified the release and payment of salary and allowance etc. of Directors and senior management personnel of the Company, reviewed the qualifications, conditions for grant and conditions for exercise of rights of personnel under the Company's equity incentive plan, and provided guiding opinions on the management of compensation for Directors and senior management of the Company and management of equity incentives.

3. Performance of strategy committee

During the reporting period, the Strategy Committee of the Board of Directors conducted an in-depth analysis of the Company's operating status, development prospects, risks and opportunities of the industry in which it was located in accordance with the economic situation at home and abroad and the characteristics of the industry, and provided valuable suggestions for the implementation of the Company's development strategy, ensuring the scientific development planning and strategic decision-making of the Company and providing strategic support for the Company's sustained and steady development.

4. Performance of nomination committee

During the reporting period, the Nomination Committee of the Board of Directors of the Company performed its duties in accordance with relevant regulations, conducted in-depth discussion and demonstration on the qualifications of directors and senior executives of the Company, and actively participated in the recommendation and election of directors and senior executives.

5. Performance of the Risk Management Committee

During the reporting period, the Risk Management Committee of the Company performed its duties in accordance with relevant regulations, guiding and evaluating the Company's overall risk management, supervising the effectiveness of the Company's risk management system, controlling and preventing internal and external risks of the Company, and protecting the rights and interests of all shareholders and stakeholders.

VII. Details on the work of the Supervisory Committee

Were there risks in the Company according to the supervision of the Board of Supervisors during the reporting period?

□ Yes √ No

The Board of Supervisors raised no objection to matters under supervision during the reporting period.

VIII. Assessment and incentive mechanisms for senior executives

The Board of Directors of the Company has set up a Remuneration and Appraisal Committee. The senior executives are in the charge of the Board of Directors and assessed by the Board of Directors, which implemented an incentive mechanism with uniform power and responsibility. The Company's incentive mechanism is in line with the current status of the Company and related laws, regulations, and the Articles of Corporation, which fully enhances the sense of belonging of the Company's management team and core technicians, and effectively combines the interests of the shareholders, the Company, and the employees.

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IX. Internal Controls

1. Details on material weakness found in the Company's internal control during reporting period

□ Yes √ No

2. Self-appraisal report on internal controls

Disclosure date of the Management's Report on Internal Control	March 24, 2020
Disclosure index of the Management's Report on Internal Control	http://www.cninfo.com.cn/
Proportion of total assets included in evaluation scope	100.00%
Proportion of operating revenue included in evaluation scope	100.00%

Deficiency Standards		
Category	**Financial Report**	**Non-Financial Report**
Qualitative criteria	Material Weakness: A deficiency, or a combination of deficiencies, fails to prevent or detect a misstatement on a timely basis, resulting in material misstatement of the Company's annual financial statements. Those with the following characteristics should be recognized as material weakness: 1. Identification of fraud, on the part of board of directors, board of supervisors, senior management; 2. Restatement of previously issued financial statements; 3. Identification by the auditor of a material misstatement of financial statements in the current period in circumstances that indicate that the misstatement would not have been detected by the Company's internal control; 4. Ineffective oversight of the Company's internal control by the Company's audit committee and internal audit. Significant Deficiency: A deficiency or a combination of deficiencies fails to prevent or detect a misstatement on a timely basis, that is less severe than a material weakness and materiality, yet important enough to merit attention by board of directors and senior management. Control Deficiency: Other internal control deficiencies that do not meet the standards of material weakness or significant deficiency.	Material Weakness: A deficiency, or a combination of deficiencies causing material losses or has a significant negative impact on the Company. Those with the following characteristics should be recognized as material weakness: 1. The Company's decisionmaking process unreasonable; 2. Severe violate national laws and regulations; 3. Negative news frequently disclosed by the media which caused significant damage to the Company's reputation; 4. Lack of policy for major business or the policy operated ineffectively. Significant Deficiency: A deficiency or a combination of deficiencies fails to prevent or detect a misstatement on a timely basis, probable cause losses or negative impact that is less severe than a material weakness and materiality, yet important enough to merit attention by board of directors and senior management. Control Deficiency: Other internal control deficiencies that do not meet the standards of material weakness or significant deficiency.

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Deficiency Standards		
Category	**Financial Report**	**Non-Financial Report**
Quantitative criteria	Material Weakness: A deficiency or a combination of deficiencies probable results in misstatements of financial report that accounts for more than 5% (including 5%) of the profit before income taxes of the Company's consolidated financial statements of current period. Significant Deficiency: A deficiency, or a combination of deficiencies that probable result in misstatements of financial report accounting for 3% (including 3%) to 5% of the profit before income taxes of the Company's consolidated financial statements of current period. Control Deficiency: A deficiency, or a combination of deficiencies that probable result in misstatements of financial report accounting for less than 3% of the profit before income taxes of the Company's consolidated financial statements of current period.	Material weakness: A deficiency, or a combination of deficiencies probable result in losses that account for more than 5% (including 5%) of the profit before income taxes of the Company's consolidated financial statements of current period. Significant deficiency: A deficiency, or a combination of deficiencies that probable result in losses accounting for 3% (including 3%) to 5% of the profit before income taxes of the Company's consolidated financial statements of current period. Control Deficiency: A deficiency, or a combination of deficiencies that probable result in losses accounting for less than 3% of the profit before income taxes of the Company's consolidated financial statements of current period.
Number of material weaknesses in the financial report	0	
Number of material weaknesses of the non financial report	0	
Number of Significant deficiencies in the financial report	0	
Number of Significant deficiencies of the non financial report	0	

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X. Audit report or authentication report on internal controls

Audit opinion in the Audit Report on Internal Controls	
In our opinion, S.F. Holding maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in C-SOX and relevant regulations.	
Particulars about Audit Report on Internal Controls	Disclosure
Disclosure date of the Audit Report on Internal Controls	March 24, 2020
Disclosure index of the Audit Report on Internal Controls	http://www.cninfo.com.cn/
Type of Audit Opinion	Unqualified Opinion
Is there a material weakness in the nonfinancial report	No

Report of Independent Registered Public Accounting Firm

Did the auditor issue an Audit Report on Internal Controls with a non-standard opinion?

□ Yes √ No

Is the Audit Report on Internal Controls from the auditor consistent with the Self-assessment Report from the Board?

√ Yes □ No

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11 Corporate Bonds

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Were there bonds publicly issued and listed on an exchange, either at or not at maturity, and are not fully paid on the approval report date of the annual report?

No

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12 Financial Statements

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Type of Audit Opinion	Unqualified Opinion
Audit Report Signing Date	March 23, 2020
Audit Organization Name	PricewaterhouseCoopers Zhong Tian LLP
Audit Report No.	PricewaterhouseCoopers Zhongtian (2020) No. 10050
Certified Public Accountant Name	Chen Anqiang, Liu Jingping

Auditor's Report

PwC ZT Shen Zi (2020) No. 10050

To the shareholders of S.F. Holding Co., Ltd.,

Opinion

What we have audited

We have audited the accompanying financial statements of S.F. Holding Co., Ltd. ("S.F. Holding"), which comprise:

- the consolidated and company balance sheets as at 31 December 2019;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended; and
- notes to the financial statements.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of S.F. Holding as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("CASs").

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of S.F. Holding in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Evaluation of fair value of the identifiable net assets relating to the acquisition and impairment assessment of related goodwill
- Accounting treatment of asset securitisation
- Recognition of revenue from express & logistics and supply chain

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Key Audit Matter	How our audit addressed the Key Audit Matter
(1) Evaluation of fair value of the identifiable net assets relating to the acquisition and impairment assessment of related goodwill (Note 2(19), Note 2(30)(a)(iii), Note 2(30)(a)(v), Note 4(22) and Note 5 (1)(b)) On 18 February 2019 ("Acquisition Date"), S.F. Holding completed the acquisition of 100% equity of DHL Supply Chain (Hong Kong) Co., Ltd. ("DHL HK") and DHL Logistics (Beijing) Co., Ltd. ("DHL BJ") at a consideration of approximately RMB5,326 million, and DHL HK, DHL BJ and its subsidiaries were included in the consolidated financial statements of S.F. Holding from the Acquisition Date. As at the Acquisition Date, the identifiable net assets of DHL HK and DHL BJ were recognised at fair value, the excess of fair value of the identifiable net assets of DHL HK and DHL BJ over their carrying amount, approximately RMB1,603 million, mainly include the identified intangible assets (customer relationships) and corresponding deferred tax liabilities. The excess of the consideration over the fair value of the identifiable net assets was recognised as goodwill, approximately RMB2,887 million. Management engaged an independent valuer to assist in the identification and valuation of the fair value of intangible assets at the Acquisition Date, and the impairment assessment of above goodwill at the end of the year. The valuation of the fair value of the identifiable net assets as at the Acquisition Date including the identification of intangible assets, selecting of valuation methods and cash flows forecast, the key assumptions used include revenue growth rate, EBIT rate, assets contribution rate, customer churn rate, the remaining useful life of the identified intangible assets and discount rate. With respect to the goodwill impairment assessment, the recoverable amount is determined by the higher of the asset's fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. During the goodwill impairment assessment, the forecast of future cash flows involves significant estimates and judgements on key assumptions including revenue growth rate, profit margin and discount rate, etc.	In response to the key audit matter, we performed procedures as follows: Regarding evaluation of the fair value of identifiable net assets relating to the acquisition, we performed the procedures as follows: • Discussed with the management and understood the purpose of the transaction and the pricing basis; • Obtained the acquisition agreements of DHL HK and DHL BJ, valuation report, the Articles of Association, composition of the board of directors and other relative supporting documents, and examined the transaction details; • Understood, evaluated and tested the internal controls relating to the business combination implemented by the management; • Assessed the independence, professional competency and objectivity of the independent valuer; • Performed the following procedures with the assistance of our internal valuation experts: (1) We evaluated the appropriateness of the valuation methods adopted by the management and the independent valuer in the process of valuation; (2) We checked the calculation of goodwill and the fair value of the identifiable assets and liabilities for accuracy; (3) We assessed the integrity of the identifiable assets and liabilities by reference to the acquisition agreement, related announcements, related analysis reports on the open market and the financial information of DHL HK and DHL BJ, etc.; (4) We obtained an understanding of future business development plan developed by the management, to evaluate the commercial reasonableness of goodwill recognition; (5) Based on the interview with the management and by reference to historical operating data of DHL HK and DHL BJ, analysis on the development trend of comparable industries, risk factors of comparable companies, etc., we evaluated the appropriateness of key assumptions (including revenue growth rate, EBIT rate, assets contribution rate, customer churn rate, the remaining useful life of the identified intangible assets and discount rate, etc.) applied by the management in evaluating the fair value of intangible assets, and the reasonableness of the cash flow forecast of DHL HK and DHL BJ prepared by the management, furthermore, we considered the potential impact on the valuation in case of reasonable changes in the key assumptions.

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Key Audit Matter	How our audit addressed the Key Audit Matter
Due to the significant amount of intangible assets (customer relationships) and goodwill arising from the acquisition, and management need exercise critical estimates and judgements during the evaluation of the fair value of identifiable intangible assets at the Acquisition Date and the goodwill impairment assessment at the end of the year. Therefore, we consider the evaluation of fair value of the identifiable net assets relating to the acquisition and impairment assessment of related goodwill as a key audit matter.	With respect to the impairment assessment of above goodwill performed by the management at the end of the year, we performed the procedures as follows: • Understood, evaluated and tested the internal controls relating to the the goodwill impairment assessment implemented by the management; • Assessed the independence, professional competency and objectivity of the independent valuer; • Obtained the valuation report issued by an independent valuer engaged by the management, and performed the following procedures with the assistance of our internal valuation experts: (1) We reviewed whether the division of asset groups to which the goodwill belonged to were reasonable; (2) We evaluated the appropriateness of the valuation methods adopted by the management and the independent valuer with reference to industry practices; (3) We compared the actual operation performance of asset groups with relative estimates, and assessed the reasonability of cash flows forecast prepared by the management based on approved budget and future operating plans; (4) We evaluated the appropriateness of key assumptions (including revenue growth rate, profit margin and discount rate, etc.) applied by the management in the cash flows forecast, by reference to historical operating performance and future operation plan, analysis on the development trend of comparable industries and risk factors of comparable companies, etc. (5) We checked the calculation of cash flows forecast for accuracy; (6) We considered the potential impacts in case of reasonable changes in key assumptions adopted by the management in impairment assessment. Based on the above audit procedures performed, the valuation methods and key assumptions adopted by the management in the evaluation of the fair value of the identifiable net assets at the Acquisition Date and the goodwill impairment assessment at the end of the year were properly supported by the audit evidences we obtained.

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Key Audit Matter	How our audit addressed the Key Audit Matter
(2) Accounting treatment of asset securitisation (Note 2(30)(b)(ii), Note 5(3)(b)(i)) In September 2019, S.F. Holding issued asset-backed securities through the asset-backed special scheme ("Special Scheme") set up by Huatai Securities (Shanghai) Asset Management Co., Ltd. by using three logistics industrial parks held by its wholly-owned subsidiary as underlying assets. Afterwards, S.F. Holding subscribed 19% of the equity-grade securities issued by the Special Scheme through its wholly-owned subsidiaries; S.F. Holding exchanged 100% equity of three companies held by the Special Scheme with its 100% equity held in the three logistics industrial parks subsidiaries, totalling RMB0.939 billion under an equity replacement agreement. In addition, based on a series of agreements between S.F. Holding and the Special Scheme, S.F. Holding was engaged in the daily operation management of the transferred logistics industrial parks, and was entitled with certain rights and obligations to the Special Scheme. After considering related facts and circumstances, the management concluded that S.F. Holding did not have control over the Special Scheme, and the three logistics industrial parks subsidiaries transferred were no longer included in the consolidated financial statements of S.F. Holding. Therefore, the excess of the consideration of the equity replacement over the carrying amount of net assets of the subsidiaries transferred, approximately RMB614 million, was recognised as investment income by S.F. Holding. The accounting treatment of the above asset securitisation transaction had significant influence on the consolidated financial statements of S.F. Holding as the transaction involved significant amounts; in addition, significant accounting judgement from the management was involved as to the conclusion that S.F. Holding did not have control over the Special Scheme. Therefore, we considered the matter as a key audit matter.	In response to the key audit matter, we performed procedures as follows: • Discussed with the management about the purpose and scheme of the transaction, and understood, evaluated and tested the internal controls relating to the transaction; • Understood the facts and circumstances considered by the management in assessing whether S.F. Holding has control over the Special Scheme, and checked the Special Scheme as well as related transaction contracts, agreements, announcements and other supporting documents; • Regarding the management's accounting judgement that S.F. Holding did not have control over the Special Scheme, we have performed the following assessments: (1) We assessed whether S.F. Holding has dominant right over related activities of the Special Scheme, by considering the following factors: – related activities of the Special Scheme and ways to make decisions on such activities; – the scope of decision-making authority of S.F. Holding, including the proportion of the equity-grade securities S.F. Holding held, the right to carry out daily operation management of the logistics industrial parks under entrustment and certain other rights entitled to and obligations undertaken by S.F. Holding as stipulated in related contracts; – other parties' substantive rights; (2) We compared all the variable returns obtained by S.F. Holding (including return on its investment in equity-grade securities and compensation and commitment for property operation management service provided by it) with the overall variable returns of the Special Scheme and the entitlements to variable returns of other equity-grade securities investors, to assess whether the variable returns entitled to S.F. Holding in virtue of participation in the related activities of the Special Scheme were significant; and assessed the variability of the entitlements to variable returns of S.F. Holding through sensitivity analysis; (3) We checked the data used by the management in the quantitative calculation of variable returns with historical data and trend analysis of related companies and industries, contracts and other supporting documents. • Checked the accounting treatment of investment income. Based on the above audit procedures performed, the accounting treatment of asset securitisation transaction, including the accounting judgement that S.F. Holding did not have control over the Special Scheme, were properly supported by the audit evidences we obtained.

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Key Audit Matter	How our audit addressed the Key Audit Matter
(3) Recognition of revenue from express & logistics and supply chain (Note 2(25)(a), Note 4(47)(a)) Revenue from express & logistics and supply chain represents the major operating revenue of S.F. Holding and its subsidiaries ("S.F. Group"). For the year ended 31 December 2019, the revenue from express & logistics and supply chain of S.F. Group was approximately RMB110,9 billion, accounting for about 98.99% of revenue from main operations. The revenue from express & logistics and supply chain of S.F. Group is recognised when the service is rendered and the right to collect payment is obtained. Due to the significant amount of transactions from express & logistic and supply chain, S.F. Group use information systems to track the rendering of express & logistics and supply chain services on a constant and real-time basis to determine relevant revenue recognition. Therefore, revenue recognition largely relies on the effectiveness of design and operation of the internal control relating to information systems. Due to the significant amount of revenue from express & logistics and supply chain, the large number of transactions and the involvement of complex information systems, we need apply more audit effort to address them. Therefore, we considered the recognition of revenue from express & logistics and supply chain as a key audit matter.	In response to the key audit matter, we performed procedures as follows: • Understood the mode and process of express & logistics and supply chain business of S.F. Group, obtained contract terms relating to revenue, and review the accounting policy of revenue recognition adopted by S.F. Group in accordance with the Accounting Standards for Business Enterprises; • Understood, evaluated and tested internal controls of S.F. Group relating to revenue recognition from express & logistics and supply chain, including general controls and application controls on the information systems relating to revenue from express & logistics and supply chain. Understanding, evaluation and testing of general controls and application controls on the information systems relating to revenue from express & logistics and supply chain were executed with the assistance of information system audit experts; • With respect to the revenue from express & logistics, with the aid of information system audit experts, on sample basis, we check the express & logistics waybills with receipt conformation records, and further with collection records or reconciliation records; • With respect to the revenue from supply chain, on sample basis, we checked the relative supporting documents related to revenue recognition, including service contracts, the receipts confirmed by customer, invoices and collection records, etc.; • With respect to the revenue from express & logistics and supply chain which had not been settled, on sample basis, we requested confirmations of the year-end balance of accounts receivable; • With respect to the revenue from express & logistics and supply chain recognised before and after the balance sheet date, on sample basis, we checked the relative supporting documents, so as to evaluate whether the revenue was recognised in the appropriate period. Based on the above audit procedures performed, the recognition of revenue from express & logistics and supply chain were properly supported by the audit evidences we obtained.

Other information

Management of S.F. Holding is responsible for the other information. The other information comprises all of the information included in 2019 annual report of S.F. Holding other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of S.F. Holding is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing S.F. Holding's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate S.F. Holding or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing S.F. Holding's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these 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 CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on S.F. Holding's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause S.F. Holding to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the S.F. Holding to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China

Signing CPA _____
Chen Anqiang (Engagement Partner)

23 March 2020

Signing CPA _____
Liu Jingping

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S.F. HOLDING CO., LTD.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

ASSETS	Note	31 December 2019	31 December 2018
		Consolidated	Consolidated (Restated)
Current assets			
Cash at bank and on hand	4(1)	18,520,991,737.10	16,131,120,733.54
Placements with and loans to banks and other financial institutions	4(2)	200,728,611.11	–
Financial assets at fair value through profit or loss	4(3)	–	14,441,978.09
Financial assets held for trading	4(4)	2,910,172,928.20	–
Notes receivable		43,004,793.59	20,958,746.36
Accounts receivable	4(5)	12,044,542,725.83	7,352,877,748.87
Advances to suppliers	4(7)	2,654,244,964.25	2,516,886,360.17
Factoring receivables	4(8)	52,697,167.86	447,173,258.65
Loans and advances	4(9)	81,742,106.20	95,070,625.30
Other receivables	4(6)	2,102,207,239.40	1,414,414,858.81
Inventories	4(10)	881,658,973.69	818,050,025.02
Current portion of non-current assets	4(13)	105,344,257.09	123,197,466.26
Other current assets	4(11)	3,299,684,720.94	3,004,050,606.90
Total current assets		42,897,020,225.26	31,938,242,407.97
Non-current assets			
Available-for-sale financial assets	4(12)	–	3,423,527,060.27
Long-term receivables	4(13)	465,733,312.28	571,493,790.74
Long-term equity investments	4(14)	2,221,512,673.14	2,203,431,122.03
Investments in other equity instruments	4(15)	4,933,692,937.19	–
Other non-current financial assets	4(16)	479,040,431.62	–
Investment properties	4(17)	2,019,525,900.61	2,453,931,501.54
Fixed assets	4(18)	18,903,827,062.42	13,966,725,538.31
Construction in progress	4(19)	3,116,490,618.26	6,508,628,249.99
Intangible assets	4(20)	10,008,036,356.04	6,662,097,473.89
Capitalised development expenditures	4(21)	582,627,977.20	585,212,743.77
Goodwill	4(22)	3,564,540,458.80	590,365,319.20
Long-term prepaid expenses	4(23)	1,714,173,133.47	1,645,861,187.53
Deferred tax assets	4(39)	1,066,079,111.56	584,462,905.44
Other non-current assets	4(24)	563,086,609.99	630,622,173.43
Total non-current assets		49,638,366,582.58	39,826,359,066.14
TOTAL ASSETS		92,535,386,807.84	71,764,601,474.11

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CONSOLIDATED BALANCE SHEET (CONT'D)
AS AT 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

LIABILITIES AND EQUITY	Note	31 December 2019	31 December 2018
		Consolidated	Consolidated (Restated)
Current liabilities			
Short-term borrowings	4(26)	6,053,374,642.50	8,585,129,399.63
Deposits from customers		3,778,707.92	10,269,542.51
Notes payable		30,000,000.00	–
Accounts payable	4(27)	11,988,256,010.34	7,887,386,577.55
Advances from customers	4(28)	669,948,930.72	467,611,291.44
Employee benefits payable	4(29)	3,281,062,510.03	2,967,505,538.65
Taxes payable	4(30)	1,139,144,005.66	639,296,041.44
Other payables	4(31)	4,707,159,830.62	4,539,677,152.31
Current portion of non-current liabilities	4(32)	2,091,892,291.74	273,222,821.65
Other current liabilities	4(33)	1,017,446,858.50	999,378,905.37
Total current liabilities		30,982,063,788.03	26,369,477,270.55
Non-current liabilities			
Long-term borrowings	4(34)	6,539,556,784.41	998,287,835.19
Debentures payable	4(35)	10,597,985,016.52	6,405,035,926.40
Long-term payables	4(36)	78,310,329.77	83,655,025.08
Long-term employee benefits payable	4(37)	204,466,446.73	142,715,259.71
Deferred income	4(38)	201,496,411.81	152,944,183.19
Deferred tax liabilities	4(39)	1,387,699,268.53	537,090,946.18
Provisions		50,197,780.66	11,540,645.33
Total non-current liabilities		19,059,712,038.43	8,331,269,821.08
Total liabilities		50,041,775,826.46	34,700,747,091.63
Equity			
Share capital	4(40)	4,414,585,265.00	4,418,767,258.00
Other equity instruments	4(41)	768,938,484.90	–
Capital reserve	4(42)	16,124,018,594.16	16,219,619,165.67
Less: Treasury stock	4(43)	(454,761,306.79)	(200,928,467.28)
Other comprehensive income	4(64)	1,002,715,607.38	527,184,297.85
General risk reserve		225,783,247.34	185,084,995.61
Surplus reserve	4(45)	601,241,237.54	601,132,890.32
Retained earnings	4(46)	19,737,192,610.27	14,960,062,609.04
Total equity attributable to shareholders of the Company		42,419,713,739.80	36,710,922,749.21
Minority interests	4(63)	73,897,241.58	352,931,633.27
Total equity		42,493,610,981.38	37,063,854,382.48
TOTAL LIABILITIES AND EQUITY		92,535,386,807.84	71,764,601,474.11

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei Principal in charge of accounting: NG Wai Ting Head of accounting department: Wang Lixiu

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S.F. HOLDING CO., LTD.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

ASSETS	Note	31 December 2019	31 December 2018
		Company	Company
Current assets			
Cash at bank and on hand	16(1)	967,647,842.56	1,136,288,489.11
Financial assets held for trading		2,416,892,164.39	–
Advances to suppliers		881,289.27	993,616.34
Other receivables	16(2)	3,364,547,392.85	9,542,466,126.10
Other current assets		606,990,464.38	255,389.87
Total current assets		7,356,959,153.45	10,680,003,621.42
Non-current assets			
Long-term receivables	16(3)	7,691,259,432.16	–
Long-term equity investments	16(4)	43,323,539,117.29	43,337,179,817.15
Intangible assets		1,687,542.87	1,608,738.18
Capitalised development expenditures		246,398.52	94,339.62
Long-term prepaid expenses		69,028.99	110,446.38
Total non-current assets		51,016,801,519.83	43,338,993,341.33
Total assets		58,373,760,673.28	54,018,996,962.75

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S.F. HOLDING CO., LTD.

COMPANY BALANCE SHEET (CONT'D)
AS AT 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

LIABILITIES AND EQUITY	Note	31 December 2019	31 December 2018
		Company	Company
Current liabilities			
Employee benefits payable		380,000.00	603,945.97
Other payables		63,611,663.06	204,690,875.26
Current portion of non-current liabilities		1,366,575.34	–
Taxes payable		–	8,856,532.95
Total current liabilities		65,358,238.40	214,151,354.18
Non-current liabilities			
Debentures payable		5,031,969,368.14	–
Deferred tax liabilities		1,723,041.10	–
Total non-current liabilities		5,033,692,409.24	–
Total liabilities		5,099,050,647.64	214,151,354.18
Equity			
Share capital		4,414,585,265.00	4,418,767,258.00
Other equity instruments		768,938,484.90	–
Capital reserve		46,642,944,149.90	46,760,852,084.19
Less: Treasury stock		(454,761,306.79)	(200,928,467.28)
Surplus reserve		448,196,237.23	448,087,890.01
Retained earnings		1,454,807,195.40	2,378,066,843.65
Total equity		53,274,710,025.64	53,804,845,608.57
TOTAL LIABILITIES AND EQUITY		58,373,760,673.28	54,018,996,962.75

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei　　Principal in charge of accounting: NG Wai Ting　　Head of accounting department: Wang Lixiu

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S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	2019 Consolidated	2018 Consolidated (Restated)	2019 Company	2018 Company
1. Revenue	4(47)	112,193,396,064.26	90,942,694,239.83	–	–
Less: Cost of revenue	4(47)	(92,649,616,205.69)	(74,642,182,863.72)	–	–
Taxes and surcharges	4(48)	(279,618,311.94)	(222,303,763.80)	(33,567.67)	(34,488.41)
Selling and distribution expenses	4(49)	(1,996,887,445.06)	(1,825,817,910.47)	–	–
General and administrative expenses	4(50)	(9,699,267,908.83)	(8,414,610,190.56)	(10,317,090.62)	(9,168,832.03)
Research and development expenses	4(51)	(1,193,281,876.00)	(984,314,148.53)	–	–
Financial (costs)/income	4(52)	(682,991,065.31)	(286,430,888.05)	(4,939,129.76)	33,529,866.32
Including: Interest expenses		(900,620,301.08)	(644,167,308.71)	(25,181,200.44)	(4,576.72)
Interest income		285,283,463.71	397,659,268.76	20,257,990.40	25,977,337.51
Add: Other income	4(54)	740,361,688.71	212,969,288.91	–	–
Investment income	4(55) 16(5)	1,075,803,394.65	1,166,485,997.95	5,833,980.63	171,104,727.65
Including: Investment losses from associates and joint ventures		(97,816,023.63)	(37,319,918.07)	–	–
Gains/(Losses) arising from changes in fair value	4(56)	350,137,339.23	(5,784,709.35)	6,892,164.39	–
Credit impairment losses	4(57)	(237,999,735.04)	–	–	–
Asset impairment losses	4(58)	(178,620,910.23)	(103,540,525.99)	–	–
Losses on disposal of assets	4(59)	(32,806,730.61)	(19,187,676.04)	–	–
2. Operating profit/(loss)		7,408,608,298.14	5,817,976,850.18	(2,563,643.03)	195,431,273.53
Add: Non-operating income	4(60)(a)	213,003,573.49	148,049,933.34	5,191,019.24	–
Less: Non-operating expenses	4(60)(b)	(195,300,786.51)	(98,620,082.51)	–	–
3. Total profit		7,426,311,085.12	5,867,406,701.01	2,627,376.21	195,431,273.53
Less: Income tax expenses	4(61)	(1,801,517,474.48)	(1,403,280,110.74)	(1,543,903.97)	(49,117,644.41)
4. Net profit		5,624,793,610.64	4,464,126,590.27	1,083,472.24	146,313,629.12
Including: Net loss of the acquiree in a business combination involving enterprises under common control before the combination date		(2,123,517.28)	(43,047,655.76)	Not applicable	Not applicable
Classified by continuity of operations:					
Net profit from continuing operations		5,624,793,610.64	4,464,126,590.27	1,083,472.24	146,313,629.12
Net profit from discontinued operations		–	–	–	–
Classified by ownership of the equity:					
Attributable to shareholders of the Company		5,796,505,532.20	4,555,906,237.39	1,083,472.24	146,313,629.12
Minority interests		(171,711,921.56)	(91,779,647.12)	–	–

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S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY INCOME STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	2019 Consolidated	2018 Consolidated (Restated)	2019 Company	2018 Company
5. Other comprehensive income, net of tax		403,822,743.78	305,674,794.42	–	–
Attributable to shareholders of the Company, net of tax		403,732,053.04	307,354,065.02	–	–
Other comprehensive income items which will not be reclassified subsequently to profit or loss		311,887,070.53	–	–	–
Gains or losses arising from changes in fair value of other equity instruments	4(64)	313,946,990.35	–	–	–
Other comprehensive income items which will not be transferred to profit or loss under the equity method	4(64)	(2,059,919.82)	–		
Other comprehensive income items which will be reclassified subsequently to profit or loss	4(64)	91,844,982.51	307,354,065.02	–	–
Losses arising from changes in fair value of available-for-sale financial assets	4(64)	–	133,486,505.05	–	–
Exchange differences on translation of foreign currency financial statements	4(64)	91,844,982.51	173,867,559.97	–	–
Attributable to minority interests, net of tax	4(64)	90,690.74	(1,679,270.60)	–	–
6. Total comprehensive income		6,028,616,354.42	4,769,801,384.69	1,083,472.24	146,313,629.12
Attributable to shareholders of the Company		6,200,237,585.24	4,863,260,302.41	1,083,472.24	146,313,629.12
Attributable to minority interests		(171,621,230.82)	(93,458,917.72)	–	–
7. Earnings per share					
Basic earnings per share (RMB Yuan)	4(62)	1.32	1.03	Not applicable	Not applicable
Diluted earnings per share (RMB Yuan)	4(62)	1.32	1.03	Not applicable	Not applicable

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei Principal in charge of accounting: NG Wai Ting Head of accounting department: Wang Lixiu

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S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	2019 Consolidated	2018 Consolidated (Restated)	2019 Company	2018 Company
1. Cash flows from operating activities					
Cash received from sales of goods or rendering of services		115,563,984,795.27	95,673,571,670.43	–	–
Net decrease in loans to customers		341,164,411.56	514,356,995.71	–	–
Net decrease in balances with central bank		90,792,733.32	403,534,840.61	–	–
Net increase in deposits from customers, banks and other financial institutions		–	10,269,542.51	–	–
Refund of taxes and levies		127,688,921.13	26,010,511.60	–	–
Cash received relating to other operating activities	4(65)(a)	58,652,958,123.42	56,047,063,335.97	27,788,543.83	25,238,029.18
Sub-total of operating cash inflows		174,776,588,984.70	152,674,806,896.83	27,788,543.83	25,238,029.18
Cash paid for goods and services		(71,025,146,726.15)	(58,276,487,912.25)	–	–
Net decrease in deposits from customers, banks and other financial institutions		(6,490,834.59)	–	–	–
Net increase in placements with and loans to banks and other financial institutions		(200,000,000.00)	–	–	–
Cash paid to and on behalf of employees		(21,327,109,178.85)	(20,374,609,738.88)	(2,240,000.00)	(2,960,000.00)
Payments of taxes and levies		(3,523,330,659.86)	(3,061,349,148.54)	(12,428,891.32)	(52,342,163.01)
Cash paid relating to other operating activities	4(65)(b)	(69,573,238,109.76)	(65,504,059,548.05)	(8,232,006.00)	(9,032,441.98)
Sub-total of operating cash outflows		(165,655,315,509.21)	(147,216,506,347.72)	(22,900,897.32)	(64,334,604.99)
Net cash flows from/(used in) operating activities	4(66)(a)	9,121,273,475.49	5,458,300,549.11	4,887,646.51	(39,096,575.81)
2. Cash flows used in investing activities					
Cash received from disposal of investments		419,217,366.05	1,676,632,010.64	–	–
Cash received from returns on investments		258,922,603.68	365,345,564.04	1,004,492,602.75	1,201,349,883.05
Cash received from disposal of fixed assets and other long-term assets		49,125,406.40	24,460,209.41	–	–
Net cash received from disposal of subsidiaries and other business units		220,169,289.29	–	–	–
Net cash received from acquisition of subsidiaries	4(65)(c)	939,000,000.00	213,361,241.25	–	–
Cash received relating to other investing activities	4(65)(d)	47,171,108,814.70	44,627,517,778.79	2,070,418,479.15	9,186,352,615.74
Sub-total of investing cash inflows		49,057,543,480.12	46,907,316,804.13	3,074,911,081.90	10,387,702,498.79
Cash paid to acquire fixed assets and other long-term assets		(6,421,460,049.83)	(11,771,661,379.92)	(2,452,174.50)	(100,000.00)
Cash paid to acquire investments		(1,325,534,437.21)	(3,021,686,093.97)	–	–
Net cash paid to acquire subsidiaries	4(65)(c)	(5,167,526,650.16)	–	–	–
Net cash paid for disposal of subsidiaries		–	(6,967,591.87)	–	–
Cash paid relating to other investing activities	4(65)(e)	(50,191,733,497.02)	(41,569,033,887.78)	(7,594,667,711.54)	(9,422,083,188.99)
Sub-total of investing cash outflows		(63,106,254,634.22)	(56,369,348,953.54)	(7,597,119,886.04)	(9,422,183,188.99)
Net cash flows (used in)/from investing activities		(14,048,711,154.10)	(9,462,032,149.41)	(4,522,208,804.14)	965,519,309.80

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S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

Item	Note	2019 Consolidated	2018 Consolidated (Restated)	2019 Company	2018 Company
3. Cash flows from financing activities					
Cash received from capital contributions		203,711,460.07	140,902,497.46	–	127,294,205.35
Including: Cash received from capital contributions by minority interests of subsidiaries		203,711,460.07	13,608,292.11	–	–
Cash received from borrowings and issue of debentures		24,966,303,173.99	19,394,404,056.67	5,780,496,000.00	–
Cash received relating to other financing activities	4(65)(f)	–	1,253,776,296.12	–	–
Sub-total of financing cash inflows		25,170,014,634.06	20,789,082,850.25	5,780,496,000.00	127,294,205.35
Cash repayments of borrowings		(15,341,594,253.22)	(12,976,249,182.96)	–	–
Cash payments for interest expenses and distribution of dividends or profits		(1,791,167,110.14)	(1,524,968,120.09)	(926,755,859.89)	(970,985,880.70)
Cash payments relating to other financing activities	4(65)(g)	(665,491,765.85)	(3,214,943,802.05)	(505,927,086.00)	(1,497,591.96)
Sub-total of financing cash outflows		(17,798,253,129.21)	(17,716,161,105.10)	(1,432,682,945.89)	(972,483,472.66)
Net cash flows from/(used in) financing activities		7,371,761,504.85	3,072,921,745.15	4,347,813,054.11	(845,189,267.31)
4. Effect of foreign exchange rate changes on cash and cash equivalents		20,853,078.03	80,516,310.83	(186.03)	7,928,802.04
5. Net increase/(decrease) in cash and cash equivalents	4(66)(a)	2,465,176,904.27	(850,293,544.32)	(169,508,289.55)	89,162,268.72
Add: Cash and cash equivalents at the beginning of the year	4(66)(a)	15,299,271,593.99	16,149,565,138.31	1,136,148,582.11	1,046,986,313.39
6. Cash and cash equivalents at the end of the year	4(66)(b)	17,764,448,498.26	15,299,271,593.99	966,640,292.56	1,136,148,582.11

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei Principal in charge of accounting: NG Wai Ting Head of accounting department: Wang Lixiu

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S.F. HOLDING CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

	Note	Equity attributable to shareholders of the parent company									
		Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	General risk reserve	Special reserve	Surplus reserve	Retained earnings	Minority interests	Total equity
Balance at 31 December 2017		4,411,015,524.00	16,086,543,402.55	–	219,830,232.83	95,759,396.32	–	586,501,527.41	11,478,728,731.98	51,805,434.40	32,930,184,249.49
Business combination involving enterprises under common control	5(2)	–	50,000,000.00	–	–	–	–	–	52,915.21	–	50,052,915.21
Balance at 1 January 2018 (Restated)		4,411,015,524.00	16,136,543,402.55	–	219,830,232.83	95,759,396.32	–	586,501,527.41	11,478,781,647.19	51,805,434.40	32,980,237,164.70
Movements for the year ended 31 December 2018											
Total comprehensive income											
Net profit		–	–	–	–	–	–	–	4,555,906,237.39	(91,779,647.12)	4,464,126,590.27
Other comprehensive income		–	–	–	307,354,065.02	–	–	–	–	(1,679,270.60)	305,674,794.42
Total comprehensive income for the year		–	–	–	307,354,065.02	–	–	–	4,555,906,237.39	(93,458,917.72)	4,769,801,384.69
Capital contribution and withdrawal by shareholders											
Share-based payment in capital contribution by shareholders	4(42)	7,751,734.00	193,421,631.34	(201,173,365.34)	–	–	–	–	–	–	–
Share-based payment included in equity	9(1)	–	40,149,950.44	–	–	–	–	–	–	1,346,236.41	41,496,186.85
Others	4(42)	–	(5,286,136.37)	–	–	–	–	–	–	10,896,643.31	5,610,506.94
Business combination involving enterprises not under common control		–	–	–	–	–	–	–	–	382,342,236.87	382,342,236.87
Business combination involving enterprises under common control											
Consideration for business combinations		–	(351,722,107.88)	–	–	–	–	–	–	–	(351,722,107.88)
Other changes in equity		–	162,103,415.01	–	–	–	–	–	–	–	162,103,415.01
Profit distribution											
Appropriation to general risk reserve	4(46)	–	–	–	–	89,325,599.29	–	–	(89,325,599.29)	–	–
Appropriation to surplus reserve	4(45)	–	–	–	–	–	–	14,631,362.91	(14,631,362.91)	–	–
Distribution to shareholders	4(46)	–	–	244,898.06	–	–	–	–	(970,668,313.34)	–	(970,423,415.28)
Other movements in capital reserve	4(42)	–	44,409,010.58	–	–	–	–	–	–	–	44,409,010.58
Safety reserve											
Appropriation	4(44)	–	–	–	–	–	5,455,815.41	–	–	–	5,455,815.41
Utilisation	4(44)	–	–	–	–	–	(5,455,815.41)	–	–	–	(5,455,815.41)
Balance at 31 December 2018 (Restated)		4,418,767,258.00	16,219,619,165.67	(200,928,467.28)	527,184,297.85	185,084,995.61	–	601,132,890.32	14,960,062,609.04	352,931,633.27	37,063,854,382.48

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S.F. HOLDING CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

	Note	Equity attributable to shareholders of the parent company										
		Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	General risk reserve	Special reserve	Surplus reserve	Retained earnings	Minority interests	Total equity
Balance at 31 December 2018 (Restated)		4,418,767,258.00	–	16,219,619,165.67	(200,928,467.28)	527,184,297.85	185,084,995.61	–	601,132,890.32	14,960,062,609.04	352,931,633.27	37,063,854,382.48
Changes in accounting policies	2(31)	–	–	–	–	17,465,097.74	–	–	–	–	–	17,465,097.74
Balance at 1 January 2019 (Restated)		4,418,767,258.00	–	16,219,619,165.67	(200,928,467.28)	544,649,395.59	185,084,995.61	–	601,132,890.32	14,960,062,609.04	352,931,633.27	37,081,319,480.22
Movements for the year ended 31 December 2019												
Total comprehensive income												
Net profit		–	–	–	–	–	–	–	–	5,796,505,532.20	(171,711,921.56)	5,624,793,610.64
Other comprehensive income		–	–	–	–	403,732,053.04	–	–	–	–	90,690.74	403,822,743.78
Total comprehensive income for the year		–	–	–	–	403,732,053.04	–	–	–	5,796,505,532.20	(171,621,230.82)	6,028,616,354.42
Capital contribution and withdrawal by shareholders												
Capital contribution by shareholders		–	–	160,086,629.14	–	–	–	–	–	–	44,959,839.86	205,046,469.00
Capital contribution by holders of convertible corporate debentures	4(41)	–	768,938,484.90	–	–	–	–	–	–	–	–	768,938,484.90
Shares repurchased	4(43)	–	–	–	(394,992,892.71)	–	–	–	–	–	–	(394,992,892.71)
Changes in share-based payment restricted shares	4(43)	(4,181,993.00)	–	(104,584,725.90)	141,160,053.20	–	–	–	–	–	–	32,393,334.30
Share-based payment included in equity	9(1)	–	–	2,045,330.63	–	–	–	–	–	–	2,593,115.12	4,638,445.75
Others	4(42)	–	–	(13,258,412.85)	–	–	–	–	–	–	(161,437,173.06)	(174,695,585.91)
Transfer within equity												
Transfer from other comprehensive income to retained earnings		–	–	–	–	54,334,158.75	–	–	–	(54,334,158.75)	–	–
Business combination involving enterprises not under common control		–	–	–	–	–	–	–	–	–	6,471,057.21	6,471,057.21
Business combination involving enterprises under common control												
Consideration for business combinations		–	–	(150,607,200.00)	–	–	–	–	–	–	–	(150,607,200.00)
Profit distribution												
Appropriation to general risk reserve	4(46)	–	–	–	–	–	40,698,251.73	–	–	(40,698,251.73)	–	–
Appropriation to surplus reserve	4(45)	–	–	–	–	–	–	–	108,347.22	(108,347.22)	–	–
Distribution to shareholders	4(46)	–	–	–	–	–	–	–	–	(924,234,773.27)	–	(924,234,773.27)
Other movements in capital reserve	4(42)	–	–	10,717,807.47	–	–	–	–	–	–	–	10,717,807.47
Safety reserve												
Appropriation	4(44)	–	–	–	–	–	–	7,552,986.74	–	–	–	7,552,986.74
Utilisation	4(44)	–	–	–	–	–	–	(7,552,986.74)	–	–	–	(7,552,986.74)
Balance at 31 December 2019		4,414,585,265.00	768,938,484.90	16,124,018,594.16	(454,761,306.79)	1,002,715,607.38	225,783,247.34	–	601,241,237.54	19,737,192,610.27	73,897,241.58	42,493,610,981.38

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei Principal in charge of accounting: NG Wai Ting Head of accounting department: Wang Lixiu

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S.F. HOLDING CO., LTD.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

	Note	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Surplus reserve	Retained earnings	Total equity
Balance at 1 January 2018		4,411,015,524.00	–	46,530,971,136.14	–	433,456,527.10	3,217,052,890.78	54,592,496,078.02
Movements for the year ended 31 December 2018								
Total comprehensive income								
Net profit		–	–	–	–	–	146,313,629.12	146,313,629.12
Capital contribution and withdrawal by shareholders								
Share-based payment in contribution by shareholders		7,751,734.00	–	193,421,631.34	(201,173,365.34)	–	–	–
Share-based payment included in equity	9(2)	–	–	36,535,968.76	–	–	–	36,535,968.76
Others		–	–	(76,652.05)	–	–	–	(76,652.05)
Profit distribution								
Appropriation to surplus reserve	4(45)	–	–	–	–	14,631,362.91	(14,631,362.91)	–
Distribution to shareholders		–	–	–	244,898.06	–	(970,668,313.34)	(970,423,415.28)
Balance at 31 December 2018		4,418,767,258.00	–	46,760,852,084.19	(200,928,467.28)	448,087,890.01	2,378,066,843.65	53,804,845,608.57
Balance at 1 January 2019		4,418,767,258.00	–	46,760,852,084.19	(200,928,467.28)	448,087,890.01	2,378,066,843.65	53,804,845,608.57
Movements for the year ended 31 December 2019								
Total comprehensive income								
Net profit		–	–	–	–	–	1,083,472.24	1,083,472.24
Capital contribution and withdrawal by shareholders								
Changes in share-based restricted shares	4(43)	(4,181,993.00)	–	(104,584,725.90)	141,160,053.20	–	–	32,393,334.30
Capital contribution by holders of convertible corporate debentures	4(41)	–	768,938,484.90	–	–	–	–	768,938,484.90
Share-based payment included in equity	9(2)	–	–	(13,323,208.39)	–	–	–	(13,323,208.39)
Shares repurchased	4(43)	–	–	–	(394,992,892.71)	–	–	(394,992,892.71)
Profit distribution								
Appropriation to surplus reserve	4(45)	–	–	–	–	108,347.22	(108,347.22)	–
Distribution to shareholders	4(46)	–	–	–	–	–	(924,234,773.27)	(924,234,773.27)
Balance at 31 December 2019		4,414,585,265.00	768,938,484.90	46,642,944,149.90	(454,761,306.79)	448,196,237.23	1,454,807,195.40	53,274,710,025.64

The accompanying notes form an integral part of these financial statements.

Legal representative: Wang Wei　　Principal in charge of accounting: NG Wai Ting　　Head of accounting department: Wang Lixiu

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S.F. HOLDING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

1 General information and historical development

S.F. Holding Co., Ltd. (formerly "Ma'anshan Dingtai Rare Earth and New Materials Co., Ltd.", hereinafter "S.F. Holding" or "the Company"), formerly known as Ma'anshan Dingtai Science & Technology Co., Ltd., was established by 11 natural persons including Liu Jilu and the Labour Union of Ma'anshan Dingtai Metallic Products Co., Ltd. by cash contribution on 13 May 2003. Initiated by the original shareholders of the Company, the Company was formally changed as Maanshan Dingtai Rare Earth and New Materials Co., Ltd. with a registered capital of RMB50 million as approved by the shareholders' meeting on 18 October 2007 and the inaugural meeting on 22 October 2007.

On 11 January 2010, the Company successfully issued 19,500,000 ordinary shares at par value of RMB1.00 per share at Shenzhen Stock Exchange under the Regulatory Permission [2010] No. 41 as approved by the China Securities Regulatory Commission. The outstanding shares were listed for trading at Shenzhen Stock Exchange on 5 February 2010. After the shares were issued, the total share capital of the Company was changed to 77,830,780 shares.

Pursuant to the *Proposal on the Profit Distribution Plan for 2014* approved by 2014 annual shareholders' meeting held by the Company on 19 May 2015, the Company converted capital reserve into new shares on the basis of 5 shares for every 10 existing shares, with 77,830,780 shares in total at the end of 2014 as base. After the conversion, the total share capital of the Company was increased by 38,915,390 shares to 116,746,170 shares.

Pursuant to the *Proposal on the Profit Distribution Plan for 2015* approved by the 2015 annual shareholders' meeting held by the Company on 17 May 2016, the Company, with 116,746,170 shares in total at the end of 2015 as base, converted capital reserve into new shares on the basis of 10 shares for every 10 existing shares. After the conversion, the total share capital of the Company was increased by 116,746,170 shares to 233,492,340 shares.

Pursuant to the resolution of the 13th session of the third Board of Directors of the Company dated 22 May 2016 and relevant resolutions approved on the first interim shareholders' meeting in 2016 held by the Company on 30 June 2016, including the *Resolution Concerning the Company Qualifying for Criteria for Major Assets Restructuring of Listed Companies,* the *Resolution on Related-party Transaction Composed of Major Assets Swap and Issuing Shares to Purchase Assets and Raise Matching Fund* and the *Resolution on 'Major Assets Swap and Issuing Shares to Purchase Assets and Raise Matching Fund and Related-party Transaction Report (Draft) of Maanshan Dingtai Rare Earth and New Materials Co., Ltd.' and Summaries*, the Company conducted a series of major assets restructuring as follows:

(1) Major assets swap

In December 2016, the Company swapped all the assets and liabilities ("exchange-out assets") it held as at 31 December 2015 ("assessment base date") for the equivalent portion ("exchange-in assets") of 68.40%, 9.93%, 6.75%, 6.75%, 6.75%, 1.35% and 0.07% of the equities in Shenzhen S.F. Taisen Holdings (Group) Co., Ltd. (formerly "S.F. Holding (Group) Co., Ltd.", "Taisen Holdings") respectively held by Shenzhen Mingde Holdings Development Co., Ltd. ("Mingde Holdings"), Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership) ("Shunda Fengrun"), Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership) ("Jiaqiang Shunfeng"), Shenzhen Zhaoguang Investment Co., Ltd. ("Zhaoguang Investment"), Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership) ("Oriza Shunfeng"), Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership) ("Guyu Qiuchuang") and Ningbo Shunxin Fenghe Investment Management Partnership (Limited Partnership) ("Shunxin Fenghe"). For this transaction, the exchange-out assets were priced at RMB796 million and the exchange-in assets were priced at RMB43.30 billion. Pursuant to the second interim shareholders' meeting in 2016 dated 28 December 2016 ("restructuring date"), the Company approved and reelected a new Board of Directors, which indicated the completion of major assets swap transaction and the successful listing of Taisen Holding on Shenzhen Stock Exchange through back door listing.

(2) Issuing shares to purchase assets

In December 2016, the Company issued 3,950,185,873 ordinary shares (A shares) at par value of RMB1.00 per share at an issuing price of RMB10.76 per share to Mingde Holding, Shunda Fengrun, Jiaqiang Shunfeng, Zhaoguang Investment, Oriza Shunfeng, Guyu Qiu Chuang and Shun Xin Feng He to cover the difference of the above swap (RMB42,504,000,000). The difference between the value of shares and the share capital amounting to RMB38,553,814,120.48 was recognised as capital reserve. The total share capital was changed to 4,183,678,213 shares. After the new shares were issued, Mingde Holding, Shunda Fengrun, Jiaqiang Shunfeng, Zhaoguang Investment, Oriza Shunfeng and other shareholders held 64.58%, 9.38%, 6.37%, 6.37%, 6.37% and 6.92% respectively of the equities in the Company. The China Securities Regulatory Commission approved the above assets restructuring plan of the Company on 12 December 2016. The share change above was verified by PricewaterhouseCoopers Zhong Tian LLP with a capital verification report of PwC ZT Yan Zi (2016) No. 1757 issued on 28 December 2016. The Company registered the additional 3.95 billion shares at China Securities Depository and the Clearing Corporation Limited Shenzhen Branch on 18 January 2017.

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(3) Raising matching fund

In July 2017, the Company issued 227,337,311 ordinary shares (A shares) at par value of RMB1.00 per share to specific investors through non-public offering at RMB35.19 per share. The total fund raised amounted to RMB7,999,999,974.09. Net of underwriter and sponsor's fees and other transaction costs, the net fund raised amounted to RMB7,822,179,636.78, including an increment of share capital of RMB227,337,311.00 and an increment of capital reserve by RMB7,604,681,212.80. The aforesaid fund was received on 31 July 2017 and verified by PricewaterhouseCoopers Zhong Tian LLP with a capital verification report of PwC ZT Yan Zi (2017) No. 745 issued.

The Company registered the additional shares at China Securities Depository and the Clearing Corporation Limited Shenzhen Branch on 15 August 2017. The total share capital was changed to 4,411,015,524 shares. Mingde Holdings, Shunda Feng Run, Jiaqiang Shunfeng, Zhaoguang Investment, Oriza Shunfeng and other shareholders held 61.25%, 8.89%, 6.04%, 6.04%, 6.04% and 11.74% of the equities in the Company respectively.

Afterwards, the Company conducted several restricted shares incentive plans (Note 9(2)(a)) and share repurchase measures. Therefore, the total share capital of the Company as at 31 December 2019 was changed to 4,414,585,265 shares and such change was verified by Chinese Certified Public Accountant.

The approved business scope of the Company and its subsidiaries ("the Group") changes to: assets management, capital management, investment management (trusts, financial assets management and security assets management are not allowed); auto rent (excluding auto rent with driver); enterprise headquarters management; customs brokerage, inspection brokerage; investment in industries; domestic trade; marketing planning; investment consultancy and other information consultancy (excluding human resources intermediary service, securities and restricted projects); engagement in the development of network technology, information technology and electronic product technology and related technology services, consultancy and transfer of network technology, and provision of network information, E-Commerce service platform, business management, business investment, investment management consultancy, investment management, enterprise management consulting, etc.; call centre business and information service (both are second type value-added telecommunication services) and road transportation of common cargo; international freight forwarding for air transportation and road transportation of imported and exported goods or transit goods, including solicitation, booking, shipping, warehousing and packaging; type-1 and type-2 (international and domestic) sales agency of air transport; common cargo transportation, stowage and logistics services; science and technology information consulting, project investment consulting and logistics information consulting; data processing; research and development and sales of communication equipment, and related technology services (projects subject to approval could only be implemented after approval by relevant authorities), research and development of unmanned aerial vehicle("UAV") and spare parts; supply chain management and related supporting services, and engagement in both export and import business; development, construction and operation of industrial park; property management; self-owned property leasing; network marketing promotion; E-Commerce training; information technology outsourcing and information services outsourcing; data mining, data analysis and data services; development and application of general software, industry application software and embedded software; operation of on-line trading, on-line consulting, on-line auction and on-line advertising; network business service and database service; services in respect of development and application of electronic government affairs system; communications industry value-added business services; international freight forwarding, domestic and international express (excluding business exclusively operated by postal enterprises), transportation of cargo shipping containers and large objects, economic and technical consulting, technical information consulting, and engagement in commercial activities by way of franchising; transport services of domestic (including Hong Kong, Macau and Taiwan) and international aviation cargo and related services, and import and export of goods and technology; cargo express agent services; international freight forwarding (excluding shipping agency business), loading, unloading and handling; international and domestic freight forwarding; technology development of software and hardware for financial payment systems; internet payment, bank card acquiring, supply chain management; non-securities equity investment activities and relevant consulting services; finance leasing; leasing; purchase of leased property from home and abroad; residual value processing and maintenance of leased property; leasing consulting; commercial factoring related to main operating activities; delivery of goods; freight equipment leasing; container yard operation and container leasing service; railway cargo transportation; ship freight; product marketing design and planning for enterprises and individuals and related business agency services; non-vessel operating common carrier business; international maritime freight forwarding; financial information consulting, financial outsourcing services commissioned by financial institutions, building construction engineering, and storage and transportation of medicine, medical equipment and food; human resources service.

First-tier and second-tier subsidiaries included in the consolidation scope of the financial statements are detailed in Note 6(1). The changes in the scope of consolidation for the current year are set out in Note 5.

As at 31 December 2019, Mingde Holdings was the parent company and ultimate controlling company of the Company.

These financial statements were authorised for issue by the Board of Directors of the Company on 23 March 2020.

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2 Summary of significant accounting policies and accounting estimates

The Group determines the specific accounting policies and estimates based on its features of production and operation, primarily comprising the methods of provision for expected credit losses on loans and receivables (Note 2(9)), valuation of inventories (Note 2(10)), measurement model of investment properties (Note 2(12)), depreciation of fixed assets and amortisation of intangible assets (Note 2(13), (16)), criterion for capitalisation of capitalised development expenditures (Note 2(17)), recognition and measurement of revenue (Note 2(25)), etc.

Details of the Group's critical judgements used in determining significant accounting policies are set forth in Note 2(30).

(1) Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises – Basic Standard*, and the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter, referred to as "the Accounting Standards for Business Enterprises" or "CASs") and the disclosure requirements in the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting* issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

(2) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2019 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and company financial position of the Company as at 31 December 2019 and their financial performance, cash flows and other information for the year then ended.

(3) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(4) Recording currency

The Company's recording currency is Renminbi (RMB). The Company's subsidiaries decide their recording currencies in line with the economic environments in which they operate, while the subsidiaries in Hong Kong and abroad mainly adopt currencies including HKD, EUR and etc. as their recording currencies. The financial statements are presented in RMB.

(5) Business combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the acquirer in a business combination are measured at the carrying amount. If the acquiree is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid and net assets obtained by the acquirer are measured based on the carrying amounts of the acquiree's assets and liabilities (including the goodwill arising from the acquisition of the acquiree by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital reserve (share premium). If the capital reserve (share premium) is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. Costs directly attributable to the business combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(b) Business combinations involving enterprises not under common control

The combination cost and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the combination cost is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(6) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date on which such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

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In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' equity and the portion of subsidiaries' net profit or loss and comprehensive income for the period not attributable to the Company are recognised as minority interests, minority interest income and total comprehensive income attributable to minority shareholders and presented separately in the consolidated financial statements under equity, net profit and total comprehensive income respectively. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and minority interest income in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and minority interest income in accordance with the allocation proportion of the parent in the selling subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into recording currency using the spot exchange rates and approximate exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into recording currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the equity items, the items other than retained earnings are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statement of foreign operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are recognised in other comprehensive income. The cash flows of foreign operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(9) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

(a) Financial assets

(i) Classification and measurement

Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified as: (1) financial assets at amortised cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

The financial assets are measured at fair value at initial recognition. Related transaction costs that are attributable to the acquisition of the financial assets are included in the initially recognised amounts, except for the financial assets at fair value through profit or loss, the related transaction costs of which are recognised directly in profit or loss for the current period. Accounts receivable or notes receivable arising from sales of products or rendering of services (excluding or without regard to significant financing components) are initially recognised at the consideration that is entitled to be charged by the Group as expected.

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following ways:

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Measured at amortised cost:

The objective of the Group's business model is to hold the financial assets to collect the contractual cash flows, and the contractual cash flow characteristics are consistent with a basic lending arrangement, which gives rise on specified dates to the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest income of such financial assets is recognised using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, placements with and loans to banks and other financial institutions measured at amortised cost, notes receivable, accounts receivable, factoring receivables, loans and advances, other receivables and long-term receivables. Long-term receivables that are due within one year (inclusive) as from the balance sheet date are included in the current portion of non-current assets.

Measured at fair value through profit or loss:

Debt instruments held by the Group that are not divided into those at amortised cost, or those measured at fair value through other comprehensive income, are measured at fair value through profit or loss and included in financial assets held for trading. At initial recognition, the Group designates a portion of financial assets as at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. Financial assets that are due within one year (inclusive) as from the balance sheet date and are expected to be held over one year are included in other non-current financial assets.

Equity instruments

Investments in equity instruments, over which the Group has no control, joint control or significant influence, are measured at fair value through profit or loss under financial assets held for trading; investments in equity instruments expected to be held over one year as from the balance sheet date are included in other non-current financial assets.

In addition, a portion of certain investments in equity instruments not held for trading are designated as financial assets at fair value through other comprehensive income under other investments in equity instruments. The relevant dividend income of such financial assets is recognised in profit or loss for the current period.

(ii) Impairment

The Group confirms the loss provision based on expected credit losses for financial assets measured at amortised cost.

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, as well as the default risk weight, the Group recognises the expected credit loss ("ECL") as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

As at each balance sheet date, the expected credit losses of financial instruments at different stages are measured respectively. 12-month ECL provision is recognised for financial instruments in Stage 1 that have not had a significant increase in credit risk since initial recognition; lifetime ECL provision is recognised for financial instruments in Stage 2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime ECL provision is recognised for financial instruments in Stage 3 that have had credit impairment since initial recognition.

For the financial instruments with lower credit risk on the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition and recognises the 12-month ECL provision.

For the financial instruments in Stage 1, Stage 2 and with lower credit risk, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before deduction of the impairment provision). For the financial instrument in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (after deduction of the impairment provision from the gross carrying amount).

For notes and accounts receivables, the Group recognises the lifetime expected credit loss provision regardless of whether there exists a significant financing component.

In case the expected credit losses of an individually assessed financial asset cannot be evaluated with reasonable cost, the Group divides the receivables into certain groupings based on credit risk characteristics, and calculates the expected credit losses for the groupings. Basis for determined groupings and method for provision are as follows:

Placements with and loans to banks and other financial institutions	Group of bank notes with low credit risk
Bank acceptance notes	Group of bank notes with low credit risk
Accounts receivable and other receivables	Group of receivables from related parties
Accounts receivable and other receivables	Group of receivables from non-related parties
Long-term receivables	Group of finance lease
Long-term receivables	Group of interest-free loans to employees

Based on the exposure at default and the lifetime expected credit loss rate, the Group calculates the expected credit losses of notes and accounts receivables that are classified into groupings with consideration to historical credit losses experience, current conditions and forecasts of future economic conditions.

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Based on the exposure at default and the 12-month/lifetime expected credit loss rate, the Group calculates the expected credit losses of other receivables, factoring receivables, loans and advances, and long-term receivables that are classified into groupings with consideration to historical credit losses experience, the current conditions and forecasts of future economic conditions.

The Group recognises the loss provision made or reversed into profit or loss for the current period.

(iii) Derecognition

A financial asset is derecognised when any of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period, except for those as investments in other equity instruments, the difference aforementioned is recognised in retained earnings instead.

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortised cost, including convertible corporate debentures and other financial liabilities.

Convertible corporate debentures

Convertible corporate debentures comprise liability portion and equity portion. The liability portion is classified as liabilities, which reflects the obligation to pay fixed principal and interest, and its fair value is calculated by the market interest rate of similar debentures without embedded convertible option at initial recognition, and is subsequently measured at amortised cost using the effective interest method. The equity portion reflects the embedded option that converts liabilities into ordinary shares and is recognised as equity by the difference between the overall proceeds of issuance of convertible corporate debentures and the liability portion. Direct transaction costs are allocated based on the shares of the liability portion and the equity portion in issuance proceeds.

When convertible corporate debentures are converted into stock shares, the amount calculated by the number of shares converted and the par value per share is recognised as share capital, and the difference between the balance of relevant portion of convertible corporate debentures and the above share capital is recognised as share premium in capital reserve.

Other financial liabilities

Other financial liabilities measured at amortised cost mainly comprise notes and accounts payables, other payables, borrowings, other debentures payable except for convertible corporate debentures, etc. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current period.

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

(10) Inventories

(a) Classification

Inventories comprise low-value consumables, raw materials in stock, finished goods, aviation consumables and properties under development, and are stated at the lower of cost and net realisable value.

(b) Valuation method for inventory issued

Raw materials in stock and finished goods are accounted for using the weighted average method upon issuance. Aviation consumables are accounted for using the specific-unit-cost method upon issuance. Properties under development comprise land costs relating to real estate development, construction costs, other direct and indirect development expenses, etc., and are transferred to completed properties held for sale at actual cost upon completion.

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(c) Amortisation methods of low-value consumables

Low-value consumables are amortised into expenses in full when issued for use.

(d) Basis for determining the net realisable value of inventories and provision for decline in the value of inventories

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs and estimated costs necessary to make the sale and related taxes.

(e) The Group adopts the perpetual inventory system.

(11) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

A subsidiary is an investee over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is the investee over which the Group has significant influence by participating in the financial and operating policy decisions.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements, and investments in joint ventures and associates are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments arising from business combination: for long-term equity investments arising from business combination involving enterprises under common control, the initial investment cost shall be the share of the carrying amount of equity of the acquiree in the consolidated financial statements of the ultimate controlling party as at the combination date; for long-term equity investments arising from business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(b) Subsequent measurement and recognition methods of gains and losses

Long-term equity investments accounted for using the cost method are measured at the initial investment cost. Cash dividend or profit distribution declared by an investee is recognised as investment income in profit or loss for the current period.

For long-term equity investments that are accounted for using the equity method, where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

Under the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group discontinues recognising its share of the net losses of an investee after the carrying amounts of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions are satisfied, the Group continues recognising the estimated losses that it needs to bear. The changes of the Group's share of the investee's equity other than those arising from the net profit or loss, other comprehensive income and profit appropriation, are recognised in the Group's capital reserve and the carrying amounts of the long-term equity investment are adjusted accordingly. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the transactions between the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, based on which the investment gain or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment losses, any unrealised loss is not eliminated.

(c) Basis for determining existence of control, joint control, significant influence over investees

Control means having power over an investee, enjoying variable returns through involvement in relevant activities of the investee, and being able to impact the amount of such variable returns by using the power over the investee.

Joint control is the agreed sharing of control over an arrangement, and the decision of activities relating to such arrangement requires the unanimous consent of the Group and other parties sharing control.

Significant influence is the power to participate in making the decisions on financial and operating policies of the investee, but is not control or joint control over making those policies.

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(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

(12) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Buildings and land use rights are depreciated or amortised to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation rates of investment properties are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation/ Amortisation rates
Buildings	10 to 50 years	5%	9.50% – 1.90%
Land use rights	20 to 50 years	0%	5.00% – 2.00%

The investment property's estimated useful life, net residual value and depreciation (amortisation) method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(13) Fixed assets

(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, motor vehicles, computers and electronic equipment, aircraft and aircraft engines, rotables and high-value aircraft maintenance tools, machinery and equipment, office equipment and other equipment.

Fixed assets are recognised when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. Fixed assets purchased or constructed are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

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(b) Depreciation method for fixed assets

Except for replacement parts for overhaul of engine, fixed assets are depreciated using the straight-line method to allocate the recorded amount of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives and the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	10 to 50 years	5%	9.50% – 1.90%
Motor vehicles (excluding electromobiles)	2 to 5 years	0% – 5%	50.00% – 19.00%
Motor vehicles (electromobiles)	2 years	5%	47.50%
Machinery and equipment (excluding automatic sorting equipment imported from abroad)	2 to 10 years	0% – 5%	50.00% – 9.50%
Machinery and equipment (automatic sorting equipment imported from abroad)	15 years	5%	6.33%
Computers and electronic equipment	2 to 5 years	0% – 5%	50.00% – 19.00%
Aircraft and engine bodies	10 years	5%	9.50%
Replacement parts for overhaul of aircraft fuselage	1.5 to 12 years	0%	66.67% – 8.33%
Rotables	10 years	5%	9.50%
High-value aircraft maintenance tools	5 years	5%	19.00%
Office equipment and other equipment	2 to 10 years	0% – 5%	50.00% – 9.50%

Replacement parts for overhaul of engines are depreciated using the units-of-production method and taking the expected usable recurring number as the unit of production.

The estimated useful life/expected usable recurring number and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

(c) The carrying amounts of fixed assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

(d) Basis for identification of fixed assets held under finance leases and related measurement

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge (Note 2(28)(b)).

Fixed assets held under a finance lease is depreciated on a basis consistent with the depreciation policy adopted for fixed assets that are self-owned. When a leased asset can be reasonably determined that its ownership will be transferred at the end of the lease term, it is depreciated over its estimated useful life; otherwise, the leased asset is depreciated over the shorter period of the lease term and its estimated useful life.

(e) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefit is expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

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(14) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below its carrying amount (Note 2(19)).

(15) Borrowing costs

The Group's borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For general borrowings utilised for the acquisition and construction of an asset qualifying for capitalisation, the capitalised amount of the general borrowings is determined by the weighted average of the excess of accumulated capital expenditure over capital expenditure of the special borrowings multiplied by the weighted average effective interest rate of the utilised general borrowings. The effective interest rate is the interest rate at which the future cash flows of the borrowings over the estimated life or a shorter applicable period are discounted into the initial recognised amount of the borrowings.

(16) Intangible assets

Intangible assets include software, land use rights, trademark rights, customer relationships, patents, etc.

(a) Software

Software is measured at actual cost and amortised on the straight-line basis over 2 to 10 years.

(b) Land use rights

Land use rights are amortised on the straight-line basis over 33 to 50 years.

(c) Trademark rights

Purchased trademark rights are measured at cost at the time of acquisition. Trademark rights recognised under business combinations involving enterprises not under common control are recorded at fair value. Trademark rights are amortised on the straight-line basis over 5 to 20 years.

(d) Customer relationships

Customer relationships refer to intangible assets recognised under business combinations involving enterprises not under common control. Customer relationships are recorded at fair value and amortised on the straight-line basis over the expected beneficial period.

(e) Patents

Patents are amortised on the straight-line basis over 5 to 10 years.

(f) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

(g) Impairment of intangible assets

The carrying amounts of intangible assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

(17) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure on the research phase is recognised in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalised only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sales;
- management intends to complete the intangible asset, and use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;

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- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Capitalised development expenditures previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as capitalised development expenditures in the balance sheet and transferred to intangible assets at the date when the asset is ready for its intended use.

(18) Long-term prepaid expenses

Long-term prepaid expenses include settling-in allowance and introduction fee for pilots, the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on a straight-line basis over the expected beneficial period (2 to 15 years) and are presented at actual expenditure net of accumulated amortisation.

(19) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets not ready for their intended use are tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying amount of goodwill is allocated to the related asset groups or sets of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a set of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or the set of asset groups, and then deducted from the carrying amounts of other assets within the asset group or the set of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(20) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs. The employee benefit liabilities are recognised in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Employee benefits which are non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefits plans into defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly included basic pension insurance and unemployment insurance, both of which belong to defined contribution plans.

Basic pension insurance

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the pensions are calculated according to local regulations for pension plan. When employees retire, the local labour and social security authority is obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

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(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

The termination benefits expected to be settled within one year since the balance sheet date are classified as current liabilities.

(d) Employee incentives

The Group provides incentive plans for on-the-job employees who comply with certain conditions, and makes payments based on the schedule. Provisions for employee incentives are initially measured at the best estimate necessary to settle the present obligation, and expensed as incurred. The Group integrates separation rate, time value of money and other factors into account at initial measurement. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is expensed as incurred. The carrying amount of provisions for employee incentives is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(21) Dividend distribution

Cash dividends are recognised as liabilities in the period in which the dividends are approved by the shareholders' meeting.

(22) Provisions

Provisions are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as other current liabilities.

(23) Share-based payments

(a) Categories of share-based payments

A share-based payment is a transaction in which an enterprise grants equity instruments or assumes liabilities that are determined based on equity instruments, in exchange for services rendered by employees or another party. Equity instruments include the equity instruments that are linked to the enterprise, the parent company of the enterprise or another accounting entity within the same group. Share-based payments comprise equity-settled and cash-settled payments.

(b) Basis for determining the best estimate of exercisable equity instruments

At each balance sheet date in the vesting period, the Group would make best estimate in accordance with the newly acquired information such as changes in the number of employees entitled to equity instruments, and amend the number of exercisable equity instruments. On the exercisable date, the ultimate estimated number of exercisable equity instruments coincides with the actual number.

(c) Accounting treatment of implementation of share-based payments

(i) Equity-settled share-based payment

The equity-settled share-based payment where the Group grants shares or other equity instruments as a consideration in return for services, is measured at the fair value of the equity instruments at the grant date. Where the share-based payment is not exercisable until the service in the vesting period is completed or specified performance conditions are met, then at each balance sheet date within the vesting period, the service obtained in the current period shall be included in relevant cost or expenses and in capital reserve at the fair value of the equity instruments at the grant date based on the best estimates of the quantity of exercisable equity instruments made by the Group, in accordance with latest changes in the number of exercisable employees and subsequent information.

(ii) Cash-settled share-based payments

The cash-settled share-based payment where the Group calculates and determines the cash payment or any other asset obligation on the basis of shares or other equity instruments in return for services, is measured at the fair value of the liabilities calculated based on relevant equity instruments. Where the share-based payment is not exercisable until the service in the vesting period is completed or specified performance conditions are met, then at each balance sheet date within the vesting period, the service obtained in the current period shall be included in cost or expenses and in liabilities at the fair value of the Group's liabilities based on the best estimates of the quantity of exercisable equity instruments made by the Group. At each balance sheet date and settlement date before relevant liabilities are settled, the fair value of the liabilities is remeasured and the changes are recognised in profit or loss.

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(24) Factoring

The factoring business of the Group mainly represents factoring with recourse. Factoring with recourse is a kind of financing activity where the customer transfers the creditor's rights of accounts receivable that meet relevant requirements and are accepted by the Group to the Group according to the purchase and sale contract and relevant agreements, so as to obtain short-term trade financing, and agrees to repurchase the financing business in full if the creditor's rights cannot be recovered in full. The Group's factoring business is accounted for with factoring receivables based on the amount paid for the creditor's rights of accounts receivable (Note 2(9)).

(25) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific criteria of revenue recognition have been met for each type of the Group's activities as described below. The principles are set out below:

(a) Rendering of services

Revenue from express delivery supply chain includes revenue from inbound and outbound express delivery services; revenue from international freight forwarding agency services; revenue from domestic and international transport services of aviation cargoes; revenue from express delivery agency services, and revenue from rendering of warehousing service and and revenue from providing solutions. Besides the aforesaid revenue, the Group's revenue from rendering of services includes revenue from communication service and maintenance service. Revenue from rendering of services is recognised when the service is rendered and the right to collect payment is obtained.

(b) Sales of goods

Revenue from the sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the economic benefit associated with the transaction will flow to the Group and the relevant revenue and costs can be measured reliably.

(c) Interest income

The interest income from factoring business, loans to customers and advances business and bank deposit are measured on the basis of time proportion and the effective interest rate.

(26) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy, etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to the government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants related to daily corporate activities are included in operating profit. Government grants not related to daily corporate activities are included in non-operating income or expenses.

Policy-based loans with prime rate to the Group are recorded at actual amount of borrowing received, and related borrowing costs are calculated with borrowing principal and policy-based prime rate. Financial discounts directly received by the Group are deducted against related borrowing costs.

(27) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible tax losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a

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business combination, which affects neither accounting profit nor taxable profit (or deductible tax losses). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible tax losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible tax losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and deferred tax liabilities are offset when:

- the deferred tax assets and liabilities are related to the same tax payer within the Group and the same taxation authority; and
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(28) Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

(a) Operating leases

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

Lease income under an operating lease is recognised on a straight-line basis over the period of the lease.

(b) Finance leases (as the leasee)

The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge and is amortised using the effective interest method over the period of the lease. A long-term payable is recorded at the amount equal to the minimum lease payments less the unrecognised finance charge.

(c) Finance leases (as the leasor)

At the commencement date of the lease term, lease finance receivables are accounted at the sum of the minimum lease proceeds and the initial direct cost on the lease commencement date; unrealised finance gains are recognised at the difference between the sum of the minimum lease proceeds and the initial direct cost and its present value. Finance lease income is recognised using the effective interest method over the lease term.

(29) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

(30) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and key assumptions

(i) Measurement of expected credit losses

For financial assets at amortised cost, the Group calculates expected credit losses based on exposure at default and expected credit loss rates. When determining expected credit loss rates, the Group refers to internal historical information, such as credit losses, makes adjustment according to current situation and forward-looking information, and the management takes the customer's credit status, credit history, operating status as well as collaterals and the guarantee ability of the guarantor into consideration. The Group monitors and reviews relevant assumptions about expected credit losses regularly. Where there is a difference between the actual bad debts and the original estimate, such difference will affect the Group's provision for bad debts of the above assets in the future period.

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(ii) Risk of impairment on long-term assets other than goodwill

As described in Note 2(19), fixed assets with impairment indication, construction in progress, intangible assets, investment properties measured using cost model, long-term equity investments and other long-term assets are tested for impairment annually at the end of each year.

When assessing whether the above assets are impaired, management mainly evaluates and analyses: (1) whether events affecting asset impairment occurred; (2) whether the present value of expected cash flows arising from the continuing use or disposal of the asset is lower than its carrying amount; and (3) whether the significant assumptions used in the calculation of the present value of the estimated cash flows are appropriate.

Relevant assumptions adopted by the Group to determine impairment, e.g. changes in assumptions on discount rate and growth rate used to calculate the present value of future cash flows, may have material impact on the present value used in the impairment test, and cause impairment in the above-mentioned long-term assets of the Group.

(iii) Provision for impairment of goodwill

The Group performed impairment assessment of goodwill at each balance sheet date. The recoverable amounts of asset groups and sets of asset groups that include goodwill have been determined by the higher of the fair value less costs of disposal and the present value of the future cash flows expected to be derived from the assets. These calculations require estimations and judgements. When the estimated recoverable amount is marginal, goodwill might suffer impairment. The details of the key assumptions applied by the management please refer to Note 4(22).

(iv) Determination of fair value of financial instruments by valuation techniques

The fair value of a financial instrument that is not traded in an active market is determined using valuation techniques. Valuation techniques primarily refer to direct comparison method and income method, including reference to the prices used in recent orderly transactions between market participants, reference to the current fair value of other financial instruments that are substantially identical, discounted cash flow analysis, option pricing models, etc. Observable market information is applied in valuation techniques to the extent possible. When observable market information is not available, the management will make estimate of significant unobservable information included in the valuation method. Different valuation techniques or inputs may lead to significant differences between fair value estimates.

(v) The assessment of the fair value of identifiable net assets in acquisition transactions and goodwill recognition

As stated in Note 2(5)(b), identifiable net assets acquired in a business combination not under the common control are recognised at the fair value on the acquisition date, and if the combination cost is greater than the fair value of the acquiree's identifiable net assets on the acquisition date, the difference is recognised as goodwill.

The assessment of the fair value of identifiable assets and liabilities involves significant estimates and judgements from management, in particular, the identification of intangible assets and the evaluation of their fair values, thereby affecting the recognition of goodwill. As stated in Note 5(1)(b), during the reporting period, the Group was involved in business combinations involving enterprises not under common control, and recognised intangible assets (customer relationships) amounted to approximately RMB2.093 billion. The key assumptions used in the assessment of the fair value of intangible assets include revenue growth rate, EBIT rate, assets contribution rate, customer churn rate, the remaining useful life of the identified intangible assets, and discount rate, etc. Different input values in key assumptions may result in significant differences in estimated fair value.

(vi) Deferred tax assets

Deferred tax assets are recognised for the deductible tax losses and deductible temporary differences that can be carried forward to subsequent years to the extent that it is probable that taxable profit in the future will be available against which the deductible tax losses and deductible temporary differences can be utilised. Whether to recognise the deferred tax assets arising from deductible tax losses and deductible temporary differences largely depends on the judgement of management on: (i) whether the accumulated deductible tax losses and deductible temporary differences in prior years are still effective, and (ii) whether sufficient taxable income that can be used to deduct deductible tax losses and deductible temporary differences can be obtained in the future period. Where there is a difference between the situation and the original estimate, such difference will affect the Group's deferred tax assets and income tax expenses in the future period.

(b) Critical judgements in applying the accounting policies

(i) Judgement on significant influence of the Group over investees

The investees over which the Group has significant influence are accounted for under the equity method. In judging the significant influence over an investee, the management considers based on one or more of the following circumstances and all facts and circumstances: (1) the shareholding in the investee; (2) whether it appoints representative in the Board of Directors or a similar authority of the investee; (3) whether it participates in making decisions on financial and operating policies of the investee; (4) whether it has significant transaction with the investee; (5) whether it assigns management personnel to the investee; (6) whether it provides key technical materials to the investee, and all facts and circumstances are considered.

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(ii) Determination of the scope of consolidation

As stated in Note 2(6), the Group use consolidates a subsidiary from the date of obtaining actual control, and excludes it out of the scope of consolidation from the date of losing the actual control. Control existed when the Group has all three of the following elements: (1) the investor possesses power over the investee; (2) has exposure to variable returns from its involvement with the investee's related activities; and (3) the ability to use the power over the investee to affect the returns.

When assessing whether it has powers over the asset-backed special scheme ("Special Scheme") entity as stated in Note 5(3)(b)(i), the Group mainly considers the following aspects: (1) related activities of the Special Scheme and ways to make decisions on such activities; (2) the scope of decision-making authority of the Group, including the proportion of the equity-grade securities it held, the right to carry out daily operation management of the logistics industrial parks under entrustment and certain other rights entitled to and other obligations undertaken by the Group to the Special Scheme; and (3) other parties' substantive rights.

When assessing the entitlements to variable returns in virtue of participation in related activities of the Special Scheme, the Group mainly considers the return level for the Group and the risks borne by the Group, including return on its investment in equity-grade securities and compensation and commitment for property operation management service provided.

Where variations in relevant facts and circumstances cause a change of these factors, a reassessment will be made.

(31) Changes in significant accounting policies

The Ministry of Finance released the revised *CAS 22 – Recognition and Measurement of Financial Instruments, CAS 23 – Transfer of Financial Assets, CAS 24 – Hedging and CAS 37 – Presentation of Financial Instruments* (collectively, "New Financial Instruments Standards") in 2017 and the *Circular on the Amendment to the Formats of Corporate Financial Statements for the Year of 2019* (Cai Kuai [2019] No. 6), revised *CAS 7 – Exchange of Non-monetary Assets* ("Standard for Exchange of Non-monetary Assets") and *CAS 12 – Debt Restructuring* ("Standard for Debt Restructuring") in 2019. The financial statements for the year ended 31 December 2019 are prepared in accordance with the above standards and circular. The revised Standard for Exchange of Non-monetary Assets and Standard for Debt Restructuring have no significant impact on the Group and the Company, other amendments' impact on the Group's and the Company's financial statements are set out as follows:

(a) Revisions on the formats of corporate financial statements

(i) Impacts on the balance sheet are as follows:

i) The Group splits notes and accounts receivables into accounts receivable and notes receivable, and adjusts the comparative figures during comparative periods.

ii) The Group splits the interest receivable in other receivables (provided using effective interest method) into cash at bank and on hand, factoring receivables, loans and advances and corresponding financial assets, and the comparative figures in comparative periods are not adjusted.

iii) The Group splits the interest payables in other payables (provided using effective interest method) into short-term borrowings, current portion of non-current liabilities and corresponding financial liabilities, and the comparative figures in comparative periods are not adjusted.

(b) Financial instruments

Since 1 January 2019, the Group has adopted the New Financial Instruments Standards. In accordance with transition provisions of the New Financial Instruments Standards, the Group and the Company recognised the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings in 2019 and other relevant line items in the financial statements. The comparatives were not restated.

Comparative data are accounted for and presented pursuant to *CAS 22 – Recognition and Measurement of Financial Instruments* and *CAS 23 – Transfer of Financial Assets* issued by the Ministry of Finance in 2006 and the revised *CAS 37 – Presentation of Financial Instruments* issued by the Ministry of Finance in 2014 (collectively, "Original Financial Instruments Standards").

(i) Impact of adoption of New Financial Instruments Standards on the financial statements on the initial application date (1 January 2019)

Accounting policies under the New Financial Instruments Standards are mainly presented in Note 2(9). At the initial application date, the Group and the Company analysed business model of its financial assets and features of cash flows arising from its financial assets, and evaluated the impact of the New Financial Instruments Standards on the Group's and the Company's financial statements.

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As at 1 January 2019, the financial assets presented in the Group's consolidated financial statements were classified and measured in accordance with the Original/New Financial Instruments Standards as follows:

Original Financial Instruments Standards			New Financial Instruments Standards		
Line item	Measurement	Carrying amount	Line item	Measurement	Carrying amount
Cash at bank and on hand	Amortised cost	16,131,120,733.54	Cash at bank and on hand	Amortised cost	16,131,120,733.54
Financial assets at fair value through profit or loss	Fair value through profit or loss	14,441,978.09	Financial assets held for trading	Fair value through profit or loss	14,441,978.09
Notes receivable	Amortised cost	20,958,746.36	Notes receivable	Amortised cost	20,958,746.36
Accounts receivable	Amortised cost	7,352,877,748.87	Accounts receivable	Amortised cost	7,352,877,748.87
Factoring receivables	Amortised cost	447,173,258.65	Factoring receivables	Amortised cost	447,173,258.65
Loans and advances	Amortised cost	95,070,625.30	Loans and advances	Amortised cost	95,070,625.30
Other receivables	Amortised cost	1,414,414,858.81	Other receivables	Amortised cost	1,414,414,858.81
Current portion of non-current assets	Amortised cost	123,197,466.26	Current portion of non-current assets	Amortised cost	123,197,466.26
Other current assets [Note 1]	Amortised cost	564,456,452.05	Other current assets	Amortised cost	60,108,657.53
			Financial assets held for trading	Fair value through profit or loss	504,347,794.52
	Fair value through other comprehensive income (debt instruments)	178,403,812.08	Other non-current financial assets	Fair value through profit or loss	178,403,812.08
Available-for-sale financial assets	Fair value through other comprehensive income (equity instruments)	3,070,327,696.74	Financial assets held for trading	Fair value through profit or loss	72,373.06
			Investments in other equity instruments	Fair value through other comprehensive income	2,725,569,435.71
			Other non-current financial assets	Fair value through profit or loss	344,685,887.97
	Cost (equity instruments)	174,795,551.45	Investments in other equity instruments	Fair value through other comprehensive income	87,260,649.19
			Other non-current financial assets	Fair value through profit or loss	105,000,000.00
Long-term receivables	Amortised cost	571,493,790.74	Long-term receivables	Amortised cost	571,493,790.74
Total		30,158,732,718.94	Total		30,176,197,816.68

Note 1: As at 31 December 2018, the Group's other current assets at amortised cost are banking wealth management products.

Due to the adoption of above revised standards, the increased amount for equity attributable to shareholders of the parent Company in the Group's consolidated financial statements as at 1 January 2019 amounted to RMB17,465,097.74, including increase in other comprehensive income of RMB17,465,097.74; the affected amount in minority interests and retained earnings was nil.

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As at 1 January 2019, the financial assets presented in the Company's financial statements were classified and measured in accordance with the Original/ New Financial Instruments Standards as follows:

Original Financial Instruments Standards			New Financial Instruments Standards		
Line item	Measurement	Carrying amount	Line item	Measurement	Carrying amount
Cash at bank and on hand	Amortised cost	1,136,288,489.11	Cash at bank and on hand	Amortised cost	1,136,288,489.11
Other receivables	Amortised cost	9,542,466,126.10	Other receivables	Amortised cost	9,542,466,126.10
Total		10,678,754,615.21	Total		10,678,754,615.21

The above revised standards have no impact on the Company's shareholders' equity and retained earnings as at 1 January 2019.

(ii) As at 1 January 2019, the carrying amount of financial assets is reconciled from the Original Financial Instruments Standards to the New Financial Instruments Standards based on the new measurement:

Measurement under the New Financial Instruments Standards

Financial assets at amortised cost	Table 1
Financial assets at fair value through profit or loss	Table 2
Financial assets at fair value through other comprehensive income	Table 3

Table 1: Financial assets at amortised cost under the New Financial Instruments Standards

	Note	Carrying amount	
		Consolidated	Company
Cash at bank and on hand			
As at 31 December 2018		16,131,120,733.54	1,136,288,489.11
As at 1 January 2019		16,131,120,733.54	1,136,288,489.11
Receivables			
As at 31 December 2018	2	10,025,186,494.99	9,542,466,126.10
As at 1 January 2019		10,025,186,494.99	9,542,466,126.10
Other current assets			
As at 31 December 2018		564,456,452.05	–
Less: Transfer to financial assets at fair value through profit or loss (under the New Financial Instruments Standards)	3	(504,347,794.52)	–
As at 1 January 2019		60,108,657.53	–
Financial assets at amortised cost		26,216,415,886.06	10,678,754,615.21

Note 2: As at 31 December 2018 and 1 January 2019, receivables included notes receivable, accounts receivable, factoring receivables, loans and advances, other receivables, current portion of non-current assets and long-term receivables.

Note 3: As at 31 December 2018, the carrying amount of structured deposit held by the Group was RMB504,347,794.52. Since the adoption of the New Financial Instruments Standards, characteristics of the contractual cash flows of such structure deposit no longer comply with the basic loan arrangement. Therefore, on 1 January 2019, the Group reclassified the structure deposit from other current assets to financial assets whose changes are included in the current profit and loss, and are presented as financial assets held for trading.

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Table 2: Financial assets at fair value through profit or loss under the New Financial Instruments Standards

	Note	Carrying amount
		Consolidated
Financial assets held for trading		
As at 31 December 2018		–
Add: Transfer from financial assets at fair value through profit or loss (under the Original Financial Instruments Standards)		14,441,978.09
Transfer from available-for-sale financial assets measured at fair value (under the Original Financial Instruments Standards)		72,373.06
Transfer from other current assets (under the Original Financial Instruments Standards)	3	504,347,794.52
As at 1 January 2019		518,862,145.67
Other non-current financial assets		
As at 31 December 2018		–
Add: Transfer from available-for-sale financial assets measured at fair value (under the Original Financial Instruments Standards)	4	523,089,700.05
Transfer from available-for-sale financial assets measured at cost (under the Original Financial Instruments Standards)	5	105,000,000.00
As at 1 January 2019		628,089,700.05
Total financial assets at fair value through profit or loss (under the New Financial Instruments Standards)		1,146,951,845.72

Note 4: As at 31 December 2018, the carrying amount of asset-backed special scheme ("special scheme")securities held by the Group was RMB178,403,812.08. After the adoption of New Financial Instruments Standards, the special scheme was reclassified from available-for-sale financial assets to financial assets at fair value through profit or loss, which are presented as other non-current financial assets.

As at 31 December 2018, the carrying amount of the Group's Simple Agreement for Future Equity ("SAFE") was RMB344,685,887.97. After the adoption of New Financial Instruments Standards, the SAFE was reclassified from available-for-sale financial assets to financial assets at fair value through profit or loss, which are presented as other non-current financial assets.

Note 5: As at 31 December 2018, the carrying amount of the Group's industrial fund investment measured at cost was RMB105,000,000.00. After the adoption of New Financial Instruments Standards, the industrial fund investment was reclassified from available-for-sale financial assets to financial assets at fair value through profit or loss, which are presented as other non-current financial assets.

Table 3: Financial assets at fair value through other comprehensive income under the New Financial Instruments Standards

	Note	Carrying amount
		Consolidated
Investments in other equity instruments		
As at 31 December 2018		–
Add: Transfer from available-for-sale financial assets measured at fair value (under the Original Financial Instruments Standards)	6	2,725,569,435.71
Remeasurement: From cost to fair value	7	87,260,649.19
As at 1 January 2019		2,812,830,084.90
Total financial assets at fair value through other comprehensive income (under the New Financial Instruments Standards)		2,812,830,084.90

Note 6: As at 31 December 2018, certain equity investments that were measured at fair value at an amount of RMB2,725,569,435.71 were designated to financial assets at fair value through other comprehensive income on 1 January 2019 due to the Group's strategic investment consideration.

Note 7: As at 31 December 2018, certain equity investments that were measured at cost at an amount of RMB69,795,551.45 were designated to financial assets at fair value through other comprehensive income on 1 January 2019 due to the Group's strategic investment consideration. The difference between fair value and original book value is RMB17,465,097.74, adjusting other comprehensive income at the beginning of the year.

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(iii) As at 1 January 2019, the Group's and the Company's reconciliation from the provision for impairment of financial assets under the Original Financial Instruments Standards to loss provision under the New Financial Instruments Standards is as below:

Measurement	Loss provision under the Original Financial Instruments Standards	Remeasurement/ Reclassification	Loss provision under the New Financial Instruments Standards
	Consolidated		Consolidated
Financial assets at amortised cost –			
Provision for impairment of accounts receivable	79,456,513.05	–	79,456,513.05
Provision for impairment of other receivables	12,857,692.63	–	12,857,692.63
Provision for impairment of long-term receivables	11,234,212.14	–	11,234,212.14
Provision for impairment of factoring receivables	9,655,084.16	–	9,655,084.16
Provision for impairment of loans and advances	11,158,725.91	–	11,158,725.91
Financial assets at fair value through other comprehensive income –			
Provision for impairment of available-for-sale financial assets	4,596,187.92	(4,596,187.92)	–
Total	128,958,415.81	(4,596,187.92)	124,362,227.89

Measurement	Loss provision under the Original Financial Instruments Standards	Remeasurement/ Reclassification	Loss provision under the New Financial Instruments Standards
	Company		Company
Financial assets at amortised cost –			
Provision for impairment of other receivables	–	–	–

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3 Taxation

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax rate	Tax base
Enterprise income tax	Note (1)	Taxable income
Value added tax ("VAT")	Note (2)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount/taxable service income multiplied by the applicable tax rate less deductible VAT input of the current period or taxable turnover amount multiplied by the VAT rate)
City maintenance and construction tax	7%, 5%, 1%	Amount of VAT paid
Educational surcharge	3%	Amount of VAT paid
Local educational surcharge	2%	Amount of VAT paid
Customs duty	At applicable tax rate	Customs dutiable value through examination and approval of the Customs

In addition, pursuant to the *Interim Measures for the Collection, Use and Management of the Civil Aviation Development Fund* (Cai Zong [2012] No. 17) issued by the Ministry of Finance, SF Airlines Company Limited ("SF Airlines") pays the civil aviation development fund based on classification of flight routes, maximum take-off weight, flight mileage and applicable collection standards, and includes such payment in cost.

(1) Enterprise income tax

Pursuant to the *Notice on the Deduction of Enterprise Income Tax Policies for Equipment and Apparatus* (Cai Shui [2018] No. 54) and related regulations issued by the State Administration of Taxation, the cost of equipment purchased less than RMB5,000,000 from 1 January 2018 to 31 December 2020 can be deducted against taxable on a straight-line basis over income in the following month after the assets are put into use, instead of being deducted annually in its useful life.

The subsidiaries entitled to the preferential tax are presented as follows:

(a) Pursuant to the *Notice on the Policies and Catalogue of Income Tax Preferences for Enterprises in Guangdong Hengqin New Area, Fujian Pingtan Comprehensive Experimental Zone, and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperative Zone* (Cai Shui [2014] No. 26) jointly issued by the Ministry of Finance and the State Administration of Taxation, the Company's subsidiaries as below are subject to enterprise income tax at the preferential rate of 15% from 2014 to 2020.

Name of subsidiary	Local statutory tax rate	Preferential tax rate
Guangdong S.F. E-commerce Co., Ltd.	25%	15%
Shenzhen S.F. Supply Chain Co., Ltd.	25%	15%
Shenzhen S.F. International Logistics Co., Ltd.	25%	15%
Shenzhen S.F. DDJ Technology Co., Ltd.	25%	15%
Shenzhen S.F Information Service Technology Co., Ltd.	25%	15%

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(b) Pursuant to the *Notice on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy* (Cai Shui [2011] No. 58) and the *Notice on Issues Concerning the Implementation of the Tax Policies for the Development of Western China by Ganzhou City* (Cai Shui [2013] No. 4) jointly issued by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation, the Company's subsidiaries as below are subject to enterprise income tax at the preferential rate of 15% until the end of 2020:

Name of subsidiary	Local statutory tax rate	Preferential tax rate
S.F. Express (Chongqing) Co., Ltd.	25%	15%
Guizhou S.F. Express Co., Ltd.	25%	15%
Yunnan S.F. Express Co., Ltd.	25%	15%
Sichuan S.F. Express Co., Ltd.	25%	15%
Xi'an S.F. Express Co., Ltd.	25%	15%
Guangxi S.F. Express Co., Ltd.	25%	15%
S.F. Express (Ningxia) Co., Ltd.	25%	15%
Inner Mongolia S.F. Express Co., Ltd.	25%	15%
Xinjiang S.F. Express Co., Ltd.	25%	15%
Qinghai S.F. Express Co., Ltd.	25%	15%
Lanzhou S.F. Express Co., Ltd.	25%	15%
Ganzhou S.F. Express Co., Ltd.	25%	15%
Xi'an Shunlu Logistics Co., Ltd.	25%	15%
Chongqing Huiyifeng Logistics Co., Ltd.	25%	15%
Chengdu Taishun Logistics Co., Ltd.	25%	15%
Xi'an S.F. Information Service Co., Ltd.	25%	15%
Qinghai S.F. Juyi Supply Chain Management Co., Ltd.	25%	15%
Gansu Shunhefeng Freight Co., Ltd.	25%	15%
Ningxia S.F. Freight Co., Ltd.	25%	15%
Shaanxi S.F. Freight Co., Ltd.	25%	15%

(c) Pursuant to the *Notice of the People's Government of the Tibet Autonomous Region on Issuing the Regulations on Preferential Policies for Investment Promotion of the Tibet Autonomous Region (Provisional)* (Zang Zheng Fa [2018] No. 25), the Company's subsidiaries, which are registered in Tibet Autonomous Region, are subject to enterprise income tax at the preferential rate of 15% as stipulated in the Western China Development Strategy from 1 January 2018 to 31 December 2020, and are temporarily exempt from the region's share of entitlement to enterprise income tax payable from 1 January 2018 to 31 December 2021. In other words, the region's share of entitlement to 40% in the enterprise income tax payable at the rate of 15% is exempted during the above period.

Name of subsidiary	Local statutory tax rate	Preferential tax rate
Tibet S.F. Express Co., Ltd.	25%	9%

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(d) In accordance with Article 2 of the *Notice on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (Cai Shui [2019] No. 13) jointly issued by the Ministry of Finance and the State Administration of Taxation, the portion of annual taxable income of the Company's subsidiaries not exceeding RMB1 million is recognised at 25%; the portion of annual taxable income of the Company's subsidiaries exceeding 1 million but not exceeding 3 million is recognised at 50%; and they are subject to enterprise income tax at the rate of 20%:

Name of subsidiary	Local statutory tax rate	Preferential tax rate
Ezhou Shunlu Logistics Co., Ltd.	25%	20%
Shenzhen S.F. Research Institution Co., Ltd.	25%	20%
Shenzhen Fenglian Technology Co., Ltd.	25%	20%
Ezhou Fengtai Qisheng Logistics Development Co., Ltd.	25%	20%
Ezhou Fengyutai Helin Logistics Development Co., Ltd.	25%	20%
Shenzhen Youli Technology Co., Ltd.	25%	20%
Zhengzhou Shuncheng Logistics Co., Ltd.	25%	20%
Shanghai Fengtai Yuanxing Property Management Service Co., Ltd.	25%	20%
Xuzhou Fengtai Industrial Park Management Co., Ltd.	25%	20%
Taizhou Fengtai E-Commerce Industrial Park Operation and Management Co., Ltd.	25%	20%
Taixing Fengtai Industrial Park Operation and Management Co., Ltd.	25%	20%
Huai'an Fengtai Enterprise Management Co., Ltd.	25%	20%
Quanzhou Fengyutai Enterprise Management Co., Ltd.	25%	20%
Hefei Jietai Enterprise Management Co., Ltd.	25%	20%
Beijing Fengyutai Operations and Management Co., Ltd.	25%	20%
S.F. Cold Chain Logistics Co., Ltd.	25%	20%
Wuxi Jietai Enterprise Management Co., Ltd.	25%	20%
Rongyilian Technology (Shenzhen) Co., Ltd.	25%	20%
Ningbo Shuncheng Logistics Co., Ltd.	25%	20%
Hangzhou Shunyifeng Import & Export Trading Co Ltd.	25%	20%
Shanghai Chengbai Technology Co., Ltd.	25%	20%
Shenyang Fengtai E-Commerce Industrial Park Management Co., Ltd.	25%	20%
Guizhou Shunlu Logistics Co., Ltd.	25%	20%
Guizhou S.F. Zhida Freight Co., Ltd.	25%	20%
Yiwu Fengyutai Enterprise Management Co., Ltd.	25%	20%
Wuhan S.F. Express Co., Ltd.	25%	20%
Shenzhen Fengtai E-Commerce Industrial Park Property Service Co., Ltd.	25%	20%
Guangdong Fengrui Youzi Technologies Co., Ltd.	25%	20%
Sichuan Fengnong Technology Co., Ltd.	25%	20%

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(e) Pursuant to the *Notice on Enterprise Income Tax Policies for Further Encouraging the Development of Software and Integrated Circuit Industries* (Cai Shui [2012] No. 27) jointly issued by the Ministry of Finance and the State Administration of Taxation, the *Notice on the Issues of the Policies of Enterprise Income Tax Preferences for Software and Integrated Circuit Industries* (Cai Shui [2016] No. 49) jointly issued by the Ministry of Finance, the State Administration of Taxation, National Development and Reform Commission and the Ministry of Industry and Information Technology, and the *Announcement on Issuing the Revised Measures for the Matters concerning Preferential Enterprise Income Tax Policies (Announcement* [2018]) No. 23) issued by the State Administration of Taxation, and through filing with Shenzhen Nanshan District Taxation Bureau, the Company's subsidiaries below were subject to enterprise income tax at the preferential rate of 10% from 1 January 2017 as a key software enterprise under the national planning and layout:

Name of subsidiary	Local statutory tax rate	Preferential tax rate
SF Technology Co., Ltd. ("SF Technology")	25%	10%

(f) As per Article 28 of the *Enterprise Income Tax Law of the People's Republic of China*, the high and new technology enterprises eligible for key support from the State are entitled to a reduced tax rate of 15%. Through filing with local taxation bureaus, the Company's subsidiaries as below are qualified as high and new technology enterprises, and entitled to the preferential tax rates for high and new technology enterprises eligible for key support from the State. The subsidiaries as below were subject to a tax rate of 15% in the reporting period.

Name of subsidiary	Local statutory tax rate	Preferential tax rate
S.F. Hengtong Pay Co., Ltd.	25%	15%

In addition, the Company's subsidiaries located in Hong Kong, Singapore, Japan, Korea and USA are subject to enterprise income tax at the rates of 16.5%, 17%, 23.2%, 22% and 21%respectively in the reporting period.

In addition to the above subsidiaries, the Company and its other major subsidiaries are subject to enterprise income tax at the rate of 25%.

(2) VAT

According to different businesses, VAT rates applicable to the Group include:

Business type	Applicable VAT rates
Sales of goods and leasing (i)	17% (before 1 May 2018), 16% (1 May 2018 to 31 March 2019), 13% (since 1 April 2019),
Transportation service (i)	11% (before 1 May 2018), 10% (1 May 2018 to 31 March 2019) 9% (since 1 April 2019),
Logistics supporting service	6% 3% (applicable to small-scale taxpayers)
R&D and technical service	6%
Information technology service	6%
Property leases (i)	11% (before 1 May 2018), 10% (1 May 2018 to 31 March 2019) 9% (since 1 April 2019),

(i) Pursuant to the *Notice on Adjustment of VAT Tax Rate* (Cai Shui [2018] No. 32), taxpayers who engage in VAT taxable sales or imported goods are subject to 17% and 11% tax rates, and the tax rates are adjusted to 16% and 10% respectively.The aforesaid circular has been effective since 1 May 2018.

Pursuant to the *Announcement on Policies for Deepening the Value-Added Tax Reform* (Cai Shui [2019] No. 39), the VAT taxable sales or goods import, which were subject to the tax rates of 16% and 10%, are subject to 13% and 9% respectively upon adjustment. The aforesaid circular has been effective since 1 April 2019.

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Pursuant to the *Announcement on Policies for Deepening the Value-Added Tax Reform* (Cai Shui [2019] No. 39) and the *Announcement on Clarifying the Additional Value-Added Tax Credit Policy for the Life Service Industry* (Cai Shui [2019] No. 87), from 1 April 2019 to 31 December 2021, taxpayers whose sales amount from providing postal service, telecommunication service, modern service and life services accounts for more than 50% of the total sales amount are allowed to credit the amount of input tax deductible in the current period plus 10% thereof against the amount of taxes payable; from 1 October 2019 to 31 December 2021, taxpayers whose sales amount from providing life services accounts for more than 50% of the total sales amount are allowed to credit the amount of input tax deductible in the current period plus 15% thereof against the amount of taxes payable.

4 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2019	31 December 2018
Cash on hand	188,281.28	1,333,057.53
Cash at bank (a)	17,654,474,529.50	15,181,388,700.85
Balances with central bank from Group Finance Company	792,594,922.81	886,346,294.94
Including: Balances with central bank – statutory reserve (b)	785,012,298.46	873,705,941.98
Balances with central bank – excess reserve (c)	7,582,624.35	12,640,352.96
Other cash balances (a)	51,599,389.56	62,052,680.22
Accrued interest	22,134,613.95	–
	18,520,991,737.10	16,131,120,733.54
Including: Total overseas deposits	967,339,663.84	1,539,296,677.54

(a) As at 31 December 2019, RMB30,000,000.00 of the other cash balances represented guarantees for bank acceptance notes and was restricted. As at 31 December 2018, RMB139,907.00 of the other cash balances represented guarantee deposits with banks for letter of guarantee and was restricted.

As at 31 December 2018, the guaranteed bank borrowings of RMB86,400,000.00 were pledged by the Group's fixed deposits of RMB30,000,000.00, and such pledge was released within the reporting period.

(b) On 18 September 2016, the Group incorporated S.F. Holding Group Finance Co., Ltd. ("Group Finance Company"). Statutory reserve of Group Finance Company deposited with the central bank represents required statutory reserve paid by financial enterprises in the People's Bank of China ("PBOC") at 6% of deposits from customers denominated in RMB. Statutory reserve deposits are not available for use by the Group in its day to day operations, which are restricted cash.

(c) Surplus reserve of Group Finance Company deposited with the central bank represents the excess over the required statutory reserve paid by financial institutions in the central bank, and it is bank deposit that can be readily drawn on demand.

(2) Placements with and loans to banks and other financial institutions

As at 31 December 2019, placements with and loans to banks and other financial institutions came from the Group Finance Company, a subsidiary of the Group.

	31 December 2019	31 December 2018
Placements with domestic banks	200,000,000.00	–
Accrued interest	728,611.11	–
Less: Provision for impairment	–	–
	200,728,611.11	–

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(3) Financial assets at fair value through profit or loss

	31 December 2018
Investments in equity instrument held for trading	13,715,336.78
Forward interest rate swap contracts	726,641.31
	14,441,978.09

(4) Financial assets held for trading

	31 December 2019
Structural deposits	2,909,852,581.06
Others	320,347.14
	2,910,172,928.20

(5) Accounts receivable

	31 December 2019	31 December 2018
Accounts receivable	12,170,272,296.49	7,432,334,261.92
Less: Provision for bad debts	(125,729,570.66)	(79,456,513.05)
	12,044,542,725.83	7,352,877,748.87

The Group adopts regular settlement method for express & logistics comprehensive services provided to some customers. At each month-end, the outstanding part becomes accounts receivable.

(a) The ageing of accounts receivable is analysed as follows:

	31 December 2019	31 December 2018
Within 1 year (inclusive)	12,064,412,162.95	7,359,283,705.95
1 to 2 years (inclusive)	82,722,342.92	53,918,666.20
Over 2 years	23,137,790.62	19,131,889.77
	12,170,272,296.49	7,432,334,261.92

(b) The Group's accounts receivable comprise the accounts receivable from the customers under monthly settlement. As at 31 December 2019, the five largest accounts receivable aggregated by debtor were summarised and analysed as follows:

	31 December 2019		
	Amount	Amount of provision for bad debts	% of total balance
Sum of the five largest accounts receivable	1,312,305,642.23	(6,561,528.21)	10.78%

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(c) Provision for bad debts

Under the New Financial Instruments Standards, the Group always prepares losses for accounts receivable based on the expected credit losses for the entire duration.

As at 31 December 2019, accounts receivable for which the related provision for bad debts is provided on the individual basis are analysed as follows:

	Ending balance	Lifetime expected credit loss rate	Provision for bad debts	Reason
Receivables from related parties	–	–	–	
Receivables from non-related parties	56,740,345.11	100.00%	(56,740,345.11)	The debtor encountered financial difficulties, etc.
	56,740,345.11		(56,740,345.11)	

As at 31 December 2019, accounts receivable for which the related provision for bad debts was provided on the grouping basis were analysed as follows:

	31 December 2019		
	Ending balance	Provision for bad debts	
	Amount	Lifetime expected credit loss rate	Amount
Related party grouping	231,430,940.86	–	–
Non-related party grouping	11,882,101,010.52	0.58%	(68,989,225.55)
	12,113,531,951.38		(68,989,225.55)

Under the Original Financial Instruments Standards, the provision for bad debts of accounts receivable made by the Group is set out as follows:

	31 December 2018			
	Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on individual basis				
Receivables from related parties	13,261,064.53	0.18%	(13,261,064.53)	100.00%
Receivables from non-related parties	23,795,014.21	0.32%	(23,795,014.21)	100.00%
Provision for bad debts on grouping basis				
Receivables from related parties	174,836,472.94	2.35%	–	–
Receivables from non-related parties	7,220,441,710.24	97.15%	(42,400,434.31)	0.59%
	7,432,334,261.92	100.00%	(79,456,513.05)	

For the year ended 31 December 2019, the Group's provision for bad debts amounted to RMB142,227,367.20, and there was no provision for bad debts reversed (Note 4(25)).

For the year ended 31 December 2019, the provision for bad debts of accounts receivable that was written off amounted to RMB102,464,951.34 (Note 4(25)) and no accounts receivable with amounts that were individually significant were written off.

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(6) Other receivables

	31 December 2019	31 December 2018
Current accounts receivable from related parties (Note 8(4)(c))	294,204,283.58	199,874,321.59
Guarantees and deposits	680,953,317.24	572,057,200.70
Cash on delivery service	284,688,435.91	180,008,388.19
Receivables from equity transfer and capital reductions	156,997,540.37	–
Airlines subsidy and financial rebate	148,867,767.85	18,000,000.00
Employee borrowings and advances	145,969,805.47	117,914,472.13
Tax collected by others	143,431,840.62	76,962,191.00
Entrusted loans receivable	27,000,000.00	27,000,000.00
Social insurance premium prepaid	21,044,410.69	17,332,616.45
Interest receivable	–	47,810,100.13
Others	226,255,553.81	170,313,261.25
	2,129,412,955.54	1,427,272,551.44
Less: Provision for bad debts	(27,205,716.14)	(12,857,692.63)
	2,102,207,239.40	1,414,414,858.81

(a) The ageing of other receivables is analysed as follows:

	31 December 2019	31 December 2018
Within 1 year (inclusive)	1,709,844,656.77	1,076,822,791.84
1 to 2 years (inclusive)	187,996,839.38	141,307,658.64
Over 2 years	231,571,459.39	209,142,100.96
	2,129,412,955.54	1,427,272,551.44

(b) Provision for losses

(i) Under the New Financial Instruments Standards, the Group measures the loss for other receivables based on the expected credit losses for the next twelve months or the entire duration.

	Stage 1		Stage 3		Total
	Expected credit losses in the following 12 months (grouping)		Lifetime expected credit losses (credit impaired)		
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts	Provision for bad debts
1 January 2019	1,400,020,925.84	(4,506,067.03)	27,251,625.60	(8,351,625.60)	(12,857,692.63)
Increase in the current year	714,619,125.44	(18,726,744.85)	–	(8,100,000.00)	(26,826,744.85)
Write-off/Disposal in the current year	(12,478,721.34)	12,478,721.34	–	–	12,478,721.34
31 December 2019	2,102,161,329.94	(10,754,090.54)	27,251,625.60	(16,451,625.60)	(27,205,716.14)

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As at 31 December 2019, for other receivables at stage 1, the related provision for bad debts was analysed below:

	Ending balance	Expected credit loss rate in the following 12 months	Provision for bad debts	Reason
Provided on the grouping basis:				
Related party grouping	294,204,283.58	–	–	
Non-related party grouping	1,807,957,046.36	0.59%	(10,754,090.54)	Expected credit loss method
	2,102,161,329.94		(10,754,090.54)	

As at 31 December 2019, the Group did not have any other receivables at stage 2.

As at 31 December 2019, for other receivables at stage 3, the related provision for bad debts was analysed below:

	Ending balance	Lifetime expected credit losses	Provision for bad debts	Reason
Provided on the individual basis:				
Entrusted loans receivable	27,000,000.00	60.00%	(16,200,000.00)	Expected credit loss method
Others	251,625.60	100.00%	(251,625.60)	Expected credit loss method
	27,251,625.60		(16,451,625.60)	

(ii) Under the Original Financial Instruments Standards, the provision for bad debts of other receivables made by the Group is set out as follows:

	31 December 2018			
	Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on individual basis				
Receivables from related parties	251,625.60	0.02%	(251,625.60)	100.00%
Receivables from non-related parties	27,000,000.00	1.89%	(8,100,000.00)	30.00%
Provision for bad debts on grouping basis				
Receivables from related parties	199,622,695.99	13.99%	–	–
Receivables from non-related parties	1,200,398,229.85	84.10%	(4,506,067.03)	0.38%
	1,427,272,551.44	100.00%	(12,857,692.63)	

(c) For the year ended 31 December 2019, the Group's provision for bad debts amounted to RMB26,821,581.16, and there was no provision for bad debts reversed (Note 4(25)).

(d) For the year ended 31 December 2019, other receivables of RMB12,460,733.14 were written off by the Group (Note 4(25)), and no other receivables that were individually material were written off.

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(e) As at 31 December 2019, the five largest other receivables aggregated by debtor were summarised and analysed as follows:

	Nature of business	Ageing	31 December 2019		
			Amount	Amount of provision for bad debts	% of total balance
Shenzhen Hive Box Technology Co., Ltd. ("Hive Box Technology")	Agency collection and payment	Within 3 months	237,357,559.02	–	11.15%
Shurui (Xiamen) Science and Technology Co., Ltd.	Receivables from equity transfer	Within 1 year	101,500,000.00	(507,500.00)	4.77%
IKEA	Agency collection and payment	Within 1 year	82,285,863.31	(411,429.32)	3.86%
Hangzhou International Airport	Airlines subsidy	Within 1 year	76,026,800.00	(380,134.00)	3.57%
Beijing S.F. Deda Logistics Technology Co., Ltd.	Receivables from capital reductions	Within 1 year	45,000,000.00	(225,000.00)	2.11%
			542,170,222.33	(1,524,063.32)	

(7) Advances to suppliers

(a) The ageing of advances to suppliers is analysed below:

Ageing	31 December 2019		31 December 2018	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	2,595,294,276.41	97.78%	2,465,593,701.21	97.96%
1 to 2 years (inclusive)	31,784,063.41	1.20%	20,098,754.74	0.80%
Over 2 years	27,166,624.43	1.02%	31,193,904.22	1.24%
	2,654,244,964.25	100.00%	2,516,886,360.17	100.00%

As at 31 December 2019, advances to suppliers with ageing over one year were mainly prepaid property rents, fuel cards, etc. As relevant business transactions were not completed, the amounts were not settled yet.

(b) As at 31 December 2019, the amount of top five advances to suppliers was analysed as follows:

	31 December 2019	
	Amount	% of total balance
Sum of the five largest advances to suppliers	412,410,078.82	15.54%

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(8) Factoring receivables

As at 31 December 2019 and 31 December 2018, the balance of factoring receivables was formed by external receivable factoring business, which are conducted by the subsidiary Shenzhen Shuncheng Lefeng Factoring Co., Ltd ("Lefeng Factoring").

	31 December 2019	31 December 2018
Factoring receivables	127,216,839.72	456,828,342.81
Less: Provision for bad debts	(74,519,671.86)	(9,655,084.16)
	52,697,167.86	447,173,258.65

(a) Factoring receivables are disclosed by category as follows:

	31 December 2019			
	Amount	Proportion	Provision for bad debts	Net amount
Factoring with recourse	127,216,839.72	100.00%	(74,519,671.86)	52,697,167.86

	31 December 2018			
	Amount	Proportion	Provision for bad debts	Net amount
Factoring with recourse	456,828,342.81	100.00%	(9,655,084.16)	447,173,258.65

(b) Overdue factoring receivable are presented by past-due ageing as follows:

	31 December 2019				
	Within 1 month	1 to 6 months	6 months to 1 year	1 to 2 years	Total
Factoring receivables	–	19,221.36	1,190,999.41	122,709,620.13	123,919,840.90

	31 December 2018				
	Within 1 month	1 to 6 months	6 months to 1 year	1 to 2 years	Total
Factoring receivables	123,773,314.62	28,495,416.67	–	–	152,268,731.29

(c) For the year ended 31 December 2019, the Group's provision for bad debts and bad debts reversed amounted to RMB70,200,727.83 and RMB5,336,140.13 respectively, and there was no provision for bad debts written off (Note 4(25)).

(d) For the year ended 31 December 2019, the Group's factoring receivables for which related provision for bad debts is provided on individual basis amounted to RMB122,709,620.13, including provision for bad debts amounting to RMB73,698,762.96.

(9) Loans and advances

As at 31 December 2019 and 31 December 2018, the balance of loans and advances was formed by the external loans issued by S.F. Finance (Hong Kong) Limited ("S.F. Finance"), which is a subsidiary of the Group in Hong Kong.

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(a) Loans and advances by individual and enterprise

	31 December 2019	31 December 2018
Personal loans	111,590.41	178,001.67
Enterprise loans		
Non-related party loans	96,849,628.97	106,051,349.54
Loans and advances – total	96,961,219.38	106,229,351.21
Less: Provision for loan losses	(15,219,113.18)	(11,158,725.91)
Loans and advances – net	81,742,106.20	95,070,625.30

(b) Loans and advances analysed by type of collateral

	31 December 2019	31 December 2018
Unsecured loans	89,672,228.97	99,024,069.54
Guaranteed loans	7,288,990.41	7,205,281.67
Loans and advances – total	96,961,219.38	106,229,351.21

(c) Overdue loans are presented by pass-due ageing as follows:

	31 December 2019				
	Within 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Total
Unsecured loans	1,680,290.35	3,264,446.60	591,181.80	–	5,535,918.75

	31 December 2018				
	Within 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Total
Unsecured loans	436,925.53	226,867.83	–	–	663,793.36

(d) For the year ended 31 December 2019, the Group's provision for bad debts amounted to RMB4,060,387.27, and there was no provision for bad debts reversed (Note 4(25)).

(e) As at 31 December 2019, the Group's loans and advances for which the provision for bad debts was provided on the individual basis amounted to RMB21,218,553.90, of which the provision for bad debts amounted to RMB14,459,712.52.

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(10) Inventories

Inventories are summarised by category as follows:

	31 December 2019		
	Ending balance	Provision for decline in the value of inventories	Carrying amount
Raw materials in stock	386,155,813.35	–	386,155,813.35
Aviation consumables	184,488,934.08	–	184,488,934.08
Finished goods	198,782,950.13	–	198,782,950.13
Properties under development	79,095,456.31	–	79,095,456.31
Low-value consumables	33,135,819.82	–	33,135,819.82
	881,658,973.69	–	881,658,973.69

	31 December 2018		
	Ending balance	Provision for decline in the value of inventories	Carrying amount
Raw materials in stock	426,581,892.04	–	426,581,892.04
Finished goods	128,321,781.99	–	128,321,781.99
Aviation consumables	125,375,475.35	–	125,375,475.35
Properties under development	79,078,000.00	–	79,078,000.00
Low-value consumables	34,613,558.73	–	34,613,558.73
Others	24,079,316.91	–	24,079,316.91
	818,050,025.02	–	818,050,025.02

(11) Other current assets

	31 December 2019	31 December 2018
Input VAT to be offset	2,608,089,009.64	2,345,523,477.53
Bank wealth management products	622,533,561.64	564,456,452.05
Prepaid enterprise income tax	67,680,195.25	87,980,367.84
Others	1,381,954.41	6,090,309.48
	3,299,684,720.94	3,004,050,606.90

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(12) Available-for-sale financial assets

Under the Original Financial Instruments Standards, the available-for-sale financial assets of the Group are analysed as follows:

	31 December 2018
Measured at fair value	
– Available-for-sale debt instruments (a)	178,403,812.08
– Available-for-sale equity instruments (b)	3,070,327,696.74
Measured at cost	
– Available-for-sale equity instruments	174,795,551.45
	3,423,527,060.27

(a) Available-for-sale debt instruments measured at fair value:

	31 December 2018
Available-for-sale debt instruments	
– Fair value	178,403,812.08
– Cost	183,000,000.00
– Accumulated provision for impairment	(4,596,187.92)

(b) Available-for-sale equity instruments measured at fair value:

	31 December 2018
Available-for-sale equity instruments	
– Fair value	3,070,327,696.74
– Cost	2,718,113,957.55
– Accumulated amount recognised in other comprehensive income	352,213,739.19
– Accumulated provision for impairment	–

(13) Long-term receivables

	31 December 2019	31 December 2018
Finance lease receivables (a)	–	–
Interest-free loans to employees receivable (b)	218,975,602.28	324,736,080.74
Deposit for house purchase	246,757,710.00	246,757,710.00
	465,733,312.28	571,493,790.74

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(a) Finance lease receivables

	31 December 2019	31 December 2018
Finance lease receivables	13,816,932.03	73,046,804.28
Less: Unrealised financing income	(547,616.63)	(4,121,125.88)
Amortised cost of finance lease receivables	13,269,315.40	68,925,678.40
Less: Provision for bad debts	(9,055,794.45)	(11,234,212.14)
Finance lease receivables – net	4,213,520.95	57,691,466.26
Less: Current portion of finance lease receivables	(4,213,520.95)	(57,691,466.26)
	–	–

Finance lease receivables that should be received after the balance sheet date are as follows:

	31 December 2019			31 December 2018		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Within 1 year	13,816,932.03	100.00%	(9,055,794.45)	73,046,804.28	100.00%	(11,234,212.14)

(b) Interest-free loans to employees receivable

	31 December 2019	31 December 2018
Interest-free loans to employees receivable	349,400,218.00	435,850,000.00
Less: Prepaid discount interest	(27,580,595.39)	(45,607,919.26)
Amortised cost of interest-free loans to employees	321,819,622.61	390,242,080.74
Less: Current portion of interest-free loans to employees	(101,130,736.14)	(65,506,000.00)
Provision for bad debts	(1,713,284.19)	–
	218,975,602.28	324,736,080.74

As at 31 December 2019, interest-free loans to employees receivable represented the interest-free loans to qualified employees with a term of 5 years.

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(14) Long-term equity investments

	31 December 2019	31 December 2018
Cost:		
Joint ventures	1,363,650,397.32	1,326,581,550.05
Associates	1,018,085,534.62	934,446,087.67
	2,381,735,931.94	2,261,027,637.72
Less: Provision for impairment of long-term equity investments		
– Joint ventures	(22,587,342.22)	(28,236,883.66)
– Associates	(137,635,916.58)	(29,359,632.03)
	(160,223,258.80)	(57,596,515.69)
Joint ventures (a)	1,341,063,055.10	1,298,344,666.39
Associates (b)	880,449,618.04	905,086,455.64
	2,221,512,673.14	2,203,431,122.03

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(a) Joint ventures

	Carrying amount as at 31 December 2018	Movements in the current year						Carrying amount as at 31 December 2019	Balance of provision for impairment loss at the end of the year
		Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Exchange differences on translation of foreign currency financial statements	Other changes in equity (i)	Provision for impairment		
Hubei International Logistics Airport Co., Ltd.	919,822,243.93	–	–	(697,776.35)	–	–	–	919,124,467.58	–
ZBHA Group Co., Ltd. ("ZBHA")	207,521,652.37	–	–	9,281,815.05	–	–	–	216,803,467.42	–
Beijing Wulian Shuntong Technology Co., Ltd. ("Wulian Shuntong')	30,000,000.00	80,000,000.00	–	(15,036,830.18)	–	–	–	94,963,169.82	–
Hubei International Aviation Industry Metro Development Co., Ltd.	40,206,913.74	–	–	388,187.27	–	–	–	40,595,101.01	–
POST11OÜ	15,921,028.91	–	–	9,703,060.90	148,893.78	–	–	25,772,983.59	–
CR-SF International Express Co., Ltd.	4,858,622.97	18,000,000.00	–	1,911,352.75	–	67,483.26	–	24,837,458.98	–
Shenzhen Shenghai Information Service Co., Ltd. ("Shenghai Information")	6,770,965.97	–	–	1,965,134.84	–	–	–	8,736,100.81	–
Beijing Shunhetongxin Technology Co., Ltd.	15,145,429.40	2,500,000.00	–	(14,493,927.96)	–	–	–	3,151,501.44	–
Global Connect Holding Limited	1,036,999.03	–	–	1,256,736.59	(8,825.42)	–	–	2,284,910.20	–
Shanghai Geling Information Technology Co., Ltd. ("Geling Information")	1,842,672.10	–	–	255,874.38	–	–	–	2,098,546.48	–
Shanghai Pharma DHL Supply Chain (Shanghai) Co., Ltd. (ii)	–	2,030,750.79	–	8,781.61	(65,144.27)	–	–	1,974,388.13	–
Wenzhou Fengbaoke Technology Co., Ltd.	2,000,000.00	–	–	(2,121,434.11)	–	842,393.75	–	720,959.64	–
Zhongyunda Aviation Ground Services Co., Ltd.	30,049,574.25	–	–	(7,462,232.03)	–	–	(22,587,342.22)	–	(22,587,342.22)
Guangzhou Leshou Network Technologies Co., Ltd. ("Leshou Network")	–	2,500,000.00	–	(18,186.40)	–	–	(2,481,813.60)	–	–
Shang Shun Supply Chain Management (China) Co., Ltd.	23,168,563.72	–	(22,785,996.03)	–	(382,567.69)	–	–	–	–
	1,298,344,666.39	105,030,750.79	(22,785,996.03)	(15,059,443.64)	(307,643.60)	909,877.01	(25,069,155.82)	1,341,063,055.10	(22,587,342.22)

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(b) Associates

	Carrying amount as at 31 December 2018	Movements in the current year							Carrying amount as at 31 December 2019	Balance of provision for impairment loss at the end of the year
		Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Exchange differences on translation of foreign currency financial statements	Adjustment in other comprehensive income	Other changes in equity (i)	Provision for impairment		
Zhejiang Galaxis Technology Co., Ltd.	165,725,961.09	–	–	(3,843,166.65)	–	–	–	–	161,882,794.44	–
Zhuhai Sui Bian Technology Co., Ltd.	157,457,861.35	–	–	(45,095,554.72)	–	–	–	–	112,362,306.63	(8,031,343.63)
Jiangsu Chiata Foton Co., Ltd.	109,489,454.90	–	–	(2,012,624.40)	–	–	–	–	107,476,830.50	–
Beijing Dazhangfang Network Technology Co., Ltd. ("Dazhangfang")	105,360,602.87	–	–	(7,374,231.98)	–	–	5,717,677.45	–	103,704,048.34	–
DHL Weiheng (Zhuhai) Supply Chain Management Co., Ltd. (ii)	–	63,403,384.03	–	(437,090.29)	204,716.62	–	–	–	63,171,010.36	–
Feng Wang Investment Co., Ltd.	49,583,185.02	–	–	934,221.91	–	(2,059,919.82)	–	–	48,457,487.11	–
Langxing UAV System Co., Ltd.	42,286,144.93	–	–	(1,822,869.07)	–	–	–	–	40,463,275.86	–
Shenzhen Canbeidou Supply Chain Management Co., Ltd. ("Canbeidou Supply Chain")	31,203,326.00	5,000,000.00	–	(4,158,452.17)	–	–	–	–	32,044,873.83	–
KOSPA	–	27,607,580.78	–	(1,213,634.93)	585,376.03	–	–	–	26,979,321.88	–
Beijing GreenValley Technology Limited	22,303,055.14	–	–	977,358.70	–	–	–	–	23,280,413.84	–
Little Red Hat Issuance Co., Ltd. ("Little Red Hat")	39,935,693.38	–	–	(5,345,705.38)	–	–	–	(15,000,000.00)	19,589,988.00	(15,000,000.00)
Shenzhen Zhi Hang UAV Co., Ltd.	20,725,087.16	–	–	(2,671,377.79)	–	–	–	–	18,053,709.37	–
Wuhan Shunluo Supply Chain Management Co., Ltd.	–	17,216,469.96	–	(57,196.35)	184,733.66	–	–	–	17,344,007.27	–
PT TRIADIBERSAMA	11,030,861.92	10,358,610.85	–	(7,261,698.40)	637,180.89	–	–	–	14,764,955.26	–
GS EXPRESS HOLDINGS PTE.LTD	–	13,832,113.45	–	54,293.48	282,803.42	–	–	–	14,169,210.35	–
Shenzhen Shun Jie Feng Da Express Co., Ltd.	9,797,782.97	–	–	1,945,857.59	–	–	–	–	11,743,640.56	(20,480,557.60)
Guangdong Shucheng Technology Co., Ltd.	11,111,112.00	–	–	(1,524,254.01)	–	–	–	–	9,586,857.99	–
Xi'an Huahan Air Passenger and Freight Service Co., Ltd.	4,914,936.19	2,106,401.22	–	1,542,615.26	–	–	–	–	8,563,952.67	–

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	Carrying amount as at 31 December 2018	Movements in the current year							Carrying amount as at 31 December 2019	Balance of provision for impairment loss at the end of the year
		Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Exchange differences on translation of foreign currency financial statements	Adjustment in other comprehensive income	Other changes in equity (i)	Provision for impairment		
Zhongshun Xintean Supply Chain Co., Ltd.	–	7,800,000.00	–	(528,752.36)	–	–	–	–	7,271,247.64	–
ASL of Indonesia	–	5,719,739.55	–	–	(39,511.55)	–	–	–	5,680,228.00	–
Shanghai Jujia Logistics Development Co., Ltd.	–	5,000,000.00	–	–	–	–	–	–	5,000,000.00	–
Chongqing Boqiang Logistics Co., Ltd.	3,083,249.31	1,321,392.56	–	40,185.38	–	–	–	–	4,444,827.25	–
Beijing Prettyfeather Brand Management Co., Ltd.	4,551,225.71	–	–	(512,250.50)	–	–	–	–	4,038,975.21	–
Kin Shun Information Technology Limited	–	5,609,808.75	–	(1,985,914.39)	158,634.21	–	–	–	3,782,528.57	–
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	–	4,000,000.00	–	(223,447.20)	–	–	–	–	3,776,552.80	–
Wuhan Jinyu DHL Supply Chain Management Co., Ltd. (ii)	–	3,798,169.58	–	(104,865.93)	(117,804.21)	–	–	–	3,575,499.44	–
Qingdao Dakai Cargo Agency Co., Ltd.	2,128,255.53	912,109.51	–	36,336.06	–	–	–	–	3,076,701.10	–
KINGS (HK) INTERNATIONAL LIMITED	–	2,111,928.00	–	279,466.94	34,403.20	–	–	–	2,425,798.14	–
Qingdao Shunlianda Agricultural Science and Technology Co., Ltd.	–	2,400,000.00	–	(28,797.31)	–	–	–	–	2,371,202.69	–
Shenzhen Fengyi Intelligent Technology Co., Ltd.	–	1,000,000.00	–	–	–	–	–	–	1,000,000.00	–
Shenzhen Xiaofeng Technology Co., Ltd. ("Xiaofeng Technology")	501,257.63	–	–	(133,884.69)	–	–	–	–	367,372.94	(847,730.80)
Shenzhen Bai Mi Life Co., Ltd.	93,653,469.59	–	–	(377,185.04)	–	–	–	(93,276,284.55)	–	(93,276,284.55)
SF Lottery (Shenzhen) Technology Development Co., Ltd. ("SF Lottery")	20,243,932.95	–	(18,389,971.20)	(1,853,961.75)	–	–	–	–	–	–
	905,086,455.64	179,197,708.24	(18,389,971.20)	(82,756,579.99)	1,930,532.27	(2,059,919.82)	5,717,677.45	(108,276,284.55)	880,449,618.04	(137,635,916.58)

(i) Those represent changes in equity resulting from capital injections by investors other than the Group.

(ii) Those represent the Group's joint ventures and associates acquired through the acquisition of DHL Supply Chain (Hong Kong) Limited ("DHL HK") and DHL Logistics (Beijing) Co., Ltd. ("DHL BJ") (Note 5(1)(b)) via business combination involving enterprises not under common control.

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(15) Investments in other equity instruments

	31 December 2019
Equity of listed companies	806,383,940.40
Equity of unlisted companies	4,127,308,996.79
	4,933,692,937.19

Item	Dividend income recognised in the current year	Accumulated gains or losses recognised in other comprehensive income
Equity of listed companies	17,386,137.80	51,374,120.13
Equity of unlisted companies	–	928,792,292.10
	17,386,137.80	980,166,412.23

	31 December 2018	Changes in accounting policies	1 January 2019	Increase in the current year	Changes in fair value in the current year	Disposals in the current year	Exchange differences on translation of foreign currency financial statements	31 December 2019
Equity of listed companies	–	815,357,936.75	815,357,936.75	–	35,997,976.22	(54,996,904.28)	10,024,931.71	806,383,940.40
Equity of unlisted companies	–	1,997,472,148.15	1,997,472,148.15	1,619,882,022.02	449,042,630.47	(175,682.00)	61,087,878.15	4,127,308,996.79
	–	2,812,830,084.90	2,812,830,084.90	1,619,882,022.02	485,040,606.69	(55,172,586.28)	71,112,809.86	4,933,692,937.19

(16) Other non-current financial assets

	31 December 2019
Financial assets held for trading (over 1 year):	
Industry fund investments	218,615,943.17
Special scheme equity-class securities	260,424,488.45
	479,040,431.62

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(17) Investment properties

	Buildings	Land use rights	Total
Cost			
31 December 2018	1,545,871,953.21	1,058,161,494.78	2,604,033,447.99
Transfer from self-used assets in the current year (Note 4(18), (19), (20))	838,205,599.36	189,873,204.41	1,028,078,803.77
Transfer to self-used assets in the current year (Note 4(18), (19), (20))	(1,154,289,461.05)	(322,384,685.23)	(1,476,674,146.28)
Effect of translation of foreign currency financial statements	12,903,294.08	18,201,972.17	31,105,266.25
31 December 2019	1,242,691,385.60	943,851,986.13	2,186,543,371.73
Accumulated depreciation			
31 December 2018	74,842,688.75	75,259,257.70	150,101,946.45
Transfer from self-used assets in the current year (Note 4(18), (20))	6,416,254.44	11,770,881.36	18,187,135.80
Provision in the current year	37,479,835.81	26,816,919.55	64,296,755.36
Transfer to self-used assets in the current year (Note 4(18), (20))	(38,990,080.23)	(29,789,700.59)	(68,779,780.82)
Effect of translation of foreign currency financial statements	1,120,829.50	2,090,584.83	3,211,414.33
31 December 2019	80,869,528.27	86,147,942.85	167,017,471.12
Carrying amount			
31 December 2019	1,161,821,857.33	857,704,043.28	2,019,525,900.61
31 December 2018	1,471,029,264.46	982,902,237.08	2,453,931,501.54

For the year ended 31 December 2019, no borrowing cost was recognised in investment properties (2018: Nil).

As at 31 December 2019, the Group was still in the process of applying for certificates of ownership for certain buildings with carrying amount of RMB365,383,308.15 (cost of RMB374,700,631.83)(31 December 2018: carrying amount of RMB600,697,558.47 and cost of RMB602,571,540.07). In addition, as at 31 December 2019, the Group was still in the process of applying for certificates for land use rights with carrying amount of RMB9,641,930.52 (cost of RMB9,924,283.34)(31 December 2018: carrying amount of RMB95,106,403.06 and cost of RMB102,600,875.61).

As at 31 December 2019, investment properties with carrying amount of RMB260,204,371.91 (cost of RMB275,172,362.41) (31 December 2018: Nil) were pledged as collateral for long-term borrowings (Note 4(34)(b)).

As at 31 December 2019 and 31 December 2018, the Group assessed that no impairment loss should be recognised for investment properties.

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(18) Fixed assets

	Buildings	Motor vehicles	Computers and electronic equipment	Aircraft, aircraft engines, rotables and high-value maintenance tools	Machinery and equipment	Office equipment and other equipment	Total
Cost							
31 December 2018	3,907,817,817.37	5,235,525,474.79	2,837,958,660.90	5,846,203,808.20	2,329,971,443.62	3,529,504,542.15	23,686,981,747.03
Increase arising from business combinations involving enterprises not under common control	–	3,143,691.24	63,820,257.05	–	230,377,559.28	56,203,155.54	353,544,663.11
Transfer from construction in progress (Note 4(19))	3,979,273,825.37	39,790,319.93	11,241,110.70	1,840,016,077.29	352,690,224.89	707,816,741.96	6,930,828,300.14
Transfer from investment properties in the current year (Note 4(17))	832,865,516.90	–	–	–	–	–	832,865,516.90
Increase in the current year	6,842,892.80	466,721,062.60	682,530,111.63	153,052,946.39	171,706,511.75	159,824,775.98	1,640,678,301.15
Transfer to investment properties in the current year (Note 4(17))	(519,360,666.46)	–	–	–	–	–	(519,360,666.46)
Decrease in the current year	(87,290,167.16)	(650,335,432.80)	(375,276,500.60)	(38,487,944.45)	(22,489,354.54)	(101,777,810.44)	(1,275,657,209.99)
Disposal of subsidiaries in the current year	(753,562,960.81)	(8,349,210.43)	(5,876,155.59)	–	(45,568.30)	(209,029,687.80)	(976,863,582.93)
Effect of translation of foreign currency financial statements	26,628,863.79	5,232,566.54	2,531,913.20	590,705.06	8,389,675.38	1,028,100.32	44,401,824.29
31 December 2019	7,393,215,121.80	5,091,728,471.87	3,216,929,397.29	7,801,375,592.49	3,070,600,492.08	4,143,569,817.71	30,717,418,893.24
Accumulated depreciation							
31 December 2018	635,490,679.85	3,377,726,518.44	1,651,821,935.56	1,908,639,462.48	565,797,862.05	1,580,779,750.34	9,720,256,208.72
Increase arising from business combinations involving enterprises not under common control	–	1,994,821.31	43,124,294.52	–	153,894,514.84	40,754,094.71	239,767,725.38
Transfer from investment properties in the current year (Note 4(17))	38,990,080.23	–	–	–	–	–	38,990,080.23
Provision in the current year	117,019,951.98	730,563,697.46	600,421,137.88	699,724,045.86	222,269,598.00	652,200,180.63	3,022,198,611.81
Transfer to investment properties in the current year (Note 4(17))	(6,416,254.44)	–	–	–	–	–	(6,416,254.44)
Decrease in the current year	(974,949.79)	(592,885,788.73)	(338,065,367.29)	(24,214,104.81)	(17,219,658.24)	(92,079,762.96)	(1,065,439,631.82)
Disposal of subsidiaries in the current year	(72,497,555.56)	(4,326,124.01)	(3,788,269.66)	–	(2,186.44)	(68,481,981.08)	(149,096,116.75)
Effect of translation of foreign currency financial statements	2,453,100.38	4,141,095.41	2,089,069.08	45,899.53	3,764,511.14	837,532.15	13,331,207.69
31 December 2019	714,065,052.65	3,517,214,219.88	1,955,602,800.09	2,584,195,303.06	928,504,641.35	2,114,009,813.79	11,813,591,830.82
Carrying amount							
31 December 2019	6,679,150,069.15	1,574,514,251.99	1,261,326,597.20	5,217,180,289.43	2,142,095,850.73	2,029,560,003.92	18,903,827,062.42
31 December 2018	3,272,327,137.52	1,857,798,956.35	1,186,136,725.34	3,937,564,345.72	1,764,173,581.57	1,948,724,791.81	13,966,725,538.31

(i) In 2019, the total amount of depreciation expenses charged to cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses was RMB3,005,247,806.88 (2018: RMB2,547,486,446.77).

(ii) As at 31 December 2019, fixed assets with carrying amount of RMB249,515,825.00 (cost of RMB263,866,480.94) (31 December 2018: carrying amount of RMB342,796,848.43 and cost of RMB373,875,226.65) were pledged as collateral for long-term borrowings (Note 4(34)(b)).

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(iii) Fixed assets with pending certificates of ownership

	31 December 2019			
	Cost	Accumulated depreciation	Provision for impairment loss	Carrying amount
Buildings	3,832,878,464.87	(7,512,115.30)	–	3,825,366,349.57

	31 December 2018			
	Cost	Accumulated depreciation	Provision for impairment loss	Carrying amount
Buildings	193,877,274.92	(6,799,047.80)	–	187,078,227.12

In addition, as at 31 December 2019, buildings with carrying amount of RMB23,782,253.69 and cost of RMB29,844,036.64 (31 December 2018: carrying amount of RMB25,189,141.24 and cost of RMB29,844,036.64) represented public rental houses with restricted property rights purchased by the Group for enterprise talents.

(iv) As at 31 December 2019 and 31 December 2018, the Group assessed that no impairment loss should be recognised for fixed assets.

(v) Disposal of aircraft engines, rotables and high-value aero maintenance tools

	2019				
	Reason for disposal	Cost	Accumulated depreciation	Provision for impairment loss	Carrying amount
Aircraft rotables	Scrapped	6,350,577.09	(2,465,588.66)	–	3,884,988.43
Aircraft rotables	Sold	49,746.38	(6,204.17)	–	43,542.21
High-value aero maintenance tools	Scrapped	20,211.45	(19,200.88)	–	1,010.57
		6,420,534.92	(2,490,993.71)	–	3,929,541.21

	2018				
	Reason for disposal	Cost	Accumulated depreciation	Provision for impairment loss	Carrying amount
Aircraft rotables	Scrapped	203,492.99	(85,241.95)	–	118,251.04
Aircraft rotables	Sold	179,268.13	(19,700.06)	–	159,568.07
High-value aero maintenance tools	Scrapped	181,230.48	(50,149.11)	–	131,081.37
		563,991.60	(155,091.12)	–	408,900.48

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(19) Construction in progress

	31 December 2019	31 December 2018
Qianhai S.F. Headquarters Office	613,625,693.09	556,833,111.75
Wuhan E-Commerce Industrial Park Project	316,888,129.83	82,658,505.47
Aircraft import and refit	316,317,636.93	943,574,638.75
Tianjin Fengtai E-Commerce Industrial Park Project	293,070,248.84	257,973,670.95
Chongqing Fengtai E-Commerce Industrial Park Project	245,524,145.25	68,562,581.48
Intelligent Sorting Hefei Base Project	239,469,936.44	313,838,021.65
Changchun E-Commerce Industrial Park Project	169,493,927.07	–
Foshan Guicheng Fengtai E-Commerce Industrial Park Project	166,000,698.78	62,684,757.42
Weihai S.F. E-Commerce Industrial Park Project	91,088,518.37	55,326,012.10
Zhengzhou E-Commerce Industrial Park Project	76,581,451.76	11,116,998.21
S.F. Nanjing Innovation Industrial Park Project	64,145,993.56	357,017.57
Changsha E-Commerce Industrial Park Project	61,192,813.43	160,636,162.09
Industrial Buildings in Dongguan Songshan Lake Zhigu Industrial Park	55,700,314.11	436,199,481.00
Xi'an E-Commerce Industrial Park Project	38,419,568.13	37,491,895.04
Dongguan Humen Distribution Hub Project	32,910,637.62	–
Hefei Baohe Distribution Hub Project	31,211,646.90	–
Beijing S.F. Full-automatic Storage & Sorting Centre and Supporting Facilities Project	22,441,091.92	1,163,108.62
S.F. Ma'anshan Innovation Industrial Park Project	21,659,696.90	31,343,700.01
Chengdu Fengtai E-Commerce Industrial Park Project	18,618,059.67	14,882,372.22
Dongguan Dalingshan Southern China Comprehensive Warehouse Project	3,382,732.24	86,998,454.45
Beijing Daxing Distribution Hub Project	–	63,049,546.34
Chuangzhi Tiandi Building Project	–	2,807,629,439.13
Nantong Aviation Hub Project (Phase II)	–	60,934,684.78
Others	238,747,677.42	455,374,090.96
	3,116,490,618.26	6,508,628,249.99

As at 31 December 2019 and 31 December 2018, the Group assessed that no impairment loss should be recognised for construction in progress.

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Name of projects	Budget	31 December 2018	Increase in the current year (iv)	Transfer to long-term assets in the current year (iii)	Decrease in the current year	31 December 2019	% of project investment in budget (ii)	Progress of project	Accumulative amount of capitalised borrowing costs	Including: Borrowing costs capitalised in the current year (Note 4(52))	Capitalisation rate	Source of funds
Qianhai S.F. Headquarters Office	710,607,370.60	556,833,111.75	56,792,581.34	–	–	613,625,693.09	86%	86%	58,642,274.87	20,491,034.07	4.70%	Self-owned funds and loans from financial institutions
Wuhan E-Commerce Industrial Park Project	761,530,805.35	82,658,505.47	234,229,624.36	–	–	316,888,129.83	42%	42%	–	–	–	Self-owned funds
Aircraft import and refit	1,553,941,896.72	943,574,638.75	1,255,557,181.55	(1,840,016,077.29)	(42,798,106.08)	316,317,636.93	81%	100%	–	–	–	Self-owned funds
Tianjin Fengtai E-Commerce Industrial Park Project	678,792,361.05	257,973,670.95	347,400,288.24	(312,303,710.35)	–	293,070,248.84	89%	89%	–	–	–	Self-owned funds
Chongqing Fengtai E-Commerce Industrial Park Project	298,671,587.86	68,562,581.48	176,961,563.77	–	–	245,524,145.25	82%	82%	–	–	–	Self-owned funds
Intelligent Sorting Hefei Base Project	650,021,884.90	313,838,021.65	79,018,221.79	(153,386,307.00)	–	239,469,936.44	60%	60%	–	–	–	Self-owned funds
Changchun E-Commerce Industrial Park Project	358,938,110.25	–	169,493,927.07	–	–	169,493,927.07	47%	47%	–	–	–	Self-owned funds
Foshan Guicheng Fengtai E-Commerce Industrial Park Project	235,491,732.27	62,684,757.42	103,315,941.36	–	–	166,000,698.78	70%	70%	–	–	–	Self-owned funds
Weihai S.F. E-Commerce Industrial Park Project	105,570,020.76	55,326,012.10	35,762,506.27	–	–	91,088,518.37	86%	86%	–	–	–	Self-owned funds
Zhengzhou E-Commerce Industrial Park Project	198,751,875.79	11,116,998.21	65,464,453.55	–	–	76,581,451.76	39%	39%	–	–	–	Self-owned funds
S.F. Nanjing Innovation Industrial Park Project	196,108,465.25	357,017.57	63,788,975.99	–	–	64,145,993.56	33%	33%	–	–	–	Self-owned funds
Changsha E-Commerce Industrial Park Project	437,393,230.23	160,636,162.09	121,146,217.52	(220,589,566.18)	–	61,192,813.43	64%	64%	–	–	–	Self-owned funds
Industrial Buildings in Dongguan Songshan Lake Zhigu Industrial Park	462,497,056.11	436,199,481.00	16,096,382.43	(396,595,549.32)	–	55,700,314.11	98%	98%	–	–	–	Self-owned funds
Xi'an E-Commerce Industrial Park Project	433,260,872.17	37,491,895.04	927,673.09	–	–	38,419,568.13	9%	9%	–	–	–	Self-owned funds
Dongguan Humen Distribution Hub Project	58,648,110.11	–	32,910,637.62	–	–	32,910,637.62	56%	56%	–	–	–	Self-owned funds
Hefei Baohe Distribution Hub Project	50,652,000.00	–	31,211,646.90	–	–	31,211,646.90	62%	62%	–	–	–	Self-owned funds
Beijing S.F. Full-automatic Storage & Sorting Centre and Supporting Facilities Project	353,534,647.33	1,163,108.62	21,277,983.30	–	–	22,441,091.92	6%	6%	–	–	–	Self-owned funds
S.F. Ma'anshan Innovation Industrial Park Project	136,222,593.52	31,343,700.01	93,201,839.82	(102,885,842.93)	–	21,659,696.90	91%	91%	–	–	–	Self-owned funds
Chengdu Fengtai E-Commerce Industrial Park Project	432,551,596.73	14,882,372.22	3,735,687.45	–	–	18,618,059.67	4%	4%	–	–	–	Self-owned funds
Dongguan Dalingshan Southern China Comprehensive Warehouse Project	235,971,916.96	86,998,454.45	99,826,785.37	(144,279,560.26)	(39,162,947.32)	3,382,732.24	79%	79%	–	–	–	Self-owned funds
Beijing Daxing Distribution Hub Project	97,017,748.38	63,049,546.34	31,727,550.78	(74,387,135.61)	(20,389,961.51)	–	98%	100%	–	–	–	Self-owned funds
Chuangzhi Tiandi Building Project	2,956,187,732.13	2,807,629,439.13	141,273,422.01	(2,948,902,861.14)	–	–	100%	100%	–	–	–	Self-owned funds
Nantong Aviation Hub Project (Phase II)	261,078,036.02	60,934,684.78	75,778,827.34	(136,713,512.12)	–	–	52%	52%	–	–	–	Self-owned funds
Others	–	455,374,090.96	1,005,329,663.11	(919,613,110.84)	(302,342,965.81)	238,747,677.42	–	–	–	–	–	Self-owned funds
		6,508,628,249.99	4,262,229,582.03	(7,249,673,233.04)	(404,693,980.72)	3,116,490,618.26			58,642,274.87	20,491,034.07		

(i) As at 31 December 2019, construction in progress with carrying amount of RMB171,224,485.06 (31 December 2018: RMB229,810,226.10) were pledged as collateral for long-term borrowings (Note 4(34)(b)).

(ii) For aircraft import and refit, the percentage of project investment in budget is related to the investment for the current year; for the other projects, the percentage of project investment in budget is related to the accumulative investment.

(iii) The construction in progress transferred to long-term assets for the current year amounted to RMB7,249,673,233.04, including RMB6,930,828,300.14 transferred to fixed assets and RMB318,844,932.90 transferred to investment properties.

(iv) The transfer from investment properties to construction in progress amounted to RMB321,423,944.15 in the current year.

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(20) Intangible assets

	Land use rights	Purchased software	Self-developed software	Patents	Trademark rights	Customer relationships	Others	Total
Cost								
31 December 2018	4,743,645,037.94	409,761,858.21	1,696,690,578.75	54,960,582.79	255,569,142.46	562,141,621.71	76,077,413.36	7,798,846,235.22
Increase in the current year								
Business combinations involving enterprises not under common control	–	12,976,569.15	–	–	–	2,093,073,628.26	–	2,106,050,197.41
Transfer from investment properties (Note 4(17))	322,384,685.23	–	–	–	–	–	–	322,384,685.23
Transfer from capitalised development expenditures (Note 4(21))	–	–	1,287,742,965.19	–	–	–	23,209,186.51	1,310,952,151.70
Addition	643,360,623.01	106,021,653.37	–	7,620,424.56	929,513.08	–	6,922,214.51	764,854,428.53
Decrease in the current year								
Transfer to investment properties in the current year (Note 4(17))	(189,873,204.41)	–	–	–	–	–	–	(189,873,204.41)
Disposal	(81,778,234.26)	(17,841,315.73)	(108,586,737.97)	(47,086,260.10)	(25,237,655.18)	(66,442,044.37)	(911,314.74)	(347,883,562.35)
Effect of translation of foreign currency financial statements	36,764,057.80	403,063.19	–	48,857.87	4,800,827.52	121,805,119.40	318,520.00	164,140,445.78
31 December 2019	5,474,502,965.31	511,321,828.19	2,875,846,805.97	15,543,605.12	236,061,827.88	2,710,578,325.00	105,616,019.64	11,929,471,377.11
Accumulated amortisation								
31 December 2018	329,558,225.50	258,179,090.62	483,295,081.62	32,310,856.99	14,791,777.27	11,988,125.64	6,625,603.69	1,136,748,761.33
Increase in the current year								
Business combinations involving enterprises not under common control	–	11,906,100.07	–	–	–	–	–	11,906,100.07
Transfer from investment properties (Note 4(17))	29,789,700.59	–	–	–	–	–	–	29,789,700.59
Provision	118,953,506.91	74,770,225.13	453,087,624.92	2,645,079.34	12,701,471.16	137,112,397.49	13,386,248.79	812,656,553.74
Decrease in the current year								
Transfer to investment properties in the current year (Note 4(17))	(11,770,881.36)	–	–	–	–	–	–	(11,770,881.36)
Disposal	(8,779,878.04)	(2,321,691.84)	(33,269,714.06)	(31,324,995.47)	(9,883,548.20)	(7,751,571.84)	(541,036.41)	(93,872,435.86)
Effect of translation of foreign currency financial statements	2,635,648.23	254,699.44	–	43,457.04	301,878.76	2,566,586.46	61,442.83	5,863,712.76
31 December 2019	460,386,321.83	342,788,423.42	903,112,992.48	3,674,397.90	17,911,578.99	143,915,537.75	19,532,258.90	1,891,321,511.27
Provision for impairment loss								
31 December 2018	–	–	–	–	–	–	–	–
Increase in the current year (d)	–	–	45,275,469.86	–	–	–	–	45,275,469.86
Disposals in the current year	–	–	(15,161,960.06)	–	–	–	–	(15,161,960.06)
31 December 2019	–	–	30,113,509.80	–	–	–	–	30,113,509.80
Carrying amount								
31 December 2019	5,014,116,643.48	168,533,404.77	1,942,620,303.69	11,869,207.22	218,150,248.89	2,566,662,787.25	86,083,760.74	10,008,036,356.04
31 December 2018	4,414,086,812.44	151,582,767.59	1,213,395,497.13	22,649,725.80	240,777,365.19	550,153,496.07	69,451,809.67	6,662,097,473.89

In 2019, the total amount of amortisation expenses charged to cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses was RMB 735,757,728.66 (2018: RMB 387,943,631.21).

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(a) The Group's land use rights pledged as collateral for long-term borrowings (Note 4(34)(b)):

	31 December 2019		
	Cost	Accumulated amortisation	Carrying amount
Land use rights	1,403,515,678.80	(153,966,421.27)	1,249,549,257.53

	31 December 2018		
	Cost	Accumulated amortisation	Carrying amount
Land use rights	1,470,189,474.60	(121,708,372.50)	1,348,481,102.10

(b) As at 31 December 2019, the Group was still in the process of applying for certificates of ownership for land use rights with carrying amount of RMB359,996,671.97 (cost of RMB366,392,599.88) (31 December 2018: carrying amount of RMB135,510,548.64 and cost of RMB138,476,438.12).

(c) As at 31 December 2019, the intangible assets developed by the Group accounted for 19.41% (31 December 2018: 18.21%) of the carrying amount of intangible assets.

	31 December 2019	31 December 2018
Carrying amount of self-developed intangible assets	1,942,620,303.69	1,213,395,497.13
Carrying amount of intangible assets	10,008,036,356.04	6,662,097,473.89
Proportion	19.41%	18.21%

(d) As at 31 December 2019, due to the discontinuation of some self-developed software, the Group made a provision for impairment loss of RMB 45,275,469.86 upon assessment (31 December 2018: Nil).

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(21) Capitalised development expenditures

	31 December 2018	Increase in the current year	Transfer to intangible assets in the current year (Note 4(20))	31 December 2019
Unmanned Aerial Vehicle Project	87,625,999.63	7,108,603.72	(21,816,007.11)	72,918,596.24
Fengsheng System	20,350,805.38	36,166,546.46	(15,773,408.12)	40,743,943.72
CPS	61,169,344.01	118,375,615.91	(145,328,389.91)	34,216,570.01
AI algorithm system	16,843,830.99	14,474,427.53	–	31,318,258.52
Settlement Platform System	2,543,708.66	26,630,275.93	(3,337,325.08)	25,836,659.51
Robot Project	7,088,538.24	17,276,874.10	–	24,365,412.34
Intelligent hardware R&D Project	18,372,828.56	3,330,570.97	–	21,703,399.53
Foundation Revolution System of Product Operation	24,626,556.68	44,936,111.75	(49,299,543.92)	20,263,124.51
Intra-city Express	20,135,507.88	80,631,497.85	(85,174,600.11)	15,592,405.62
Fengchi Project	66,510,593.38	53,091,243.96	(105,251,552.24)	14,350,285.10
Warehousing Management System	14,028,361.32	21,172,239.50	(21,111,840.54)	14,088,760.28
New Generation Maintenance System	–	13,578,905.59	–	13,578,905.59
Claim Risk Control Project	1,553,842.40	10,047,298.16	(2,483,690.53)	9,117,450.03
Refrigerated Transport System Project	15,310,087.42	9,349,341.17	(18,049,937.40)	6,609,491.19
Big Data Platform	–	24,888,272.49	(20,380,605.94)	4,507,666.55
Operation and Management Platform Virtual System	1,608,736.69	13,002,972.22	(11,196,238.17)	3,415,470.74
Operation Plan System	–	9,067,297.62	(7,150,253.28)	1,917,044.34
International Export Management System	1,608,837.29	170,706.81	(1,779,544.10)	–
Others	225,835,165.24	805,068,583.39	(802,819,215.25)	228,084,533.38
	585,212,743.77	1,308,367,385.13	(1,310,952,151.70)	582,627,977.20

As at 31 December 2019, the Group assessed that no impairment loss should be recognised for capitalised development expenditures.

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(22) Goodwill

	31 December 2018	Increase in the current year (i)	Decrease in the current year (i)	Effect of translation of foreign currency financial statements	31 December 2019
Cost:					
DHL HK and DHL BJ (Note 5(1)(b))	–	2,886,703,468.48	–	153,380,794.34	3,040,084,262.82
Havi Logistics Services (Hong Kong) Ltd. ("Havi Hong Kong")	355,135,836.43	–	–	7,586,575.71	362,722,412.14
Guangdong Shunxin Freight Co., Ltd. ("Shunxin Freight")	149,587,124.73	–	–	–	149,587,124.73
Suzhou Hengding Logistics Co., Ltd.	–	5,677,452.73	–	–	5,677,452.73
Sichuan Wu Lian Yi Da Technology Co., Ltd. ("Wu Lian Yi Da")	4,940,247.25	–	–	–	4,940,247.25
Chengdu Shunyifeng Pharmaceuticals Co., Ltd.	2,434,509.81	–	–	–	2,434,509.81
Hanxing Industrial Co., Ltd.	1,496,979.95	–	–	31,979.18	1,528,959.13
Chongqing Xuehu Express Co., Ltd.	10,555,317.54	–	(10,555,317.54)	–	–
Guizhou Xingcheng Home Delivery Express Co., Ltd.	10,199,760.21	–	(10,199,760.21)	–	–
Xiamen Ruite Information Technology Co., Ltd. ("Xiamen Ruite")	56,502,329.98	–	(56,502,329.98)	–	–
Beijing S.F. Deda Logistics Technology Holding Co., Ltd. ("Beijing Deda")	22,702,800.86	–	(22,702,800.86)	–	–
	613,554,906.76	2,892,380,921.21	(99,960,208.59)	160,999,349.23	3,566,974,968.61
Less: Provisions for impairment (Note 4(25))					
Chengdu Shunyifeng Pharmaceuticals Co., Ltd.	(2,434,509.81)	–	–	–	(2,434,509.81)
Chongqing Xuehu Express Co., Ltd.	(10,555,317.54)	–	10,555,317.54	–	–
Guizhou Xingcheng Home Delivery Express Co., Ltd.	(10,199,760.21)	–	10,199,760.21	–	–
	(23,189,587.56)	–	20,755,077.75	–	(2,434,509.81)
	590,365,319.20	2,892,380,921.21	(79,205,130.84)	160,999,349.23	3,564,540,458.80

(i) Increase in goodwill in the current year arose from the acquisition of equity of DHL HK and DHL BJ (Note 5(1)(b)). Decrease in goodwill in the current year arose from the disposal of equity of Xiamen Ruite and Beijing Deda (Note 5(3)), as well as the cancellation of Chongqing Xuehu Express Co., Ltd. and Guizhou Xingcheng Home Delivery Express Co., Ltd..

During the goodwill impairment assessment, the Group compares the carrying amount of the relevant assets or sets of asset groups (including goodwill) with their recoverable amount. If the recoverable amount is lower than the carrying amount, the difference shall be recognised in profit or loss for the current year.

The Group's allocation of goodwill was not changed in 2019.

The recoverable amounts of DHL HK and DHL BJ are calculated based on the nine-year forecast approved by management, together with a long-term growth rate in the remaining forecast period. Management engaged an independent valuer to assist in the goodwill impairment assessment.

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The main assumptions applied by management in cash flows projections for DHL HK and DHL BJ are as follows:

	DHL HK and DHL BJ
Revenue growth rates in the first nine-year forecast period	3%~29%
Long-term growth rate	3.00%
Profit margin	1.7%~8.8%
Pre-tax discount rate	11.80%

The Group determined revenue growth rates and profit margin based on past performance and expectations of market development. Long-term growth rate is for the remaining forecast period which exclude first nine-year forecast period. According to the long-term inflation rate of Mainland China and Hong Kong, the Group adopts a long-term growth rate of 3%. The discount rate adopted by the management is the pre-tax interest rates which is able to reflect the risks specific to the related asset groups and sets of asset groups.

(23) Long-term prepaid expenses

	31 December 2018	Increase in the current year	Amortisation in the current year	Decrease in the current year	31 December 2019
Leasehold improvements	1,130,323,147.57	707,143,967.50	(615,347,152.10)	(53,614,101.40)	1,168,505,861.57
Settling-in allowance and introduction fee for pilots	448,064,620.79	118,667,114.38	(66,169,851.53)	(8,446,172.75)	492,115,710.89
Prepaid discount interest on interest-free loans to employees	45,607,919.26	1,152,815.31	(16,585,729.68)	(2,594,409.50)	27,580,595.39
Others	21,865,499.91	21,766,564.87	(16,041,463.65)	(1,619,635.51)	25,970,965.62
	1,645,861,187.53	848,730,462.06	(714,144,196.96)	(66,274,319.16)	1,714,173,133.47

(24) Other non-current assets

	31 December 2019	31 December 2018
Advances for engineering equipment	532,637,819.99	421,988,573.43
Prepaid land use rights	30,448,790.00	208,633,600.00
	563,086,609.99	630,622,173.43

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(25) Asset/credit impairment and provision for losses

	31 December 2018	Changes in accounting policies (Note 2(31))	1 January 2019	Increase arising from business combinations involving enterprises not under common control	Increase in the current year	Decrease in the current year			31 December 2019
						Reversal in the current year	Write-off in current year	Disposals in the current year	
Provision for bad debts	103,548,417.82	–	103,548,417.82	12,529,871.83	170,762,260.51	(1,687,500.44)	(115,416,629.69)	(6,032,054.59)	163,704,365.44
Including: Provision for bad debts of accounts receivable (Note 4(5))	79,456,513.05	–	79,456,513.05	12,524,708.14	142,227,367.20	–	(102,464,951.34)	(6,014,066.39)	125,729,570.66
Provision for bad debts of other receivables (Note 4(6))	12,857,692.63	–	12,857,692.63	5,163.69	26,821,581.16	–	(12,460,733.14)	(17,988.20)	27,205,716.14
Provision for bad debts of long-term receivables (Note 4(13))	11,234,212.14	–	11,234,212.14	–	1,713,312.15	(1,687,500.44)	(490,945.21)	–	10,769,078.64
Provision for impairment of factoring receivables (Note 4(8))	9,655,084.16	–	9,655,084.16	–	70,200,727.83	(5,336,140.13)	–	–	74,519,671.86
Provision for impairment of loans and advances (Note 4(9))	11,158,725.91	–	11,158,725.91	–	4,060,387.27	–	–	–	15,219,113.18
Provision for impairment of available-for-sale financial assets (Note 4(12))	4,596,187.92	(4,596,187.92)	–	–	–	–	–	–	–
Sub-total	128,958,415.81	(4,596,187.92)	124,362,227.89	12,529,871.83	245,023,375.61	(7,023,640.57)	(115,416,629.69)	(6,032,054.59)	253,443,150.48
Provision for impairment of long-term equity investments (Note 4(14))	57,596,515.69	–	57,596,515.69	–	133,345,440.37	–	–	(30,718,697.26)	160,223,258.80
Provision for impairment of intangible assets (Note 4(20))	–	–	–	–	45,275,469.86	–	–	(15,161,960.06)	30,113,509.80
Provision for impairment of goodwill (Note 4(22))	23,189,587.56	–	23,189,587.56	–	–	–	–	(20,755,077.75)	2,434,509.81
Sub-total	80,786,103.25	–	80,786,103.25	–	178,620,910.23	–	–	(66,635,735.07)	192,771,278.41
	209,744,519.06	(4,596,187.92)	205,148,331.14	12,529,871.83	423,644,285.84	(7,023,640.57)	(115,416,629.69)	(72,667,789.66)	446,214,428.89

(26) Short-term borrowings

	31 December 2019	31 December 2018
Unsecured borrowings	5,807,413,760.65	6,086,934,848.48
Guaranteed borrowings (a)	135,486,216.75	2,498,194,551.15
Rediscounted notes (b)	110,474,665.10	–
	6,053,374,642.50	8,585,129,399.63

(a) As at 31 December 2019, guaranteed borrowings of RMB135,486,216.75 were guaranteed by subsidiaries within the Group. As at 31 December 2018, guaranteed borrowings of RMB2,498,194,551.15 were guaranteed by Taisen Holdings or subsidiaries within the Group.

(b) As at 31 December 2019, the amount of unmatured notes held by the Group that are rediscounted by the PBOC was 110,474,665.10 with a rediscounted interest rate of 2.25%.

(c) As at 31 December 2019, the range of annual interest rate of short-term borrowings was 3.17% to 5.00% (31 December 2018: 2.74% to 5.30%).

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(27) Accounts payable

	31 December 2019	31 December 2018
Payables to related parties (Note 8(4)(f))	235,963,975.43	101,316,142.44
Outsourcing cost payable	7,389,860,646.60	4,499,069,987.92
Transportation cost payable	1,806,769,493.30	1,315,973,595.67
Supply and material expenses payable	1,239,591,306.99	1,029,622,333.02
Office and rental fees payable	864,876,400.59	694,987,360.60
Customs cost payable	30,614,446.33	21,444,033.53
Others	420,579,741.10	224,973,124.37
	11,988,256,010.34	7,887,386,577.55

Accounts payable with ageing over 1 year are analysed as follows:

	31 December 2019	31 December 2018	Main reason for unsettlement
Office and rental fees payable	15,360,331.60	964,421.09	No invoice issued by supplier
Outsourcing cost payable	13,790,520.88	1,078,046.50	No invoice issued by supplier
Supply and material expenses payable	8,255,987.64	3,752,895.47	No invoice issued by supplier
Transportation cost payable	3,125,442.73	6,872,109.99	No invoice issued by supplier
Others	19,775,522.07	4,062,160.95	
	60,307,804.92	16,729,634.00	

(28) Advances from customers

	31 December 2019	31 December 2018
Advances from related parties (Note 8(4)(g))	33,825,257.10	21,548,724.88
Prepaid value cards	181,574,534.34	203,086,157.63
Advances of freight charges and others	454,549,139.28	242,976,408.93
	669,948,930.72	467,611,291.44

As at 31 December 2019, the Group had no advances from customers with ageing over 1 year (31 December 2018: Nil).

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(29) Employee benefits payable

	31 December 2019	31 December 2018
Short-term employee benefits payable (a)	3,251,514,851.48	2,931,876,711.07
Defined contribution plans payable (b)	29,547,658.55	35,628,827.58
	3,281,062,510.03	2,967,505,538.65

(a) Short-term employee benefits payable

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Wages and salaries, bonus, allowances and subsidies	2,594,590,216.66	18,218,391,111.41	(17,936,924,765.40)	2,876,056,562.67
Employee welfare	5,582,944.44	240,629,322.43	(238,628,044.84)	7,584,222.03
Social security contributions	12,073,850.04	519,983,661.28	(522,163,376.79)	9,894,134.53
Including: Medical insurance	10,176,972.76	439,019,110.04	(440,579,032.44)	8,617,050.36
Work injury insurance	578,833.36	38,011,826.55	(38,524,417.89)	66,242.02
Maternity insurance	1,318,043.92	42,952,724.69	(43,059,926.46)	1,210,842.15
Housing funds	10,632,408.86	256,983,112.51	(256,585,343.38)	11,030,177.99
Labour union funds and employee education funds	284,627,627.72	257,051,961.62	(238,950,291.86)	302,729,297.48
Non-monetary welfare	5,877,075.79	873,361,641.20	(861,700,875.00)	17,537,841.99
Others	18,492,587.56	367,924,319.63	(359,734,292.40)	26,682,614.79
	2,931,876,711.07	20,734,325,130.08	(20,414,686,989.67)	3,251,514,851.48

Non-monetary welfare provided by the Group for employees primarily were non-monetary subsidies in various forms which were measured at fair value.

(b) Defined contribution plans

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Basic pensions insurance	34,210,632.20	925,693,824.91	(931,533,466.40)	28,370,990.71
Unemployment insurance	1,418,195.38	30,111,094.95	(30,352,622.49)	1,176,667.84
	35,628,827.58	955,804,919.86	(961,886,088.89)	29,547,658.55

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(30) Taxes payable

	31 December 2019	31 December 2018
Enterprise income tax payable	681,286,022.05	459,287,640.72
Unpaid VAT	317,323,139.66	108,728,116.39
Individual income tax payable	98,726,851.56	49,218,026.14
City maintenance and construction tax payable	13,065,277.94	5,929,012.12
Educational surcharge payable	9,980,350.61	5,768,817.99
Others	18,762,363.84	10,364,428.08
	1,139,144,005.66	639,296,041.44

(31) Other payables

	31 December 2019	31 December 2018
Current accounts payable to related parties (Note 8(4)(h))	30,142,576.37	20,094,094.27
Engineering equipment payable	1,955,006,954.01	1,741,749,484.87
Payables of cash on delivery service	1,395,911,162.92	1,377,763,159.38
Deposits payable	553,202,067.88	464,519,542.36
Warranty deposits payable	138,508,695.73	143,399,194.90
Management fees payable	93,317,776.80	–
Temporary collection payable	76,437,292.85	91,229,288.16
Restricted share repurchases payable	59,252,503.45	200,619,019.91
Investments payable	26,710,805.23	113,122,100.23
Professional service fee payable	5,472,382.85	8,219,553.21
Interest payable	–	134,234,622.47
Others	373,197,612.53	244,727,092.55
	4,707,159,830.62	4,539,677,152.31

Other payables with ageing over 1 year:

	31 December 2019	31 December 2018	Main reason for unsettlement
Deposits payable	287,706,582.64	165,847,015.19	Temporarily retained for continuing business
Engineering equipment payable	116,856,305.32	46,828,801.92	Project payment unsettled
Warranty deposits payable	28,617,237.83	37,078,772.04	Warranty in effect
Others	16,264,052.12	34,022,955.34	Indemnities from insurance company claims on hold and others
	449,444,177.91	283,777,544.49	

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(32) Current portion of non-current liabilities

	31 December 2019	31 December 2018
Current portion of long-term borrowings (Note 4(34))	743,765,598.22	173,076,233.94
Current portion of employee incentives (Note 4(37))	40,000,000.00	99,901,113.14
Current portion of debentures payable (Note 4(35))	1,304,443,269.76	–
Current portion of long-term payables (Note 4(36))	3,683,423.76	245,474.57
	2,091,892,291.74	273,222,821.65

(33) Other current liabilities

	31 December 2019	31 December 2018
Super&short term commercial paper:		
The Second Phase of 2018	–	499,729,547.99
The Third Phase of 2018	–	499,649,357.38
The First Phase of 2019	511,760,777.99	–
The Third Phase of 2019	505,686,080.51	–
	1,017,446,858.50	999,378,905.37

The super&short term commercial paper is detailed as follows:

	Par value	Date of issue	Term	Interest rate
The Second Phase of 2018	500,000,000.00	17 September 2018	270 days	3.70%
The Third Phase of 2018	500,000,000.00	22 November 2018	270 days	3.60%
The First Phase of 2019	500,000,000,00	10 April 2019	270 days	3.20%
The Third Phase of 2019	500,000,000,00	23 August 2019	270 days	3.30%

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(34) Long-term borrowings

	31 December 2019	31 December 2018
Unsecured borrowings	1,775,899,754.43	9,000,000.00
Guaranteed borrowings (a)	4,802,429,633.76	403,799,557.64
Secured borrowings (b)	704,992,994.44	758,564,511.49
	7,283,322,382.63	1,171,364,069.13
Less: Current portion of long-term borrowings (Note 4(32))		
Unsecured borrowings	(571,699,370.26)	(9,000,000.00)
Guaranteed borrowings	(110,367,331.68)	(122,576,233.94)
Secured borrowings	(61,698,896.28)	(41,500,000.00)
	(743,765,598.22)	(173,076,233.94)
	6,539,556,784.41	998,287,835.19

(a) As at 31 December 2019, the Group's guaranteed borrowings of RMB4,727,304,787.70 were guaranteed by subsidiaries within the Group and guaranteed borrowings of RMB70,000,000.00 were guaranteed by Taisen Holdings and Havi Group LP(U.S.). As at 31 December 2018, the Group's guaranteed borrowings of RMB63,799,557.64 were guaranteed by subsidiaries within the Group and guaranteed borrowings of RMB340,000,000.00 were guaranteed by Mingde Holdings, of which the guaranteed borrowings of RMB86,400,000.00 were pledged by the fixed deposits of RMB30,000,000.00 and such pledge was released within the reporting period.

(b) As at 31 December 2019, the secured bank borrowings of RMB76,800,000.00 were secured by the Group's intangible assets with carrying amount of RMB18,990,102.62, fixed assets with carrying amount of RMB151,669,732.02 and investment properties with carrying amount of RMB27,374,741.45 and were fully guaranteed by Taisen Holdings. The interest is paid quarterly. The principal should be repaid during the period from 22 September 2017 to 23 September 2025 by instalments.

As at 31 December 2019, the secured bank borrowings of RMB123,270,000.00 (31 December 2018: RMB101,770,000.00) were secured by the Group's construction in progress with carrying amount of RMB171,224,485.06 (31 December 2018: RMB229,810,226.10), fixed assets with carrying amount of RMB52,082,818.28 (31 December 2018: Nil), investment properties with carrying amount of RMB83,440,831.58 (31 December 2018: Nil) and intangible assets with carrying amount of RMB10,716,573.85 (31 December 2018: 60,885,374.67) respectively and were fully guaranteed by Taisen Holdings. The interest is paid quarterly. The principal should be repaid during the period from 19 October 2020 to 20 October 2033 by instalments.

As at 31 December 2019, the secured bank borrowings of RMB433,317,756.72 (31 December 2018: RMB408,794,511.49) were secured by the Group's intangible assets with carrying amount of RMB1,210,441,621.04 (31 December 2018: RMB1,244,458,715.78). The interest is paid quarterly. The principal should be repaid during the period from 18 November 2019 to 18 November 2026 by instalments.

As at 31 December 2019, the secured bank borrowings of RMB70,661,000.00 (31 December 2018: Nil) were secured by the Group's fixed assets with carrying amount of RMB45,763,274.70 (31 December 2018: Nil), intangible assets with carrying amount of RMB9,400,960.02 (31 December 2018: Nil) and investment properties with carrying amount of RMB149,388,798.88 (31 December 2018: Nil) and were fully guaranteed by Taisen Holdings with joint liability. The interest is paid quarterly. The principal should be repaid during the period from 18 January 2020 to 18 January 2034 by instalments.

In addition, as at 31 December 2018, the secured bank borrowings of RMB28,000,000.00 were secured by the Group's land use rights with carrying amount of RMB3,650,638.58 and were fully guaranteed by Taisen Holdings. Such borrowings were repaid in January 2019 in advance. As at 31 December 2018, the secured bank borrowings of RMB220,000,000.00 were secured by the Group's fixed assets with carrying amount of RMB342,796,848.43 and intangible assets with carrying amount of RMB39,486,373.07 and were fully guaranteed by Taisen Holdings, and S.F. Express Co., Ltd. ("S.F. Express") was the co-borrower. Such borrowings were repaid in October 2019 in advance.

(c) As at 31 December 2019, the range of annual interest rate of long-term borrowings was 3.33% to 5.39% (31 December 2018: 3.58% to 5.39%).

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(35) Debentures payable

	31 December 2018	Issued in the current year	Issuance expenses	Interest accrual	Amortisation of premium/ discount	Foreign exchange gains or losses and exchange differences on translation of foreign currency financial statements	Current portion of debentures payable (Note 4(32))	31 December 2019
The First Debentures of 2017	529,610,589.31	–	–	5,079,166.75	213,904.05	–	(534,903,660.11)	–
The First Debentures of 2018	799,166,867.25	–	–	14,204,666.67	312,022.68	–	(14,204,666.67)	799,478,889.93
The Second Debentures of 2018	669,513,577.98	–	–	5,277,366.67	264,560.16	–	(675,055,504.81)	–
Overseas debentures denominated in USD	3,407,199,722.59	–	–	62,773,077.61	6,571,746.41	53,742,657.93	(62,773,077.61)	3,467,514,126.93
The First Middle-term Notes of 2018	999,545,169.27	–	–	12,636,666.72	161,443.72	–	(13,034,035.22)	999,309,244.49
The First Debentures of 2019	–	300,000,000.00	(315,000.00)	3,105,750.00	28,387.03	–	(3,105,750.00)	299,713,387.03
Convertible corporate debentures	–	5,028,196,096.65	(18,667,806.36)	1,366,575.34	22,441,077.85	–	(1,366,575.34)	5,031,969,368.14
	6,405,035,926.40	5,328,196,096.65	(18,982,806.36)	104,443,269.76	29,993,141.90	53,742,657.93	(1,304,443,269.76)	10,597,985,016.52

	Currency	Par value	Date of issue	Term	Amount (equivalent to RMB)
The First Debentures of 2017 (a)	RMB	530,000,000.00	17 October 2017	3+2 years	530,000,000.00
The First Debentures of 2018 (a)	RMB	800,000,000.00	From 1 August 2018 to 2 August 2018	3 years	800,000,000.00
The Second Debentures of 2018 (a)	RMB	670,000,000.00	From 22 October 2018 to 23 October 2018	2+1 years	670,000,000.00
Overseas debentures denominated in USD (b)	USD	500,000,000.00	27 July 2018	5 years	3,407,508,933.00
The First Middle-term Notes of 2018 (c)	RMB	1,000,000,000.00	19 September 2018	3 years	1,000,000,000.00
The First Debentures of 2019 (a)	RMB	300,000,000.00	20 September 2019	3 years	300,000,000.00
Convertible Corporate Debentures (d)	RMB	5,800,000,000.00	18 November 2019	6 years	5,800,000,000.00

(a) Taisen Holdings was approved to issue corporate debentures of no more than RMB2 billion (inclusive) in instalments to the public under the Regulatory Permission [2017] No. 1015 as issued by the China Securities Regulatory Commission. In 2017, Taisen Holdings publicly issued the corporate debentures (1st instalment) ("the First Debentures of 2017") to qualified investors. The debenture interest shall be annually calculated at simple interest rate, and the nominal interest rate is 4.6%, with interest paid annually and the final instalment of interest paid with the principal. The debenture has the put options for investors, and investors are entitled to the right to choose put all or part of the debenture held by them at par value to Taisen Holdings on the interest payment date which is expected in October 2020 for the third year since issued such debenture. Accordingly, the relative debentures is classified into current portion of non-current liabilities.

In 2018, Taisen Holdings publicly issued the corporate debentures (1st instalment) ("the First Debentures of 2018") to qualified investors. The debenture interest shall be annually calculated at simple interest rate, and the nominal interest rate is 4.29%, with interest paid annually and the final instalment of interest paid with the principal.

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In 2018, Taisen Holdings publicly issued the corporate debentures (2nd instalment) ("the Second Debentures of 2018") to qualified investors. The debenture interest shall be annually calculated at simple interest rate, and the nominal interest rate is 4.17%, with interest paid annually and the final instalment of interest paid with the principal. The debenture has the put options for investors, and investors are entitled to the right to choose put all or part of the debenture held by them at par value to Taisen Holdings on the interest payment date which is expected in October 2020 for the second year since issued such debenture. Accordingly, the relative debentures is classified into current portion of non-current liabilities.

Taisen Holdings was approved to issue corporate debentures of no more than RMB2 billion (inclusive) in instalments to the public under the Regulatory Permission [2019] No. 388 as issued by the China Securities Regulatory Commission. In 2019, Taisen Holdings publicly issued the corporate debentures (1st instalment) ("the First Debentures of 2019") to qualified investors. The debenture interest shall be annually calculated at simple interest rate, and the nominal interest rate is 3.69%, with interest paid annually and the final instalment of interest paid with the principal.

(b) On 26 July 2018, S.F. Holding Investment Limited, a wholly-owned subsidiary of the Company, issued debentures of USD500 million overseas. The debentures were listed on the Stock Exchange of Hong Kong Limited on 27 July 2018. The nominal interest rate is 4.13% per annum, and the interest is paid semi-annually, for which the Company provides unconditional and irrevocable cross-border guarantee.

(c) According to the Notice of Acceptance of Registration issued by the National Association of Financial Market Institutional Dealers (Zhong Shi Zhu Xie [2017] MTN443), Taisen Holdings' quota of middle-term notes was RMB2 billion. On 19 September 2018, Taisen Holdings issued the first middle-term notes of 2018 ("the First Middle-term Notes of 2018") totalling RMB1 billion at a nominal interest rate of 4.46%, with interest paid annually and the final instalment of interest paid with the principal.

(d) The Company publicly issued convertible corporate debentures ("Convertible Corporate Debentures") totalling RMB5.8 billion on 18 November 2019 under the Regulatory Permission [2019] No. 1903 as issued by the China Securities Regulatory Commission. The Convertible Corporate Debentures have a term of six years, that is, from 18 November 2019 to 18 November 2025, with a nominal interest rate of 0.20% for the first year, and thereafter it will be gradually increased to 2.00% over the remaining years. Holders of the Convertible Corporate Debentures can exercise the right to convert the Convertible Corporate Debentures into shares of the Company at the current conversion price during the period from the first trading day after six months following the end of the issuance of Convertible Corporate Debentures to the maturity date (the "Conversion Period"), from 22 May 2020 to 18 November 2025. Within five trading days after the expiration of the Conversion Period, the Company will redeem all the Convertible Corporate Debentures that have not been converted at 106% of the par value of such Convertible Corporate Debentures (including the final instalment of interest).

During the Conversion Period, if the closing price of the Company's shares is not less than 130% (inclusive) of the current conversion price for at least 15 out of 30 consecutive trading days, the Company shall have the right to redeem all or part of the outstanding Convertible Corporate Debentures at par value of the Convertible Corporate Debentures plus the current accrued interest.

In addition, the Company shall have the right to redeem all or part of the outstanding Convertible Corporate Debentures at par value of the debentures plus the current accrued interest if the balance of the outstanding Convertible Corporate Debentures is less than RMB30 million.

(d) Such Convertible Corporate Debentures were issued at the initial conversion price of RMB40.41 per share, which was not less than the average trading price of the Company's stocks in the first twenty trading days before the announcement date of the prospectus (the average trading price on the trading day before adjustment shall be adjusted accordingly in case of stock price adjustment arising from ex-right and ex-dividend within such twenty trading days), and the average trading price on the previous trading day. After the issuance, the Company will adjust the conversion price accordingly in the event of bonus shares distribution, transfer to share capital, issuance of new shares (excluding share capital increased due to issuance of Convertible Corporate Debentures into shares), allotment of shares and distribution of cash dividends. During the duration of the Convertible Corporate Debentures issued, where the closing price of the Company's shares is lower than 80% of the current conversion price in at least 15 of 30 consecutive trading days, the Board of Directors of the Company shall have the right to propose a plan for conversion price reduction and submit it to the shareholders' meeting of the Company for deliberation and voting.

Convertible Corporate Debentures are listed as follows:

	Liability portion	Equity portion (Note 4(41))	Total
Amount of Convertible Corporate Debentures issued	5,028,196,096.65	771,803,903.35	5,800,000,000.00
Direct issuance expenses	(18,667,806.36)	(2,865,418.45)	(21,533,224.81)
Balance on the date of issue	5,009,528,290.29	768,938,484.90	5,778,466,775.19
Amortisation in the current year	22,441,077.85	–	22,441,077.85
Balance at 31 December 2019	5,031,969,368.14	768,938,484.90	5,800,907,853.04

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(36) Long-term payables

	31 December 2019	31 December 2018
Long-term advances payable	45,895,615.85	43,935,616.37
Long-term payables to China Development Fund Co., Ltd.	20,362,534.49	20,392,825.23
Others	15,735,603.19	19,572,058.05
Less: Current portion of long-term payables (Note 4(32))	(3,683,423.76)	(245,474.57)
	78,310,329.77	83,655,025.08

(37) Long-term employee benefits payable

	31 December 2019	31 December 2018
Employee incentives	158,434,634.21	205,819,013.16
Less: Current portion of employee incentives (Note 4(32))	(40,000,000.00)	(99,901,113.14)
Long-term service bonus	86,031,812.52	36,797,359.69
	204,466,446.73	142,715,259.71

(38) Deferred income

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019	Source
Government grants (a)	152,944,183.19	119,414,699.87	(70,862,471.25)	201,496,411.81	Received government grants pending for future recognition in income

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(a) The government grants related to deferred income in the current year are presented as follows:

Government grants	31 December 2018	Increase in grants in the current year	Amount recognised in other income in the current year (Note 4(54))	Impact on disposal of subsidiaries in the current year	31 December 2019	Related to assets/income
Construction development fund for Tianjin Project	21,000,000.00	21,000,000.00	(257,325.25)	–	41,742,674.75	Related to assets
Comprehensive pilot program of Shanghai modern service industry	26,937,433.84	–	(1,009,584.96)	–	25,927,848.88	Related to assets
Ancillary grant of infrastructure for Wuhu E-Commerce Industrial Park	26,430,374.01	–	(561,251.76)	–	25,869,122.25	Related to assets
Weihai industrial development support fund	–	16,389,000.00	–	–	16,389,000.00	Related to assets
Yancheng Smart E-Commerce Logistics Park Project	10,221,221.18	5,000,000.00	(261,427.10)	–	14,959,794.08	Related to assets
Ma'anshan Industrial Park Project	–	11,500,000.00	(58,773.42)	–	11,441,226.58	Related to assets
Grant for maintenance of aircraft engines	10,195,916.38	–	(693,911.32)	–	9,502,005.06	Related to assets
Enterprise Expansion Fund	7,825,678.33	4,572,700.00	(3,599,034.24)	–	8,799,344.09	Related to assets
Special subsidy for logistics standardisation granted by the Bureau of Commerce	–	6,873,400.00	(4,330,038.26)	–	2,543,361.74	Related to assets
Subsidy for new energy vehicles	–	7,203,171.60	(896,977.06)	–	6,306,194.54	Related to assets
Shenzhen intelligent logistics project fund	–	5,000,000.00	(511,111.12)	–	4,488,888.88	Related to assets
Special fund of Shenzhen industrial design development	–	3,000,000.00	(210,526.32)	–	2,789,473.68	Related to assets
Commercial circulation development project	–	3,180,000.00	(648,008.49)	–	2,531,991.51	Related to assets
Tianjin Port Free Trade Zone supply chain system construction project	–	3,098,800.00	(347,551.76)	–	2,751,248.24	Related to assets
Compensation for land acquisition of Nanning Distribution Hub	3,168,203.97	–	(564,762.66)	–	2,603,441.31	Related to assets
Construction subsidy for Taizhou Shunfeng E-Commerce Service Platform	1,199,386.61	–	(269,272.62)	–	930,113.99	Related to assets
Subvention for integration program of informatisation and industrialisation	–	3,691,963.64	(3,003,638.27)	–	688,325.37	Related to assets
North China Air Express Pivot	1,197,924.62	–	(1,197,924.62)	–	–	Related to assets
Specific subsidy for modern service industry granted by Jinhua Transportation Authority	6,203,438.00	–	(81,962.38)	(6,121,475.62)	–	Related to assets
Yiwu Comprehensive Service Centre Project	5,342,546.78	–	(507,256.34)	(4,835,290.44)	–	Related to assets
Logistics Project of Yiwu Industrial Park	2,938,072.85	–	(129,859.60)	(2,808,213.25)	–	Related to assets
Others	30,283,986.62	28,905,664.63	(13,207,294.39)	(24,750,000.00)	21,232,356.86	Related to assets
	152,944,183.19	119,414,699.87	(32,347,491.94)	(38,514,979.31)	201,496,411.81	

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(39) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets not taking into consideration the offsetting of balances

	31 December 2019		31 December 2018	
	Deductible temporary differences and deductible tax losses	Deferred tax assets	Deductible temporary differences and deductible tax losses	Deferred tax assets
Deductible losses	3,024,282,948.11	733,828,350.94	2,106,408,366.25	445,292,056.78
Accrued expenses	775,827,657.83	184,724,565.33	477,502,124.17	102,418,612.28
Unrealised profits from internal transactions	466,329,274.44	116,582,318.61	205,785,722.06	51,446,430.51
Employee incentives	118,166,438.48	29,541,609.62	105,902,775.73	26,475,693.93
Provision for asset impairment	251,281,539.04	61,105,136.91	85,859,422.40	20,729,601.03
Deferred income	183,305,261.85	44,134,413.21	152,739,530.39	37,423,690.25
Depreciation and amortisation differences	482,238,954.05	101,302,957.45	268,188,022.13	54,965,938.00
Share-based payment	–	–	33,845,759.93	7,221,273.29
Changes in fair value of available-for-sale financial assets	–	–	50,328,715.36	12,582,178.84
	5,301,432,073.80	1,271,219,352.07	3,486,560,438.42	758,555,474.91
Including:				
Expected to be recovered within 1 year (inclusive)		294,225,505.65		171,522,613.57
Expected to be recovered after 1 year		976,993,846.42		587,032,861.34
		1,271,219,352.07		758,555,474.91

(b) Deductible tax losses and deductible temporary differences that are not recognised as deferred tax assets are analysed as follows:

	31 December 2019	31 December 2018
Deductible tax losses (c)	3,224,474,481.50	1,983,523,155.23
Deductible temporary differences	28,468,543.55	35,804,714.55
	3,252,943,025.05	2,019,327,869.78

(c) The following table shows unrecognised deductible tax losses based on its expiration date:

	31 December 2019	31 December 2018
2019	–	382,184,105.91
2020	235,896,007.94	207,216,534.82
2021	307,466,976.93	262,402,324.95
2022	284,043,639.97	209,567,751.03
2023	626,565,480.16	692,328,948.85
2024 and subsequent years	1,770,502,376.50	229,823,489.67
	3,224,474,481.50	1,983,523,155.23

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(d) Deferred tax liabilities before offsetting

	31 December 2019		31 December 2018	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of investments in other equity instruments	744,088,970.00	186,022,242.50	–	–
Changes in fair value of other non-current financial assets	9,424,488.44	2,356,122.11	–	–
Changes in fair value of available-for-sale financial assets	–	–	110,043,220.00	27,510,805.00
Changes in fair value upon reclassification of remaining equity of Hive Box Technology	446,796,225.96	111,699,056.49	446,796,225.96	111,699,056.49
Changes in fair value upon reclassification of remaining equity of Shenzhen Fengyi Technology Co., Ltd. ("Fengyi Technology")	28,000,000.00	7,000,000.00	–	–
Depreciation of fixed assets	2,713,479,796.13	594,029,414.30	1,543,907,080.21	350,447,802.47
Appreciation in asset value arising from business combination involving enterprises not under common control	2,905,562,109.35	682,576,336.29	955,722,159.84	218,485,004.96
Changes in fair value of financial assets held for trading	9,852,581.08	2,463,145.27	–	–
Others	26,772,768.32	6,693,192.08	12,163,386.92	3,040,846.73
	6,883,976,939.28	1,592,839,509.04	3,068,632,072.93	711,183,515.65
Including:				
Expected to be recovered within 1 year (inclusive)		214,142,463.75		114,632,346.16
Expected to be recovered after 1 year		1,378,697,045.29		596,551,169.49
		1,592,839,509.04		711,183,515.65

(e) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2019	31 December 2018
Deferred tax assets – net	1,066,079,111.56	584,462,905.44
Deferred tax liabilities – net	1,387,699,268.53	537,090,946.18

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(40) Share capital

	31 December 2018	Increase in the current year	Decrease in the current year (Note 9(1))	31 December 2019
Ordinary shares denominated in RMB	4,418,767,258.00	–	(4,181,993.00)	4,414,585,265.00

	31 December 2017	Increase in the current year	Decrease in the current year	31 December 2018
Ordinary shares denominated in RMB	4,411,015,524.00	7,788,643.00	(36,909.00)	4,418,767,258.00

(41) Other equity instruments

	31 December 2019	31 December 2018
Convertible corporate debentures (Note 4(35)(d))	768,938,484.90	–

(42) Capital reserve

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Share premium				
– Capital contribution by shareholders	15,768,464,376.95	–	–	15,768,464,376.95
– Business combinations involving enterprises under common control	73,973,978.65	–	(150,607,200.00)	(76,633,221.35)
– Share-based payment in capital contribution by shareholders (Note 4(43))	193,344,979.29	–	(104,584,725.90)	88,760,253.39
Other capital reserve				
– Share-based payment recognised in capital reserve (Note 9(2))	44,965,842.16	2,045,330.63	–	47,011,172.79
– Others (i)	138,869,988.62	160,086,629.14	(2,540,605.38)	296,416,012.38
	16,219,619,165.67	162,131,959.77	(257,732,531.28)	16,124,018,594.16

(i) Increase in the current year represents changes in equity resulting from capital injections by minority shareholders other than the subsidiaries.

	31 December 2017	Increase in the current year	Decrease in the current year	31 December 2018
Share premium				
– Capital contribution by shareholders	15,768,464,376.95	–	–	15,768,464,376.95
– Business combinations involving enterprises under common control	213,592,671.52	150,000,000.00	(289,618,692.87)	73,973,978.65
– Share-based payment in capital contribution by shareholders (Note 4(43))	–	193,421,631.34	(76,652.05)	193,344,979.29
Other capital reserve				
– Share-based payment recognised in capital reserve (Note 9(2))	4,815,891.72	40,149,950.44	–	44,965,842.16
– Others	99,670,462.36	62,921,055.61	(23,721,529.35)	138,869,988.62
	16,086,543,402.55	446,492,637.39	(313,416,874.27)	16,219,619,165.67

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(43) Treasury stock

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Restricted shares	200,928,467.28	394,992,892.71	(141,160,053.20)	454,761,306.79

	31 December 2017	Increase in the current year	Decrease in the current year	31 December 2018
Restricted shares	–	201,173,365.34	(244,898.06)	200,928,467.28

As stated in Note 9(2), ordinary A shares, which were issued by the Company to the incentive recipients of the restricted shares incentive plan in 2017 and 2018, counted at 7,788,643.00 shares with raised funds totalling RMB202,255,537.22, including an increment of share capital of RMB7,788,643.00 and an increment of capital reserve of RMB194,466,894.22. In addition, the repurchasing obligation is recognised in liabilities (as purchase of treasury stock) at the number of restricted shares issued multiplied by the repurchasing price (Note 4(31)).

In 2018, some of the Company's original incentive recipients resigned and lost their right to receive incentives, therefore the Company repurchased and cancelled the restricted shares previously held by these incentive recipients (36,909.00 shares in total) with a deduction from the treasury share of RMB1,082,171.88, including a reduction of RMB36,909.00 in share capital, and RMB1,045,262.88 in capital reserve.

As at 31 December 2018, the Company adjusted the treasury stock by RMB244,898.06 based on the revocable cash dividends distributed to holders whose restricted shares were expected to be unlocked in the restricted shares incentive plan for 2017.

On 3 January 2019, the Company held the 18th session of the fourth Board of Directors, at which the *Proposal of the Accomplishment of the Unlocking Conditions of the First Post Lock-up Period for the Restricted Shares for 2017* was reviewed. The Company recognised that the unlocking conditions for the first post lock-up period for the restricted shares for 2017 were met, and the treasury stock of RMB32,393,334.30 were deducted. In addition, the criteria of the performance assessment for the second post lock-up period for the restricted shares incentive plan for 2017 and the first post lock-up period for the restricted shares incentive plan for 2018 were not met, therefore the Company repurchased and cancelled the restricted shares previously held by these incentive recipients (3,741,407.00 shares in total) during the reporting period with a deduction from the treasury share of RMB96,583,654.60, including a reduction of RMB3,741,407.00 in share capital, and RMB92,842,247.60 in capital reserve.

In 2019, some of the Company's original incentive recipients resigned and lost their right to receive incentives, therefore the Company repurchased and cancelled the restricted shares previously held by these incentive recipients (440,586.00 shares in total) with a deduction from the treasury share of RMB12,183,064.30, including a reduction of RMB440,586.00 in share capital, and RMB11,742,478.30 in capital reserve.

In addition, as at 31 January 2019, at the 19th session of the fourth Board of Directors, the *Proposal of Repurchasing Shares by Centralised Price Bidding* was approved, under which the Company repurchased a portion of corporate shares for employee stock ownership plan or share-based incentive plan through centralised price bidding by self-owned funds; a total of 11,010,729.00 shares were repurchased and treasury stock of RMB394,992,892.71 was recognised.

(44) Special reserve

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Safety reserve	–	7,552,986.74	(7,552,986.74)	–

	31 December 2017	Increase in the current year	Decrease in the current year	31 December 2018
Safety reserve	–	5,455,815.41	(5,455,815.41)	–

Pursuant to the *Administrative Measures for the Collection and Utilisation of Enterprise Work Safety Funds* (Cai Qi [2012] No. 16) issued by the Ministry of Finance and the State Administration of Work Safety on 14 February 2012, 1% of the income from the "Common cargo transportation business" which is operated by certain subsidiaries of the Group is appropriated to safety reserve. The safety reserve is recognised in profit or loss as the "Special reserve" item for the current period. When the accrued safety reserve is used under the prescribed conditions, it is written off against the original amount directly.

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(45) Surplus reserve

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Statutory surplus reserve	601,132,890.32	108,347.22	–	601,241,237.54

	31 December 2017	Increase in the current year	Decrease in the current year	31 December 2018
Statutory surplus reserve	586,501,527.41	14,631,362.91	–	601,132,890.32

In accordance with the *Company Law of the People's Republic of China* and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the share capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. The Company appropriated 10% of net profit, amounting to RMB108,347.22 for the year 2019 (2018: 10% of net profit, RMB14,631,362.91) to the statutory surplus reserve.

(46) Retained earnings

	2019	2018
Retained earnings at the beginning of the prior year before restatement	14,960,151,735.98	11,478,728,731.98
Adjust for: Business combination involving enterprises under common control	(89,126.94)	52,915.21
Retained earnings at the beginning of the year after restatement	14,960,062,609.04	11,478,781,647.19
Add: Net profit attributable to shareholders of the parent company for the current year	5,796,505,532.20	4,555,906,237.39
Less: Ordinary share dividends payable (a)	(924,234,773.27)	(970,668,313.34)
Appropriation to statutory surplus reserve	(108,347.22)	(14,631,362.91)
Appropriation to general risk reserve	(40,698,251.73)	(89,325,599.29)
Transfer from other comprehensive income to retained earnings	(54,334,158.75)	–
Retained earnings at the end of the year	19,737,192,610.27	14,960,062,609.04

(a) The Company held a shareholders' meeting on 9 April 2019. On the basis of the total share capital at the registration date on which the 2018 profit distribution plan was implemented less the special shares repurchased by the Company, a total of RMB925,302,561.11 of cash dividends were distributed to all shareholders at RMB2.10 (including tax) per 10 shares, without bonus shares being given or capital reserve being transferred into the share capital.

In 2019, the Company adjusted ordinary share dividends by RMB1,067,787.84 in total (including 2,628,136 shares of the unregistered restricted shares corresponding to ordinary share dividends of RMB551,908.56) based on the number of restricted shares that are expected not to be unlocked (due to employee resignation or share forfeiture) for the restricted shares incentive plan for 2018, and thus the ordinary share dividends payable was changed to RMB924,234,773.27.

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(47) Revenue and cost of revenue

	2019	2018
Revenue from main operations (a)	112,034,972,464.87	90,854,228,239.16
Revenue from other operations (b)	158,423,599.39	88,466,000.67
Total revenue	112,193,396,064.26	90,942,694,239.83
Cost of revenue from main operations (a)	92,567,869,864.45	74,610,333,960.48
Cost of revenue from other operations (b)	81,746,341.24	31,848,903.24
Total cost of revenue	92,649,616,205.69	74,642,182,863.72

(a) Revenue and cost of revenue from main operations:

	2019		2018	
	Revenue from main operations	Cost of revenue from main operations	Revenue from main operations	Cost of revenue from main operations
Express & logistics and supply chain	110,901,420,494.93	91,617,157,215.40	89,676,881,499.50	73,675,519,358.46
Sales of goods	491,341,448.53	482,862,092.06	405,959,567.40	398,686,974.32
Others	642,210,521.41	467,850,556.99	771,387,172.26	536,127,627.70
	112,034,972,464.87	92,567,869,864.45	90,854,228,239.16	74,610,333,960.48

(b) Revenue and cost of revenue from other operations:

	2019		2018	
	Revenue from other operations	Cost of revenue from other operations	Revenue from other operations	Cost of revenue from other operations
Disposal of materials	10,667,474.19	6,068,573.82	29,358,790.06	14,676,459.15
Others	147,756,125.20	75,677,767.42	59,107,210.61	17,172,444.09
	158,423,599.39	81,746,341.24	88,466,000.67	31,848,903.24

(48) Taxes and surcharges

	2019	2018	Payment criterion
City maintenance and construction tax	95,756,391.67	75,561,123.02	Refer to Note 3
Educational surcharge	70,968,952.51	55,991,878.53	Refer to Note 3
Stamp tax	52,591,427.68	46,555,574.58	
Property tax	43,923,946.33	32,880,638.82	
Land use tax	12,984,991.91	10,549,111.63	
Flood-control project expenses	247,169.70	445,844.77	
Others	3,145,432.14	319,592.45	
	279,618,311.94	222,303,763.80	

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(49) Selling and distribution expenses

	2019	2018
Employee benefits	724,242,030.61	686,306,277.84
Information technology service - outsourcing	454,791,065.39	403,030,331.79
Marketing expenses	276,716,291.70	298,133,295.08
IT and information platform expenses	177,817,773.13	185,748,081.85
Depreciation and amortisation expenses	161,129,962.60	22,459,425.83
Office and rental fees	108,156,672.44	119,566,629.71
Travelling and transportation expenses	28,193,431.52	24,699,201.96
Supply and material expenses	25,711,504.41	52,113,711.41
Others	40,128,713.26	33,760,955.00
	1,996,887,445.06	1,825,817,910.47

(50) General and administrative expenses

	2019	2018
Employee benefits	7,697,613,748.17	6,724,337,580.57
Office and rental fees	527,320,254.24	473,753,834.93
Depreciation and amortisation expenses	356,748,517.99	366,140,289.97
Professional service fees	283,929,501.89	239,520,500.56
Entertainment expenses	188,338,698.84	175,392,660.75
Travelling and transportation expenses	140,421,029.92	161,085,201.97
Outsourcing cost	114,545,070.37	6,569,296.38
Brand royalties	95,347,113.56	–
Supply and material expenses	77,725,345.78	97,567,382.30
IT and information platform expenses	71,410,570.17	44,598,411.30
Taxes	45,576,620.45	39,583,805.48
Others	100,291,437.45	86,061,226.35
	9,699,267,908.83	8,414,610,190.56

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(51) Research and development expenses

	2019	2018
Employee benefits	623,711,330.55	544,051,635.60
Depreciation and amortisation expenses	244,467,968.88	151,325,275.76
IT and information platform expenses	131,823,592.01	102,454,637.15
Outsourcing cost	60,463,379.57	59,004,562.28
Office and rental fees	37,954,522.40	26,195,763.30
Professional service fees	31,496,388.64	28,569,568.60
Supply and material expenses	23,954,845.68	26,536,787.74
Travelling and transportation expenses	18,554,027.59	14,710,173.13
Others	20,855,820.68	31,465,744.97
	1,193,281,876.00	984,314,148.53

(52) Financial costs

	2019	2018
Interest on borrowings	921,111,335.15	660,810,646.25
Less: Capitalised interest (Note 4(19))	(20,491,034.07)	(16,643,337.54)
Interest expenses	900,620,301.08	644,167,308.71
Less: Interest income	(285,283,463.71)	(397,659,268.76)
Net gains on exchange	(2,853,868.84)	(21,720,989.54)
Commission expenses and others	70,508,096.78	61,643,837.64
	682,991,065.31	286,430,888.05

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(53) Expenses by nature

The cost of revenue, selling and distribution expenses, general and administrative expenses and R&D expenses in the income statement are listed as follows by nature:

	2019	2018
Outsourcing cost	54,483,184,583.60	40,025,317,274.73
Employee benefits	20,737,783,295.56	19,962,226,629.37
Transportation cost	10,403,529,548.46	9,411,441,306.44
Including: Aircraft maintenance costs	229,400,688.84	185,788,495.36
Office and rental fees	7,129,048,860.26	5,567,464,915.39
Depreciation and amortisation expenses	4,503,333,732.61	3,509,223,785.82
Supply and material expenses	4,036,645,787.93	3,922,423,117.73
IT and information platform expenses	714,128,812.71	554,651,107.24
Claims expenses	845,900,713.64	683,462,523.74
Cost of revenue of goods	482,862,092.06	398,686,974.32
Professional service fees	336,640,736.07	279,786,397.80
Customs cost	284,526,670.27	300,701,658.15
Travelling and transportation expenses	277,569,947.38	270,366,020.71
Marketing expenses	277,263,306.64	298,133,295.08
Brand royalties	95,347,113.56	–
Taxes	51,864,087.82	45,162,025.03
Others	879,424,147.01	637,878,081.73
	105,539,053,435.58	85,866,925,113.28

For the year ended 31 December 2019, the Group's government grants which were offset against expenses amounted to RMB89,295,302.70 (for the year ended 31 December 2018: RMB56,137,375.56) and were fully offset against the cost of revenue. Therein, the amount that was recognised in non-recurring profit or loss amounted to RMB89,295,302.70 (2018: RMB47,102,969.56).

(54) Other income

	2019	2018	Related to assets/income
Tax preference	364,628,555.62	18,807,757.01	Related to income
Fiscal appropriation for logistics	301,787,264.19	144,766,971.63	Related to income
Grant from Social Security Bureau	41,598,376.96	19,860,575.61	Related to income
Amortisation of deferred income (Note 4(38))	32,347,491.94	29,533,984.66	Related to assets
	740,361,688.71	212,969,288.91	

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(55) Investment income

	2019	2018
Investment income from disposal of subsidiaries	848,211,045.94	807,518,533.61
Investment income from financial assets held for trading	195,523,310.99	24,224.78
Share of net gains or losses of investees under the equity method (Note 4(14))	(97,816,023.63)	(37,319,918.07)
Investment income from remeasurement of the remaining equity interests in Fengyi Technology measure at fair value	64,204,908.21	–
Investment income from wealth management products	48,335,455.75	227,902,235.45
Investment income from dividends of investments in other equity instruments	17,386,137.80	–
(Losses)/Income from disposal on other long-term equity investments	(41,440.41)	84,832,447.27
Investment income from entrusted loans	–	43,383,150.79
Investment income from available-for-sale financial assets	–	42,815,761.11
Investment loss from disposal of other available-for-sale financial assets, etc.	–	(2,670,436.99)
	1,075,803,394.65	1,166,485,997.95

There is no significant restriction on recovery of investment income of the Group.

(56) Gains/(losses) arising from changes in fair value

	2019	2018
SAFE and discounted warrants	305,521,134.62	–
Structural deposits	9,852,581.06	–
Others	34,763,623.55	(5,784,709.35)
	350,137,339.23	(5,784,709.35)

(57) Credit impairment losses

	2019
Losses on bad debts of accounts receivable	142,227,367.20
Losses on impairment of factoring receivables	64,864,587.70
Losses on bad debts of other receivables	26,821,581.16
Losses on impairment of loans and advances	4,060,387.27
Losses on impairment of long-term receivables	25,811.71
	237,999,735.04

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(58) Asset impairment losses

	2019	2018
Losses on impairment of long-term equity investments	133,345,440.37	28,236,883.66
Losses on impairment of intangible assets	45,275,469.86	–
Losses on bad debts	–	51,905,131.22
Losses on impairment of factoring receivables	–	2,275,451.01
Losses on impairment of loans and advances	–	9,640,877.71
Losses on impairment of long-term receivables	–	11,482,182.39
	178,620,910.23	103,540,525.99

(59) Losses on disposal of assets

	2019	Amount recognised in non-recurring profit or loss in 2019	2018	Amount recognised in non-recurring profit or loss in 2018
Gains on disposal of fixed assets	(43,410,805.40)	(43,410,805.40)	(25,788,735.76)	(25,788,735.76)
Losses on disposal of fixed assets	76,100,273.16	76,100,273.16	41,717,395.49	41,717,395.49
Losses on disposal of intangible assets	601,513.25	601,513.25	3,259,016.31	3,259,016.31
Gains on disposal of intangible assets	(484,250.40)	(484,250.40)	–	–
	32,806,730.61	32,806,730.61	19,187,676.04	19,187,676.04

(60) Non-operating income and expenses

(a) Non-operating income

	2019	Amount recognised in non-recurring profit or loss in 2019	2018	Amount recognised in non-recurring profit or loss in 2018
Government grants (i)	56,554,506.80	56,554,506.80	35,371,589.03	35,371,589.03
Compensation income	15,703,427.17	15,703,427.17	22,082,294.41	22,082,294.41
Income from penalty	2,403,133.50	2,403,133.50	1,718,312.94	1,718,312.94
Others	138,342,506.02	138,342,506.02	88,877,736.96	88,877,736.96
	213,003,573.49	213,003,573.49	148,049,933.34	148,049,933.34

(i) Details of government grants

	2019	Related to assets/ income	2018	Related to assets/ income
General fiscal appropriation	54,475,959.85	Related to income	30,955,686.24	Related to income
Others	2,078,546.95	Related to income	4,415,902.79	Related to income
	56,554,506.80		35,371,589.03	

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(b) Non-operating expenses

	2019	Amount recognised in non-recurring profit or loss in 2019	2018	Amount recognised in non-recurring profit or loss in 2019
Compensation expenses	52,698,561.13	52,698,561.13	21,264,208.09	21,264,208.09
Losses on scrapping of fixed assets and intangible assets	45,031,486.20	45,031,486.20	4,556,209.37	4,556,209.37
Donation expenses	36,103,989.17	36,103,989.17	25,445,621.61	25,445,621.61
Penalties and overdue fines	16,691,968.99	16,691,968.99	16,887,897.37	16,887,897.37
Others	44,774,781.02	44,774,781.02	30,466,146.07	30,466,146.07
	195,300,786.51	195,300,786.51	98,620,082.51	98,620,082.51

(61) Income tax expenses

	2019	2018
Current income tax	2,077,672,964.03	1,404,748,211.84
Deferred income tax	(276,155,489.55)	(1,468,101.10)
	1,801,517,474.48	1,403,280,110.74

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the income statement to the income tax expenses is listed below:

	2019	2018
Total profit	7,426,311,085.12	5,867,406,701.01
Income tax expenses calculated at the standard tax rate of 25%	1,856,577,771.28	1,466,851,675.25
Costs, expenses and losses not deductible for tax purposes	178,311,638.65	94,012,585.77
Effect of last-year tax filing differences	4,768,804.35	14,198,722.27
Effect of different tax rates among different subsidiaries and branches on income tax expenses	(92,746,590.73)	(45,766,530.23)
Deductible tax losses and deductible temporary differences for which no deferred tax asset was recognised in the current year	321,624,103.28	187,614,902.68
Reversal of deductible tax losses for which deferred tax assets were recognised in prior periods	113,420,471.41	13,425,229.86
Utilisation of deductible tax losses and other deductible temporary differences for which no deferred tax asset was recognised in prior periods	(217,876,031.38)	(67,116,373.53)
Recognition of deductible tax losses and other deductible temporary differences for which no deferred tax asset was recognised in prior periods	(19,485,661.44)	(21,392,488.98)
Effect of tax preference	(77,208,257.64)	(22,040,012.00)
Income not subject to tax	(265,868,773.30)	(216,507,600.35)
Income tax expenses	1,801,517,474.48	1,403,280,110.74

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(62) Earnings per share

(a) Basic earnings per share

Basic earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares of the parent company:

	2019	2018
Consolidated net profit attributable to ordinary shareholders of the parent company	5,796,505,532.20	4,555,906,237.39
Less: Cash dividends distributed to holders whose restricted shares are expected to be unlocked	–	(244,898.06)
Adjusted consolidated net profit attributable to ordinary shareholders of the parent company for calculation of earnings per share	5,796,505,532.20	4,555,661,339.33
Weighted average number of outstanding ordinary shares of the Company	4,404,269,766.75	4,411,015,524.00
Basic earnings per share	1.32	1.03
Including:		
– Basic earnings per share from continuing operations	1.32	1.03

(b) Diluted earnings per share

Diluted earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of outstanding ordinary shares of the Company. For the year ended 31 December 2019, the Company had dilutive potential ordinary shares (2018: the same):

	2019	2018
Consolidated net profit attributable to ordinary shareholders of the parent company	5,796,505,532.20	4,555,906,237.39
Add: Interest expenses from convertible corporate debentures in the current year (net of tax)	17,855,739.89	–
Consolidated net profit attributable to ordinary shareholders of the parent company	5,814,361,272.09	4,555,906,237.39
Weighted average number of outstanding ordinary shares of the Company	4,404,269,766.75	4,411,015,524.00
Add: Weighted average number of ordinary shares which are assumed to be conversed from all convertible corporate debentures	16,908,875.80	–
Weighted average number of ordinary shares increased from share-based payment	–	330,596.60
Weighted average number of outstanding diluted ordinary shares	4,421,178,642.55	4,411,346,120.60
Diluted earnings per share	1.32	1.03

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(63) Minority interests

	31 December 2019	31 December 2018
Havi Hong Kong	178,891,025.84	190,294,212.29
Wulian Yida	29,887,545.67	8,999,600.55
Beijing S.F. Intra-city Technology Co., Ltd.	27,723,750.30	9,603,367.24
Chengdu Fengcheng	(14,361,885.94)	(15,272,143.06)
Shunxin Freight	(156,475,162.33)	(9,492,458.61)
Beijing Deda	–	120,633,401.06
Xiamen Ruite	–	46,511,906.07
Others	8,231,968.04	1,653,747.73
	73,897,241.58	352,931,633.27

(64) Other comprehensive income

Other comprehensive income, the related income tax effect and the reclassifications to profit or loss in 2019 and 2018:

	Other comprehensive income in balance sheet						Other comprehensive income in the income statement for the year ended 31 December 2019			
	31 December 2018	Changes in accounting policies	1 January 2019	Attributable to the parent company in the current year – net of tax	Transfer from other comprehensive income to retained earnings	31 December 2019	Amount incurred before tax for the current year	Less: Income taxes expenses	Attributable to the parent company – net of tax	Attributable to minority shareholders – net of tax
Exchange differences on translation of foreign currency financial statements	191,026,574.28	–	191,026,574.28	91,844,982.51	–	282,871,556.79	91,935,673.25	–	91,844,982.51	90,690.74
Other comprehensive income that will not be subsequently transferred to profit or loss under the equity method	–	–	–	(2,059,919.82)	–	(2,059,919.82)	(2,059,919.82)	–	(2,059,919.82)	–
Changes in fair value of investments in other equity instruments	–	353,622,821.31	353,622,821.31	313,946,990.35	54,334,158.75	721,903,970.41	485,040,606.69	(171,093,616.34)	313,946,990.35	–
Changes in fair value of available-for-sale financial assets	336,157,723.57	(336,157,723.57)	–	–	–	–	–	–	–	–
	527,184,297.85	17,465,097.74	544,649,395.59	403,732,053.04	54,334,158.75	1,002,715,607.38	574,916,360.12	(171,093,616.34)	403,732,053.04	90,690.74

	Other comprehensive income in balance sheet			Other comprehensive income in the income statement for the year ended 31 December 2018				
	31 December 2017	Attributable to the parent company in the current year – net of tax	31 December 2018	Amount incurred before tax for the current year	Less: Reclassification of other comprehensive income to profit or loss	Less: Income taxes expenses	Attributable to the parent company – net of tax	Attributable to minority shareholders – net of tax
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss	–	–	–	–	–	–	–	–
Exchange differences on translation of foreign currency financial statements	17,159,014.31	173,867,559.97	191,026,574.28	172,188,289.37	–	–	173,867,559.97	(1,679,270.60)
Changes in fair value of available-for-sale financial assets	202,671,218.52	133,486,505.05	336,157,723.57	110,267,198.09	3,066,230.82	20,153,076.14	133,486,505.05	–
	219,830,232.83	307,354,065.02	527,184,297.85	282,455,487.46	3,066,230.82	20,153,076.14	307,354,065.02	(1,679,270.60)

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(65) Notes to the cash flow statement

(a) Cash received relating to other operating activities

	2019	2018
Inflows from cash on delivery service	56,826,527,536.97	53,381,630,346.54
Government grants	608,650,150.52	341,355,923.66
Interest income	292,594,362.21	419,588,624.29
Wealth management funds received on behalf of other parties	–	727,997,882.73
Finance lease received	–	243,191,644.72
Net cash received from Mingde Holdings	11,501,375.29	169,481,372.17
Others	913,684,698.43	763,817,541.86
	58,652,958,123.42	56,047,063,335.97

(b) Cash paid relating to other operating activities

	2019	2018
Outflows from cash on delivery service	57,359,107,476.23	53,515,893,951.84
Office and rental fees	7,425,983,507.52	6,088,343,114.49
Claims expenses	845,900,713.64	683,462,523.74
IT and information platform expenses	756,976,541.47	587,930,173.67
Professional service fees	359,586,350.59	310,655,816.01
Travelling and transportation expenses	294,224,144.22	286,587,290.83
Marketing expenses	293,899,105.04	316,021,292.78
Customs cost	275,356,257.47	306,136,772.25
Entertainment expenses	202,656,199.43	188,700,889.11
Bank charges	70,508,096.78	61,642,830.64
Compensation and penalty	69,390,530.12	38,152,105.46
Donation expenses	36,103,989.17	25,735,924.42
Wealth management funds paid on behalf of other parties	–	1,090,386,560.21
Others	1,583,545,198.08	2,004,410,302.60
	69,573,238,109.76	65,504,059,548.05

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(c) Net cash paid for/received from acquisition of subsidiaries

	2019	2018
Cash and cash equivalents paid in the current year for acquisition of subsidiaries incurred in the current year	5,346,964,309.54	1,005,032,581.51
Including: DHL HK and DHL BJ	5,325,964,309.54	–
Other companies	21,000,000.00	1,005,032,581.51
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	(1,204,848,954.38)	(1,218,393,822.76)
Including: DHL HK and DHL BJ	(254,733,022.95)	–
Cash received from acquisition of subsidiaries through equity replacement	(939,000,000.00)	(1,105,000,000.00)
Other companies	(11,115,931.43)	(113,393,822.76)
Add: Cash paid in the current year for acquisition of subsidiaries incurred in prior periods	86,411,295.00	–
	4,228,526,650.16	(213,361,241.25)
Including: Cash paid for acquisition of subsidiaries	5,167,526,650.16	–
Cash received from acquisition of subsidiaries	(939,000,000.00)	(213,361,241.25)

(d) Cash received relating to other investing activities

	2019	2018
Redemption of bank wealth management products	47,171,108,814.70	44,627,517,778.79

(e) Cash paid relating to other investing activities

	2019	2018
Purchase of bank wealth management products	50,131,477,609.38	41,569,033,887.78
Others	60,255,887.64	–
	50,191,733,497.02	41,569,033,887.78

(f) Cash received relating to other financing activities

	2019	2018
Proceeds from transferring factoring-related creditor's rights	–	945,563,375.34
Capital injection by former shareholders to subsidiaries under business combinations involving enterprises under common control	–	192,134,312.60
Proceeds from issuing wealth management products	–	116,078,608.18
	–	1,253,776,296.12

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(g) Cash payments relating to other financing activities

	2019	2018
Repurchase of shares	503,763,032.93	–
Payment for acquiring subsidiaries under common control	150,607,200.00	351,722,101.00
Payment of financing expenses	11,121,532.92	–
Payment to investors upon transferring factoring-related creditor's rights	–	1,461,994,252.28
Payment to investors upon maturity of wealth management products	–	1,381,900,204.51
Others	–	19,327,244.26
	665,491,765.85	3,214,943,802.05

(66) Supplementary information to the cash flow statement

(a) Notes to the cash flow statement

Reconciliation from net profit to cash flows from operating activities

	2019	2018
Net profit	5,624,793,610.64	4,464,126,590.27
Add: Provision for asset impairment	178,620,910.23	103,540,525.99
Provision for credit impairment	237,999,735.04	–
Depreciation of fixed assets	3,005,247,806.88	2,547,486,446.77
Depreciation of investment properties	64,296,755.36	50,660,263.82
Amortisation of intangible assets	735,757,728.66	387,943,631.21
Amortisation of long-term prepaid expenses	698,031,441.71	523,133,444.02
Losses on disposal of fixed assets and intangible assets	77,838,216.81	19,187,676.04
(Gains)/Losses arising from changes in fair value	(350,137,339.23)	5,784,709.35
Financial costs	892,343,655.10	611,764,977.33
Investment income	(1,075,803,394.65)	(1,166,485,997.95)
Recognised expenses on share-based payments	4,638,445.75	41,496,186.85
Increase in deferred tax assets	(492,055,830.52)	(272,508,189.16)
Increase in deferred tax liabilities	215,900,340.97	271,040,088.06
Amortisation of deferred income	(32,347,491.94)	(29,533,984.66)
Increase in inventories	(72,763,068.97)	(269,460,157.60)
Increase in operating receivables	(4,128,062,981.70)	(1,977,310,550.64)
Increase in operating payables	3,536,974,935.35	147,434,889.41
Net cash flows from operating activities	9,121,273,475.49	5,458,300,549.11

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Net increase/(decrease) in cash and cash equivalents

	2019	2018
Cash and cash equivalents at the end of the year	17,764,448,498.26	15,299,271,593.99
Less: Cash and cash equivalents at the beginning of the year	(15,299,271,593.99)	(16,149,565,138.31)
Net increase/(decrease) in cash and cash equivalents	2,465,176,904.27	(850,293,544.32)

(b) Cash and cash equivalents

	31 December 2019	31 December 2018
Cash on hand	188,281.28	1,333,057.53
Cash at bank that can be readily drawn on demand	17,662,057,153.84	15,164,029,053.81
Other cash balances that can be readily drawn on demand	21,599,389.56	61,912,773.22
Other balances that can be readily drawn on demand	80,603,673.58	71,996,709.43
	17,764,448,498.26	15,299,271,593.99

(67) Monetary items denominated in foreign currency

As at 31 December 2019 and 31 December 2018, the Group's companies whose recording currency is RMB held no significant assets or liabilities denominated in foreign currency. Those companies operating in Hong Kong with HKD as recording currency held assets and liabilities denominated in non-recording currency (mainly USD and RMB), of which the equivalent amounts in HKD (recording currency of companies operating in Hong Kong) and RMB (presentation currency of these financial statements) are listed as below:

	31 December 2019			
	Amount in the original currency	Exchange rate to HKD	Equivalent to HKD	Equivalent to RMB
Cash at bank and on hand –				
RMB	32,931,459.92	1.1163	36,761,388.71	32,931,459.92
USD	4,200,856.59	7.7878	32,715,430.95	29,306,015.74
Accounts receivable –				
RMB	40,650,563.07	1.1163	45,378,223.56	40,650,563.07
USD	3,533,004.73	7.7878	27,514,334.24	24,646,947.60
Accounts payable –				
RMB	5,909,505.28	1.1163	6,596,780.74	5,909,505.28
USD	4,632,606.94	7.7878	36,077,816.33	32,317,992.53

	31 December 2018			
	Amount in the original currency	Exchange rate to HKD	Equivalent to HKD	Equivalent to RMB
Cash at bank and on hand –				
RMB	155,585,448.67	1.1413	177,569,672.57	155,585,448.67
USD	10,063,726.14	7.8329	78,828,160.48	69,069,365.24
Accounts receivable –				
RMB	6,584,773.28	1.1413	7,515,201.74	6,584,773.28
Accounts payable –				
RMB	30,803.76	1.1413	35,156.33	30,803.76

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5 Changes in the consolidation scope

(1) Business combinations involving enterprises not under common control

(a) Business combinations involving enterprises not under common control in the current year mainly include:

Acquiree	Timing of acquisition	Acquisition cost	% of interest acquired	Method of acquisition	Acquisition date	Basis for determining the acquisition date	Revenue of the acquiree from the acquisition date to the end of the year	Profit of the acquiree from the acquisition date to the end of the year	Cash flows from operating activities of the acquiree from the acquisition date to the end of the year	Net cash flows of the acquiree from the acquisition date to the end of the year
DHL HK and DHL BJ (b)	18 February 2019	5,325,964,309.54	100.00%	By cash	18 February 2019	Completion of equity delivery	3,606,645,872.48	38,389,422.40	45,194,397.63	(68,711,720.05)
Suzhou Hengding Logistics Co., Ltd.	1 June 2019	21,000,000.00	58.30%	By cash	1 June 2019	Completion of equity delivery	31,223,691.36	519,078.32	(7,220,402.82)	3,651,426.18

(b) DHL HK and DHL BJ

On 18 February 2019, the Group completed the acquisition of 100% equity of DHL HK and DHL BJ with a consideration of RMB5,325,964,309.54. As at the Acquisition Date, the Group obtained the control over DHL HK and DHL BJ, and included DHL HK and DHL BJ into the scope of consolidation.

(i) Details of the consideration of acquisition and goodwill recognised are as follows:

	DHL HK and DHL BJ
Combination cost	
– Cash	5,325,964,309.54
Less: Fair value of the share of identifiable net assets acquired	(2,439,260,841.06)
Goodwill	2,886,703,468.48

(ii) The assets and liabilities of DHL HK and DHL BJ as at 18 February 2019, Acquisition Date, are as follows:

	Fair value on the Acquisition Date	Carrying amount on the Acquisition Date (Note)	Carrying amount on 31 December 2018 (Note)
Cash at bank and on hand	254,733,022.95	254,733,022.95	457,610,020.95
Accounts receivable	1,216,859,696.21	1,216,859,696.21	1,278,629,434.34
Advances to suppliers	134,241,148.09	134,241,148.09	62,682,240.80
Other current assets	166,545,687.78	166,545,687.78	257,365,274.04
Fixed assets	113,777,184.90	113,777,184.90	114,481,903.83
Intangible assets	2,094,144,099.98	1,070,471.72	988,195.13
Deferred tax assets	50,890,814.68	50,890,814.68	55,651,465.97
Other non-current assets	115,287,722.53	115,287,722.53	118,403,520.50
Less: Accounts payable	(873,680,255.02)	(873,680,255.02)	(953,693,659.12)
Other current liabilities	(317,178,443.31)	(317,178,443.31)	(486,346,543.11)
Deferred tax liabilities	(490,247,396.37)	–	(685,652.66)
Other non-current liabilities	(26,112,441.36)	(26,112,441.36)	(17,974,245.73)
Net assets obtained	2,439,260,841.06	836,434,609.17	887,111,954.94

Note: The carrying amount refers to the total carrying amount of DHL BJ and DHL HK.

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As at the Acquisition Date, the fair value of identifiable net assets exceeded the carrying amount by RMB1,602,826,231.89, mainly comprising the recognised intangible assets – customer relationships (Note 4(20)) and corresponding deferred tax liabilities. The Group engaged an independent valuer to assist in the identification and assessment of the fair value of intangible assets of DHL HK and DHL BJ.

The valuation methods of major assets are presented as follows:

Customer relationships are valued mainly using the multi-period excess earnings method that calculates the current value of customer relationships on the base date of evaluation by using an appropriate discount rate to discount the aggregated present value of excess earnings after deduction of asset contribution from the after-tax economic benefits expected to arise from leveraging the customer relationships in future years.

(2) Business combinations involving enterprises under common control

Acquiree	% of acquisition	Basis of business combinations involving enterprises under common control	Combination date	Basis of combination date	Acquiree's revenue for the period from 1 January 2019 to the combination date	Acquiree's net loss for the period from 1 January 2019 to the combination date	Acquiree's revenue in 2018	Acquiree's net loss in 2018	Acquiree's cash flows from operating activities for the period from 1 January 2019 to the combination date	Acquiree's net cash flows for the period from 1 January 2019 to the combination date
Hangzhou Zhentai Asset Management Co., Ltd. ("Hangzhou Zhentai") (a)	100.00%	The Group and Hangzhou Zhentai are under the control of Mingde Holdings prior and subsequent to the acquisition and such control is not temporary	30 September 2019	Control obtained	–	(2,123,517.28)	–	(142,042.15)	7,324,985.96	7,141,879.46

(a) On 30 September 2019, Shenzhen Yifeng Technology Co., Ltd. ("Yifeng Technology"), one of the Company's subsidiaries, acquired 100% equity of Hangzhou Zhentai held by Shenzhen Mingde Fengtai Investment Co., Ltd. ("Mingde Investment"), a related party which was under common control of Mingde Holdings, the ultimate parent company. The combination date of this transaction is 30 September 2019, on which Yifeng Technology effectively obtained the control over Hangzhou Zhentai. This transaction is classified as a business combination involving enterprises under common control as Hangzhou Zhentai and Yifeng Technology are both ultimately controlled by Mingde Holdings prior and subsequent to the combination and the control is not temporary.

(b) The combination cost of the business combinations and carrying amount of net assets obtained are as follows:

	Hangzhou Zhentai
Combination cost	
– Cash	150,607,200.00
Less: Carrying amount of net assets obtained	(147,787,355.78)
Sub-total	2,819,844.22
Recover: Retained earnings realised by the acquiree attributable to the acquirer before the combination date	(2,212,644.22)
Adjustment to capital reserve	607,200.00

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(c) The carrying amounts of assets and liabilities of Hangzhou Zhentai at the combination date are as follows:

	Carrying amount	
	Combination date	31 December 2018
Current assets	12,216,985.86	16,628,449.69
Non-current assets	135,780,866.35	133,404,207.78
Less: Current liabilities	(210,496.43)	(121,784.41)
Net assets obtained	147,787,355.78	149,910,873.06

(3) Disposal of subsidiaries

(a) Aggregated information of subsidiaries disposed in the current year:

Name of subsidiary	Proceeds from disposal	Disposal proportion	Method of disposal	Timing of losing control	Basis for judgement of timing of losing control	Difference between proceeds from disposal after deducting disposal costs and corresponding shares of net assets in the consolidated financial statements	Amount transferred from other comprehensive income related to initial equity investment to investment income or loss
Xiamen Ruite	203,000,000.00	70.00%	Sales of equity	31 January 2019	Transfer of control right	48,778,482.36	–
Fengyi Technology (b)	135,000,000.00	67.50%	Sales of equity	31 May 2019	Transfer of control right	216,691,565.20	–
S.F. Medical Supply Chain (Nanjing) Co., Ltd.	7,000,000.00	100.00%	Sales of equity	30 June 2019	Transfer of control right	(1,443,874.53)	–
Shenzhen S.F. Aviation Industrial Property Management Co., Ltd. ("Shenzhen S.F. Aviation") (b)	618,000,000.00	100.00%	Equity replacement	8 October 2019	Transfer of control right	423,681,798.63	–
Yiwu Fengtai E-Commerce Industrial Park Management Co., Ltd. ("Yiwu Fengtai") (b)	237,000,000.00	100.00%	Equity replacement	8 October 2019	Transfer of control right	174,191,599.86	–
Huai'an Fengtai E-Commerce Industrial Park Management Co., Ltd. ("Huai'an Fengtai") (b)	84,000,000.00	100.00%	Equity replacement	8 October 2019	Transfer of control right	16,582,863.94	–
Beijing Deta	105,609,400.00	51.00%	Sales of equity	10 December 2019	Transfer of control right	(32,622,093.74)	–
ProsLot (Shenzhen) Technology Co., Ltd.	8,766,900.00	90.00%	Sales of equity	29 December 2019	Transfer of control right	2,350,704.22	–
	1,398,376,300.00					848,211,045.94	–

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(b) Gains or losses on disposal are as follows:

(i) Asset-backed special plan

On 13 June 2019, the Company used Shenzhen S.F. Aviation, Yiwu Fengtai and Huai'an Fengtai Logistics Industry Park held by its wholly-owned subsidiary Shenzhen Fengtai E-Commerce Industrial Park Asset Management Co., Ltd. ("Shenzhen Fengtai") as underlying assets for asset-support ("Special Scheme") by issuing asset-backed securities through Huatai Securities (Shanghai) Asset Management Co., Ltd. ("Huatai Asset Management"). On 21 November 2018, the Special Scheme was granted by Shenzhen Stock Exchange *the No Objection Letter on the Listing of Huatai Asset Management's 'Huatai Jiayue-S.F. Industrial Park Phase I Asset-backed Special Scheme' on Shenzhen Stock Exchange* (Shen Zheng Han [2018] No. 666, "No Objection Letter"), under which the shelf offering of RMB5 billion was approved for a term of 2 years; this Special Scheme fell into Phrase II. The Special Scheme was formally established and started to issue securities on 26 September 2019.

The Group used RMB113 million self-owned funds to subscribe 19% of the equity-grade securities issued by the Special Scheme (8.31% of the whole Special Scheme). Afterwards, Shenzhen Fengtai signed an equity replacement agreement with the Special Scheme, under which, it exchanged 100% equity in Shenzhen Yirunfeng Technology Co., Ltd., Shenzhen Yirongfeng Technology Co., Ltd. and Shenzhen Yihuifeng Technology Co., Ltd. held by the Special Scheme with its 100% equity in Shenzhen S.F. Aviation, Yiwu Fengtai and Huai'an Fengtai, with a consideration totalling RMB939 million (Note 4(65)(c)). Through the equity replacement, the Group obtained cash and cash equivalents of RMB939 million which was held by the above-mentioned subsidiaries. In addition, based on a series of agreements between the Group and the Special Scheme, the Group was engaged in the daily operation management of the transferred Shenzhen S.F. Aviation, Yiwu Fengtai and Huai'an Fengtai, and was entitled with certain rights and obligations with regard to the Special Scheme.

The above equity replacement was completed on 8 October 2019. As a result, Shenzhen S.F. Aviation, Yiwu Fengtai and Huai'an Fengtai were no longer included in the consolidation scope since October 2019. The excess of the consideration of the equity replacement over the carrying amount of net assets of Shenzhen S.F. Aviation, Yiwu Fengtai and Huai'an Fengtai, approximately RMB614 million, was recognised as investment income by the Group (Note 4(55)).

(ii) Fengyi Technology

The calculation of gains or losses on disposal is as follows:

	Amount
Consideration received from the disposal	135,000,000.00
Decrease: Net asset	81,691,565.20
	216,691,565.20
Add: Other comprehensive income transferred to profit or loss for the current period	–
Investment income from disposal	216,691,565.20

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(4) Other changes in the consolidation scope

(a) In 2019, the Group set up the following subsidiaries by cash:

Shanghai Fengpaida Supply Chain Co., Ltd.

Shenzhen Lver Technology Co., Ltd.

Shenzhen S.F.Zhongyuan Network Technology Co., Ltd.

Shenzhen Yike Technology Co., Ltd.

Beijing Fenglejia Property Management Co., LTD

SF Pharmaceutical Supply Chain (Jilin) Co., Ltd.

Shanghai Haosiju Supply Chain Management Co., Ltd.

Shanghai Chengbai Technology Co., Ltd.

Wenzhou Jietai Enterprise Management Co., Ltd.

Huaian Fengtai Enterprise Management Co., Ltd.

Suzhou Fengyutai Enterprise Management Co., Ltd.

Shenzhen Fenglian Technology Co., Ltd.

Hefei Jietai Enterprise Management Co., Ltd.

Shanghai Binxian Supply Chain Management Co., Ltd.

Yunnan Shunzhu Xinfeng Express Co., Ltd.

Xinjiang Shunxin Express Co., Ltd.

Fenghao Supply Chain (Shenzhen) Co., Ltd.

Shanghai Solution Plus Supply Chain Co., Ltd.

Luoyang Fengnong Technology Co., Ltd.

Hangzhou Shuangjie Supply Chain Co., Ltd.

Quanzhou Fengyutai Enterprise Management Co., Ltd.

Yiwu Fengyutai Enterprise Management Co., Ltd.

Jiaxing Hongjie Enterprise Management Co., Ltd.

S.F. Intra-city Holding Co., Ltd.

Exel Logistics (Weihai) CO.,Ltd

Wuhan Jufeng Supply Chain Management Co., Ltd.

Yangzhou Fengyutai Enterprise Management Co., Ltd.

Shenzhen Fengchi Shuntong Information Technology Co., Ltd.

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Wuhan Shunheng Express Co., Ltd.

Langfang S.F. Express Co., Ltd.

SF Share Precision Information Technology (Shenzhen) Co., Ltd.

Xi'an SF Information Service Co., Ltd.

Shenzhen Yijiayi Technology Co., Ltd.

Guangdong Zhifan Technology Co., Ltd.

Shanghai shunru Fenglai technology co., LTD

Hangzhou S.F.Intra-city Industrial Co., Ltd.

Sichuan Fengnong Technology Co., Ltd.

Shenzhen S.F Express Co., Ltd.

Huanggang Xiufeng Education Investment Co., Ltd.

Junhe Information Service Technology (Shenzhen) Co., Ltd.

Shenzhen Hengfeng Comprehensive Logistics Co., Ltd.

Guangxi Shunnongfengwei Technology Co., Ltd.

Xinjiang Fengnongyijiang Technology Co., Ltd.

Shaanxi SF Freight Co., Ltd.

Hunan SF Freight Co., Ltd.

Changchun SF Freight Co., Ltd.

Jiangsu Shunhefeng Freight Co., Ltd.

Guangzhou Shunfeng Freight Co.,Ltd.

Sichuan Shunhefeng Freight Co., Ltd.

Beijing SF Freight Co., Ltd.

Hainan SF Freight Co., Ltd.

Anhui Shunhe Freight Co., Ltd.

Guizhou SF Zhida Freight Co., Ltd.

Shanghai Shunlai E-commerce Co., Ltd.

Shanxi Shunxi Freight Co., Ltd.

Guangxi SF Freight Co., Ltd.

Xiamen Shunhe Supply Chain Management Co., Ltd.

Qingdao SF Freight Co., Ltd.

Dalian SF Freight Co., Ltd.

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Hebei Shunhe Supply Chain Management Co., Ltd.

Shandong SF Freight Co., Ltd.

Dongguan SF Zhida Logistics Co., Ltd.

Tianjin SF Freight Co., Ltd.

Tianjin SF Zhida Logistics Co., Ltd.

Jiangxi Shunhe Supply Chain Management Co., Ltd.

Shanxi SF Zhida Supply Chain Management Co., Ltd.

Zhejiang Shunhefeng Freight Co., Ltd.

Shanghai SF Freight Co., Ltd.

Hubei Shunhefeng Freight Co., Ltd.

Yunnan Shunhe Freight Co., Ltd.

Fujian Shunhe Supply Chain Management Co., Ltd.

Zigong Fonair Aviation Technology Co., Ltd.

Nanjing Fengyutai Enterprise Management Co., Ltd.

Beijing Fengyutai Operations Management Co., Ltd.

Runxianghe Human Resource Service (Wuhan) Co., Ltd.

Ningbo Shunhefeng Freight Co., Ltd.

Xinjiang Shunhefeng Freight Co., Ltd.

Hangzhou SF Zhida Logistics Co., Ltd.

Heilongjiang SF Juyi Supply Chain Management Co., Ltd.

Changsha Hongjie Industrial Park Operations Management Co., Ltd.

Yingyun Logistics (Zhengzhou) Co., Ltd.

Qinghai SF Juyi Supply Chain Management Co., Ltd.

Inner Mongolia SF Juyi Supply Chain Management Co., Ltd.

Guangxi DHL Xintongdao Supply Chain Co., Ltd.

Gansu Shunhefeng Freight Co., Ltd.

Beijing SF Cold Chain Logistics Co., Ltd.

Zhejiang Shuangjie Supply Chain Technology Co., Ltd.

Liaoning Shunhe Supply Chain Management Co., Ltd.

Beijing Shundatongxing Technology Co., Ltd.

Tianjin Jufeng Supply Chain Management Co., Ltd.

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Henan Shunhefeng Supply Chain Management Co., Ltd.

Ningxia SF Freight Co., Ltd.

Chongqing SF Zhida Supply Chain Management Co., Ltd.

Wuhan SF Zhida Logistics Co., Ltd.

Shenzhen SF Freight Company

Shenzhen FengKong Technology Co., Ltd.

Tianjin Yuanheli Technology Co., Ltd.

Kunming Baoshunzhijian Investment Co., Ltd.

Fengrongliantong Technology (Shenzhen) Co., Ltd.

Changsha DHL Warehousing Logistics. Co., Ltd.

Wulianyida (Shanghai) Information Technology Co., Ltd.

Shenzhen Fengchi Shunxing Information Technology Co., Ltd.

Shenzhen SF Freight Technology Co., Ltd.

Shenzhen SF Zhida Network Technology Co., Ltd.

SF Express (Netherlands) B.V.

SF LOGISTICS MEXICO SA de CV

SF LOGISTICS PRIVATE LIMITED

(b) In 2019, the Group cancelled the following subsidiaries:

Hangzhou Jietai Property Management Co., Ltd.

S.F. International Railcargo Express Ltd.

Guizhou Xingcheng Home Delivery Express Co., Ltd.

Chongqing Xuehu Express Co., Ltd.

Jiaxing Hongjie Enterprise Management Co., Ltd.

Wenzhou Jietai Enterprise Management Co., Ltd.

Shunfengda Supply Chain Management Co., Ltd.

Shaanxi Yifeng Pharmaceutical Third Party Logistics Co., Ltd.

Wuhu Jietai Enterprise Management Co., Ltd.

Weifang Fengtai E-commerce Industrial Park Management Co.,Ltd.

Shandong SF Communication Service Co.,Ltd.

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(c) Other subsidiaries acquired by the Group in 2019 included:

Hangzhou Xiaoshan Gonglaohan Business hotel Co., Ltd.

Hengyang hongyue network co. LTD

Hengyang Wanwei Information Technology Co., Ltd.

Qian'an deda beifeng logistics Co. LTD

DC (PaloAlto) Corporation

GREAT AFFLUENT GROUP LIMITED

WEALTHY SMART INTERNATIONAL HOLDINGS LIMITED

TREND POWER INVESTMENTS LIMITED

JOVIAL BLISS GROUP LIMITED

HARMONIC JOY HOLDINGS LIMITED

HARVEST UP CORPORATION LIMITED

LONG GRAND CORPORATION LIMITED

BRIGHT TIME CORPORATION LIMITED

PROSPERITY SINO LIMITED

PATRIOT SUCCESS LIMITED

(d) Subsidiaries increased through equity replacement in 2019 include (Note 5(3)(b)(i)):

Shenzhen Yirunfeng Technology Co., Ltd.

Shenzhen Yirongfeng Technology Co., Ltd.

Shenzhen Yihuifeng Technology Co., Ltd.

Shenzhen Tuofeng Industrial Park Management Co., Ltd.

Shenzhen Yufeng Industrial Park Management Co., Ltd.

Beijing Yijie Enterprise Management Co., Ltd.

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6 Interests in other entities

(1) Interests in subsidiaries

(a) First-tier and second-tier subsidiaries of the Group are as follows:

	Place of registration	Major business location	Registered capital	Nature of business	Shareholding (%)		Method of acquisition
					Direct	Indirect	
Taisen Holdings	Shenzhen	Shenzhen	RMB2,000 million	Investment holding	100%	–	Reverse acquisitions
S.F. Express Co., Ltd.	Shenzhen	Shenzhen	RMB150 million	International freight forwarding, domestic and international express service, etc.	–	100%	Business combination involving enterprises under common control
SF Technology	Shenzhen	Shenzhen	RMB50 million	Technical maintenance and development service	–	100%	By new establishment
Shenzhen Shunlu Logistics Co., Ltd.	Shenzhen	Shenzhen	RMB150 million	Cargo transportation and freight forwarding	–	100%	Business combination involving enterprises under common control
Anhui S.F. Telecommunication Service Co., Ltd.	Anhui Province	Anhui Province	RMB50 million	Value-added telecommunication service	–	100%	By new establishment
Shenzhen Yuhui Management Consulting Co., Ltd. (i)	Shenzhen	Shenzhen	RMB250 million	Consulting service	–	100%	Business combination involving enterprises under common control
Shenzhen S.F. Supply Chain Co., Ltd.	Shenzhen	Shenzhen	RMB700 million	Supply chain management and other services	–	100%	By new establishment
SF Airlines	Shenzhen	Shenzhen	RMB1,500 million	Transport service of aviation cargo	–	100%	Business combination involving enterprises under common control
Dongguan Jiada Express Service Co., Ltd.	Dongguan	Dongguan	RMB4 million	Cargo express agent service	–	100%	Business combination involving enterprises under common control
Shenzhen Fengtai E-Commerce Industrial Park Asset Management Ltd.	Shenzhen	Shenzhen	RMB4,800 million	E-Commerce industrial park asset management	–	100%	Business combination involving enterprises under common control
Shenzhen Fengtai E-Commerce Industrial Park Investment Ltd.	Shenzhen	Shenzhen	RMB58 million	Management consulting	–	100%	By new establishment
Shenzhen S. F. Airport Investment Co., Ltd.	Shenzhen	Shenzhen	RMB100 million	Industrial investment	–	100%	By new establishment
SF Holding Limited	Hong Kong	Hong Kong	HKD2,260 million	Investment holding	–	100%	Business combination involving enterprises under common control
Group Finance Company	Shenzhen	Shenzhen	RMB1,000 million	Financing, wealth management and consulting services	–	100%	By new establishment
Shenzhen SF Chuangxing Investment Co., Ltd.	Shenzhen	Shenzhen	RMB150 million	Industrial investment	–	100%	By new establishment
Shenzhen Fengnong Technology Co., Ltd.	Shenzhen	Shenzhen	RMB15 million	Retail	–	100%	By new establishment
Shenzhen Fenglang Supply Chain Co., Ltd.	Shenzhen	Shenzhen	RMB30 million	Supply chain management and other services	–	100%	By new establishment
Shenzhen Shunfeng Runtai Management Consulting Co., Ltd.	Shenzhen	Shenzhen	RMB5 million	Consulting service	–	100%	By new establishment
Shunyuan Financial Leasing (Tianjin) Co., Ltd.	Tianjin	Tianjin	RMB370 million	Leasing business	–	100%	By new establishment
SF Multimodal Co., Ltd.	Shenzhen	Shenzhen	RMB242 million	Goods delivery services	–	100%	By new establishment

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	Place of registration	Major business location	Registered capital	Nature of business	Shareholding (%)		Method of acquisition
					Direct	Indirect	
Shenzhen Shunxi Management Consulting Co., Ltd.	Shenzhen	Shenzhen	RMB2 million	Management consulting	–	100%	By new establishment
S.F. Insurance Broker (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	RMB50 million	Insurance business	–	100%	By new establishment
S.F. Duolian Technology Co., Ltd.	Dongguan	Dongguan	RMB150 million	Technology development	–	100%	By new establishment
Dongguan SF Taisen Enterprise Management Co., Ltd.	Dongguan	Dongguan	RMB30 million	Property management	–	100%	By new establishment
SF Innovative Technology Co., Ltd.	Dongguan	Dongguan	RMB450 million	Information technology service	–	100%	By new establishment
Rongyilian Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	RMB50 million	R&D, development and sales of systems	–	100%	By new establishment
Shenzhen Shunheng Rongfeng Investment Co., Ltd.	Shenzhen	Shenzhen	RMB100 million	Consulting service	–	100%	Business combination involving enterprises under common control
Shenzhen Hengyi Logistics Service Co., Ltd.	Shenzhen	Shenzhen	RMB100 million	Freight forwarding service	–	100%	Business combination involving enterprises under common control
Lefeng Factoring	Shenzhen	Shenzhen	RMB50 million	Factoring	–	100%	Business combination involving enterprises under common control
Hangzhou SF Intra-city Industrial Co., Ltd.	Hangzhou	Hangzhou	RMB310.39 million	Supply chain management and other services	–	92.11%	By new establishment
Shanghai Haosiju Supply Chain Management Co., Ltd.	Shanghai	Shanghai	RMB20 million	Supply chain management and other services	–	100%	By new establishment
SF Intra-city Holdings Limited	Hangzhou	Hangzhou	RMB425 million	Supply chain management and other services	–	96.63%	By new establishment
Shenzhen SF Express Zhongyuan Network Technology Co., Ltd.	Shenzhen	Shenzhen	RMB10 million	Technology development and consulting services	–	100%	By new establishment
SF Sharing Precision Information Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	RMB30 million	Information technology service	–	100%	By new establishment
Hangzhou Shuangjie Supply Chain Co., Ltd.	Hangzhou	Hangzhou	RMB50 million	Supply chain management and other services	–	100%	By new establishment
Shenzhen SF Express Co., Ltd.	Shenzhen	Shenzhen	RMB50 million	Domestic and international freight forwarding services	–	100%	By new establishment
Shenzhen S.F. Express Co., Ltd.	Shenzhen	Shenzhen	RMB500 million	Supply chain management and other services	–	100%	By new establishment
Huanggang Xiufeng Education Investment Co., Ltd.	Huanggang	Huanggang	RMB90 million	Consulting services regarding business information and business management	–	100%	By new establishment
Junhe Information Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	RMB10 million	Information technology and development services	–	100%	By new establishment
Runxianghe Human Resources Service (Wuhan) Co., Ltd.	Wuhan	Wuhan	RMB5 million	HR services	–	100%	By new establishment

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(b) Subsidiaries in which the Group has significant minority interests

As at 31 December 2019 and 31 December 2018, minority interests of the Group's subsidiaries had no significant influence on the Group.

(2) Interests in joint ventures and associates

(a) The Group's associates have no significant influence on the Group and are summarised as follows:

	Ending balance/Amount in the current year	Opening balance/ Amount in the prior year
Aggregated carrying amount of investments (Note 4(14)(b))	880,449,618.04	905,086,455.64
Aggregation of the following items in proportion:		
Net loss	(82,756,579.99)	(46,275,641.77)
Other comprehensive income	3,657,757.63	(40,122.08)
Total comprehensive income	(79,098,822.36)	(46,315,763.85)

As at 31 December 2019, an investment loss of RMB29,928,059.71 (31 December 2018: RMB27,625,901.27) was unrecognised by the Group in the financial statements for the current year because the carrying amount of long-term equity investments in investees was written down to RMB0.

(b) The Group's joint ventures have no significant influence on the Group and are summarised as follows:

	Ending balance/Amount in the current year	Opening balance/Amount in the prior year
Aggregated carrying amount of investments (Note 4(14)(a))	1,341,063,055.10	1,298,344,666.39
Aggregation of the following items in proportion:		
Net (loss)/profit	(15,059,443.64)	8,955,723.70
Other comprehensive income	909,877.01	1,422,854.91
Total comprehensive income	(14,149,566.63)	10,378,578.61

7 Segment information

The segment information is not presented any more since the Group mainly provides express & logistics service and there is only one major business segment.

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8 Related parties and related party transactions

(1) General information of the controlling shareholder and subsidiaries

The general information and other related information of the subsidiaries are set out in Note 6(1).

(a) General information of the controlling shareholder

	Place of registration	Nature of business
Mingde Holdings	Shenzhen	Investment

The Company's ultimate holding company is Mingde Holdings, and the ultimate controlling person is Wang Wei.

(b) The balances and changes of registered capital of the controlling shareholder

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Mingde Holdings	113,405,734.21	–	–	113,405,734.21

(c) The percentages of shareholding and voting rights in the Company held by the controlling shareholder

	31 December 2019		31 December 2018	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
Mingde Holdings	61.20%	61.20%	61.15%	61.15%

(2) Nature of related parties that do not control/are not controlled by the Company

Major related parties are listed as follows:

	Relationship with the Company in the reporting period
Fengyi Technology Note 1	Controlled by the ultimate controlling person of the Company
S.F. Holding (Group) Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Zhuhai Shunxiaofeng Commercial Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Zhongshan Shunxiaofeng Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Huizhou S.F. Commercial Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Heyuan S.F. Commercial Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Changzhou Shunxiaofeng Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Shantou S.F. Commercial Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Jiangmen Shunyifeng Commercial Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Jiangsu Shunxiaofeng Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Suzhou Industrial Park Shunhengshun Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Lianyungang Shunxiaofeng Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Zhenjiang S.F. Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Xuzhou Shunxiaofeng Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Suqian Shunxiaofeng Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Huai'an Shunxiaofeng Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Yangzhou Shunheng Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Taizhou Shunjiefeng Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Qinghai Shunxiaofeng Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Wuxi Shunfengshun Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Yancheng Shunxiaofeng Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company
Zhejiang S.F. Commerce Co., Ltd. Note 2	Controlled by the ultimate controlling person of the Company

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	Relationship with the Company in the reporting period
Wenzhou S.F. Commercial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Taizhou Shunxiaofeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Shaoxing Shunxiaofeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Ningbo Shunxiaofeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Huzhou Shun Xiao Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Jiaxing Shun Xiao Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Jinhua S.F. Commercial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Shenzhen Shunshang Investment Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Shenzhen S.F. Commerce Co., Ltd. [Note 2]	Controlled by the ultimate controlling person of the Company
Foshan Shunxiaofeng Commerce Co., Ltd. [Note 2]	Controlled by the ultimate controlling person of the Company
Quzhou Shunyifeng Commerce Co., Ltd. [Note 2]	Controlled by the ultimate controlling person of the Company
Liaoning Shunyifeng Commercial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Dalian S.F. Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Shandong Shunxiaofeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Qingdao Shunyifeng Commercial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Beijing Shunxiaofeng Commercial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Shanghai S.F. Industrial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Xiamen S.F. Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Chongqing Shunxiaofeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Jiangxi Shunxiaofeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Tianjin Shunfengshun Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Inner Mongolia S.F. Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Shanxi Shunxiaofeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Jilin S.F. Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Guangxi Shunyifeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Hainan S.F. Commercial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Shaanxi Shunyifeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Hunan Shunyifeng Commercial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Hubei Shunyifeng Commercial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Anhui Shunxiaofeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Henan Shunyifeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Gansu S.F. Commercial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Hebei Shunxiaofeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Fujian Shunyifeng Commercial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Sichuan Shunyifeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Heilongjiang Shunyifeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Dongguan Shunxiaofeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Zhaoqing Shunyifeng Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Dongguan S.F. Commercial Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Shenzhen S.F. Electronic Commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
Beijing S.F. E-commerce Co., Ltd.[Note 2]	Controlled by the ultimate controlling person of the Company
S.F. You Xuan International Co., Ltd. [Note 2]	Controlled by the ultimate controlling person of the Company
Suzhou Fengchengda Network Technology Co., Ltd.	Controlled by the ultimate controlling person of the Company
Shenzhen S.F. Hefeng Microfinance Co., Ltd.	Controlled by the ultimate controlling person of the Company
Mingde Investment	Controlled by the ultimate controlling person of the Company
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	Controlled by the ultimate controlling person of the Company
Mingde Holdings	Controlled by the ultimate controlling person of the Company
Hive Box Technology	Held by the ultimate holding company
Chongqing Boqiang Logistics Co., Ltd.	The Group's associate
Kin Shun Information Technology Limited [Note 3]	The Group's associate
Shanghai Qianqu Network Technology Co., Ltd. ("Qianqu Network") and its subsidiaries	The Group's associate
Shenzhen Zhongwang Finance and Tax Management Co., Ltd. [Note 3]	The Group's associate

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	Relationship with the Company in the reporting period
Shenzhen Shunjie Fengda Express Co., Ltd.	The Group's associate
SF Lottery	The Group's associate
Little Red Hat and its subsidiaries	The Group's associate
Hubei Jiuzhou Tongda Technology Development Co., Ltd.	The Group's associate
Shenzhen Zhi Hang UAV Co., Ltd.	The Group's associate
Xi'an Huahan Air Passenger and Freight Service Co., Ltd.	The Group's associate
Qingdao Dakai Cargo Agency Co., Ltd.	The Group's associate
Beijing Dazhangfang and its subsidiaries	The Group's associate
Canbeidou Supply Chain and its subsidiaries	The Group's associate
Shenghai Information	The Group's joint venture
POST11OÜ	The Group's joint venture
ZBHA and its subsidiaries	The Group's joint venture
CR-SF International Express Co., Ltd.	The Group's joint venture
Wenzhou Fengbaoke Technology Co., Ltd.	The Group's joint venture
Zhongyunda Aviation Ground Services Co., Ltd.	The Group's joint venture
Geling Information and its subsidiaries	The Group's joint venture
Global Connect Holding Limited	The Group's joint venture
Wulian Shuntong and its subsidiaries	The Group's joint venture
Leshou Network and its subsidiaries	The Group's joint venture
Beijing Shunhe Tongxin Technology Co., Ltd.	The Group's joint venture
Ping An Insurance (Group) Company of China, Ltd. ("Ping An Insurance") and its subsidiaries	Significantly influenced by the key management of the Company before July 2019
China Pacific Insurance (Group) Co., Ltd. ("Pacific Insurance") and its subsidiaries	Significantly influenced by the key management of the Company before July 2019
McDonald's and its subsidiaries	Significantly influenced by the key management of the Company
Shenzhen Qianhai Webank Co., Ltd.	Significantly influenced by the key management of the Company
CITIC Securities Co., Ltd. ("CITIC Securities") and its subsidiaries Note 4	Significantly influenced by the key management of the Company
Zhiye Enterprise Co., Ltd.	Significantly influenced by close family members of the ultimate controlling person.
SF Charity Foundation	Organisation sponsored by controlling shareholders and the Company's subsidiaries, in which director and supervisor of the company serve on the Board of Management
Suzhou Ruihuang Equity Investment Management Limited Partnership	Another company in which a director of the Group acts as managing partner
Juneyao Airlines Co., Ltd. Note 5	Significantly influenced by the key management of the Company before June 2017
Shenzhen Henglu Logistics Co., Ltd. Note 6	Significantly influenced by the key management of the Company before September 2018

Note 1: It was a subsidiary of the Group. As described in Note 5(3), the Group lost actual control over Fengyi Technology since 1 June 2019 and ceased to include it in the consolidation scope. The related party transactions with Fengyi Technology disclosed in the financial statements refer to the transaction volumes made from June to December 2019, and its transactions with the Group during the period from January to December 2018 are presented as "Not applicable".

Note 2: It is a subsidiary of S. F. Holding (Group) Commerce Co., Ltd. and its subsidiaries, which are "Commerce Holding and its subsidiaries".

Note 3: It is a new joint venture of the Group during the reporting period, so its transactions with the Group during the period from January to December 2018 are presented as "Not applicable".

Note 4: CITIC Securities and its subsidiaries have become the Group's related parties since May 2019. The related party transactions disclosed in the financial statements refer to the transaction volumes for the period from May to December 2019, so their transactions with the Group during the period from January to December 2018 are presented as "Not applicable".

Note 5: Pursuant to the Listing Rules of Shenzhen Stock Exchange, Juneyao Airlines Co., Ltd. was no longer a related party of the Group since 30 June 2018. The related party transactions with Juneyao Airlines Co., Ltd. disclosed in the financial statements refer to the transaction volumes for the period from January to June 2018.

Note 6: Pursuant to the Listing Rules of Shenzhen Stock Exchange, Shenzhen Henglu Logistics Co., Ltd. was no longer a related party of the Group since 30 September 2019. The related party transactions with Shenzhen Henglu Logistics Co., Ltd. disclosed in the financial statements refer to the transaction volumes for the period from January to September 2019.

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(3) Related party transactions

(a) Pricing policies

The pricing method of transactions and transaction price between the Group and related parties are determined, following arm's length principle, by making reference to the market price or through negotiation between both parties.

(b) Income from courier service, combined transport and freight forwarding services

	2019	2018
McDonald's and its subsidiaries	1,193,201,876.11	550,294,205.40
Ping An Insurance and its subsidiaries	109,466,644.41	87,261,846.08
Commerce Holding and its subsidiaries	74,480,512.35	113,013,275.21
Zhongyunda Aviation Ground Services Co., Ltd.	26,935,338.48	–
Pacific Insurance and its subsidiaries	26,320,843.49	21,061,803.85
CR-SF International Express Co., Ltd.	16,539,368.60	–
Fengyi Technology	14,954,797.51	Not applicable
Suzhou Fengchengda Network Technology Co., Ltd.	7,539,205.97	11,465,869.92
CITIC Securities and its subsidiaries	2,503,365.22	Not applicable
Shenzhen Henglu Logistics Co., Ltd.	1,532,153.26	1,612,437.43
Hive Box Technology	1,122,511.80	869,181.27
Geling Information and its subsidiaries	663,418.54	5,069,347.13
Others	5,946,254.54	2,210,382.49
	1,481,206,290.28	792,858,348.78

(c) Communication income

	2019	2018
Hive Box Technology	23,533,909.13	27,906,210.53
Fengyi Technology	2,020,165.13	Not applicable
Shenzhen S.F. Hefeng Microfinance Co., Ltd.	849,255.58	430,036.70
	26,403,329.84	28,336,247.23

(d) Commission income for collection and settlement on behalf of related parties

	2019	2018
Shenzhen S.F. Hefeng Microfinance Co., Ltd.	4,764,302.08	5,279,727.09
Commerce Holding and its subsidiaries	237,743.38	594,339.51
Others	128,073.20	2,945.60
	5,130,118.66	5,877,012.20

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(e) Income from platform and other services

	2019	2018
CR-SF International Express Co., Ltd.	8,798,343.40	1,415,094.34
Fengyi Technology	7,802,799.12	Not applicable
Commerce Holding and its subsidiaries	677,532.24	19,801,055.77
POST11OÜ	145,887.04	598,526.15
Shenzhen Qianhai Webank Co., Ltd.	103,962.28	746,768.87
Shenzhen S.F. Hefeng Microfinance Co., Ltd.	–	3,136,687.85
Others	354,210.62	689,531.88
	17,882,734.70	26,387,664.86

(f) Technology development service income

	2019	2018
Commerce Holding and its subsidiaries	1,386,459.91	53,509,190.62
Mingde Holdings	1,254,245.30	–
Hive Box Technology	848,679.25	169,811.32
Others	785,131.57	–
	4,274,516.03	53,679,001.94

(g) Revenue from rent and property management

	2019	2018
Fengyi Technology	1,055,209.03	Not applicable
Kin Shun Information Technology Limited	927,515.71	Not applicable
Commerce Holding and its subsidiaries	865,164.86	340,346.37
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	284,915.26	524,566.04
Others	510,621.20	191,819.26
	3,643,426.06	1,056,731.67

(h) Revenue from sales of goods

	2019	2018
Commerce Holding and its subsidiaries	–	1,027,236.63

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(i) Interest income

	2019	2018
Mingde Holdings	–	3,846,914.83

(j) Sales of equity

	2019	2018
Mingde Holdings	135,000,000.00	–

The Group transferred its 67.50% equity interest in Fengyi Technology to Mingde Holdings on 31 May 2019, and the income from transfer of equity of RMB216,691,565.20 was recognised (Note 5(3)(b)).

(k) Purchase of equity

	2019	2018
Mingde Investment	150,607,200.00	67,042,100.00
Mingde Holdings	–	284,680,001.00
Mingde Holdings	–	6.88
	150,607,200.00	351,722,107.88

(l) Combined transport and freight forwarding expenses

	2019	2018
CR-SF International Express Co., Ltd.	230,791,907.60	24,714,899.09
Shenzhen Shunjie Fengda Express Co., Ltd.	174,935,509.02	161,378,121.05
Kin Shun Information Technology Limited	92,647,274.32	Not applicable
POST11OÜ	69,883,742.11	91,932,408.30
Wulian Shuntong and its subsidiaries	46,890,464.53	–
Xi'an Huahan Air Passenger and Freight Service Co., Ltd.	29,965,556.38	–
Qingdao Dakai Cargo Agency Co., Ltd.	25,578,831.28	–
Zhongyunda Aviation Ground Services Co., Ltd.	23,734,436.93	1,424,769.58
Chongqing Boqiang Logistics Co., Ltd.	15,348,865.13	–
Little Red Hat and its subsidiaries	13,093,401.16	10,028,977.17
Juneyao Airlines Co., Ltd.	Not applicable	25,416,371.26
	722,869,988.46	314,895,546.45

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(m) Express delivery agent and other service fees

	2019	2018
Hive Box Technology	47,275,658.86	3,097,448.81
Commerce Holding and its subsidiaries	4,656,050.82	9,052,570.22
Leshou Network and its subsidiaries	1,999,529.77	791,536.59
Beijing Dazhangfang and its subsidiaries	978,494.92	–
Global Connect Holding Limited	510,519.23	–
Others	12,850.35	–
	55,433,103.95	12,941,555.62

(n) Interest expenses

	2019	2018
Mingde Holdings	–	7,840,712.23

(o) Collection commissions fee

	2019	2018
Hive Box Technology	82,961,170.55	58,645,895.24

(p) Security service fee

	2019	2018
ZBHA and its subsidiaries	134,335,262.62	40,634,262.09

(q) Rent and property management fees

	2019	2018
Commerce Holding and its subsidiaries	22,511,404.28	–
Shenghai Information	16,102,996.80	11,374,238.91
Canbeidou Supply Chain and its subsidiaries	8,993,150.78	–
Beijing Dazhangfang and its subsidiaries	2,754,039.58	–
Others	565,776.26	304,592.40
	50,927,367.70	11,678,831.31

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(r) Management fee

	2019	2018
Suzhou Ruihuang Equity Investment Management Limited Partnership	–	10,000,000.00

(s) Technology development and operation & maintenance service fee

	2019	2018
Shenghai Information	28,406,292.95	20,125,651.05
Beijing Shunhe Tongxin Technology Co., Ltd.	5,483,678.48	–
Others	686,036.91	–
	34,576,008.34	20,125,651.05

(t) Promotion fee

	2019	2018
Hive Box Technology	12,097,448.41	–
Commerce Holding and its subsidiaries	7,831,955.69	12,416,821.50
Others	481,682.05	–
	20,411,086.15	12,416,821.50

(u) Guarantee received

	2019	2018
Mingde Holdings	–	340,000,000.00

(v) Consulting service fee and royalty fee for intangible assets

	2019	2018
Shenzhen S.F. Hefeng Microfinance Co., Ltd.	–	5,290,929.73

(w) Purchase of materials

	2019	2018
Hubei Jiuzhou Tongda Technology Development Co., Ltd.	117,450,617.15	153,987,855.65
Commerce Holding and its subsidiaries	89,036,580.84	84,339,524.86
Fengyi Technology	84,166,009.07	Not applicable
Wenzhou Fengbaoke Technology Co., Ltd.	22,496,881.42	13,243,804.37
Shenghai Information	552,711.81	2,672,960.18
Others	26,561.48	–
	313,729,361.77	254,244,145.06

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(x) Insurance premium

	2019	2018
Pacific Insurance and its subsidiaries	88,511,898.21	101,287,985.60
Ping An Insurance and its subsidiaries	7,722,706.61	–
	96,234,604.82	101,287,985.60

Insurance premium represents the amount amortised over the benefit period of insurance policies.

(y) Donation expenses

	2019	2018
SF Charity Foundation	6,000,000.00	40,741,316.00

(z) Remuneration of key management

	2019	2018
Remuneration of key management	38,235,900.00	49,175,400.00

(4) Receivables from and payables to related parties

(a) Accounts receivable

	31 December 2019	31 December 2018
McDonald's and its subsidiaries	148,822,448.84	116,441,890.28
Commerce Holding and its subsidiaries	20,238,017.63	37,514,388.15
Fengyi Technology	20,394,717.59	Not applicable
Ping An Insurance and its subsidiaries	14,293,115.93	9,671,474.65
CR-SF International Express Co., Ltd.	10,490,672.84	–
Pacific Insurance and its subsidiaries	5,432,033.59	3,166,845.54
Zhongyunda Aviation Ground Services Co., Ltd.	4,077,129.23	6,816.00
Suzhou Fengchengda Network Technology Co., Ltd.	1,489,069.64	1,317,672.78
Wenzhou Fengbaoke Technology Co., Ltd.	1,108,935.00	–
Mingde Holdings	900,666.60	–
Hive Box Technology	784,860.38	97,084.00
Shenzhen S.F Hefeng Microfinance Co., Ltd.	702,659.05	3,385,444.13
Jianshun Information Technology co., Ltd	551,749.80	Not applicable
Geling Information and its subsidiaries	480,246.01	1,962,406.40
Qianqu Network and its subsidiaries	17,976.68	13,261,064.53
POST11OÜ	–	598,526.15
Others	1,646,642.05	673,924.86
	231,430,940.86	188,097,537.47

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(b) Advances to suppliers

	31 December 2019	31 December 2018
Pacific Insurance and its subsidiaries	32,753,736.15	20,150,437.55
Hive Box Technology	26,709,547.43	6,158,027.66
CR-SF International Express Co., Ltd.	10,123,755.55	–
Beijing Dazhangfang and its subsidiaries	3,133,950.68	–
Ping An Insurance and its subsidiaries	919,101.65	1,927,651.63
Leshou Network and its subsidiaries	500,000.00	–
Commerce Holding and its subsidiaries	441,774.53	2,712,227.05
Others	811,507.78	289,068.36
	75,393,373.77	31,237,412.25

(c) Other receivables

	31 December 2019	31 December 2018
Hive Box Technology	237,357,559.02	125,183,355.20
McDonald's and its subsidiaries	36,592,188.91	53,253,508.22
Beijing Dazhangfang and its subsidiaries	7,919,259.83	–
Ping An Insurance and its subsidiaries	5,868,998.93	30,070.00
Commerce Holding and its subsidiaries	3,361,587.61	9,323,931.18
Kin Shun Information Technology Limited	2,101,888.05	Not applicable
Mingde Holdings [Note]	–	11,501,375.29
Others	1,002,801.23	582,081.70
	294,204,283.58	199,874,321.59

Note: The amount due from Mingde Holdings was other receivables of Hangzhou Zhentai (note 5 (2)) which arised from the operating before business combination under common control, and all the balance has been collected after the acquisition date.

(d) Deposits from customers

	31 December 2019	31 December 2018
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	3,778,707.92	Not applicable

(e) Other non-current assets

	31 December 2019	31 December 2018
Hubei Jiuzhou Tongda Technology Development Co., Ltd.	–	52,158,000.00

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(f) Accounts payable

	31 December 2019	31 December 2018
CR-SF International Express Co., Ltd.	55,309,253.45	10,109,885.26
Wulian Shuntong and its subsidiaries	22,789,086.87	–
Shenzhen Shunjie Fengda Express Co., Ltd.	22,175,003.97	7,112,807.99
POST11OÜ	18,256,861.71	24,146,862.13
Pacific Insurance and its subsidiaries	17,670,710.48	11,040,965.27
Fengyi Technology	16,346,318.11	Not applicable
Hubei Jiuzhou Tongda Technology Development Co., Ltd.	15,173,062.43	–
Commerce Holding and its subsidiaries	13,653,370.47	15,672,110.75
ZBHA and its subsidiaries	11,793,545.33	7,953,612.69
Wenzhou Fengbaoke Technology Co., Ltd.	10,151,946.46	15,362,813.16
Hive Box Technology	6,088,200.10	1,310,413.21
Shenghai Information	5,910,649.64	999,252.61
Canbeidou Supply Chain and its subsidiaries	3,394,554.90	–
Beijing Dazhangfang and its subsidiaries	3,066,989.00	–
Xi'an Huahan Air Passenger and Freight Service Co., Ltd.	3,015,475.32	–
Zhongyunda Aviation Ground Services Co., Ltd.	2,843,434.73	1,561,827.81
Kin Shun Information Technology Limited	2,313,127.99	Not applicable
Qingdao Dakai Cargo Agency Co., Ltd.	2,366,749.33	–
Beijing Shunhe Tongxin Technology Co., Ltd.	2,299,515.96	–
Little Red Hat and its subsidiaries	416,970.63	858,030.61
Shenzhen S.F Hefeng Microfinance Co., Ltd.	–	2,431,348.44
Global Connect Holding Limited	–	791,240.39
Others	929,148.55	1,964,972.12
	235,963,975.43	101,316,142.44

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(g) Advances from customers

	31 December 2019	31 December 2018
McDonald's and its subsidiaries	28,345,182.30	14,397,015.09
Commerce Holding and its subsidiaries	3,286,804.02	4,340,938.92
Fengyi Technology	912,733.08	Not applicable
Ping An Insurance and its subsidiaries	538,781.51	1,147,918.49
Shenzhen Qianhai Webank Co., Ltd.	1,031.08	1,229,168.70
Others	740,725.11	433,683.68
	33,825,257.10	21,548,724.88

(h) Other payables

	31 December 2019	31 December 2018
Hubei Jiuzhou Tongda Technology Development Co., Ltd.	11,558,007.28	683,500.00
McDonald's and its subsidiaries	10,839,555.86	12,778,631.48
Kin Shun Information Technology Limited	1,603,423.64	Not applicable
Zhongyunda Aviation Ground Services Co., Ltd.	1,434,872.00	–
Qianqu Network and its subsidiaries	897,104.92	897,104.92
Fengyi Technology	793,117.19	Not applicable
Pacific Insurance and its subsidiaries	430,366.74	1,271,899.21
Commerce Holding and its subsidiaries	246,592.50	1,234,103.14
Shenghai Information	158,850.31	2,879,887.34
Others	2,180,685.93	348,968.18
	30,142,576.37	20,094,094.27

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9 Share-based payment

(1) Overview of share-based payment

	2019
Total restricted shares granted at the beginning of the year	7,751,734.00
Total restricted shares granted in the current year	–
Total restricted shares unlocked in the current year	(1,113,173.00)
Total restricted shares repurchased in the current year	(4,181,993.00)
Expected total equity instruments forfeited (not have been cancelled yet)	Refer to Note 9(2)
The exercise price of outstanding restricted shares at the end of the year and residual life of the restricted shares contracts	Refer to Note 9(2)

Expenses recognised for the year arising from share-based payment were as follows:

	2019	2018
Equity-settled share-based payment	4,638,445.75	41,496,186.85
Cash-settled share-based payment	56,274,474.44	14,772,775.99
	60,912,920.19	56,268,962.84

(2) Information on equity-settled share-based payment

(a) Information on share-based payment of the Company

On 30 November 2017, the Company held the 4th interim shareholders' meeting in 2017, at which the proposal of the *Restricted Shares Incentive Plan (Draft) and Summary for 2017* was approved. Authorised by the 4th interim shareholders' meeting in 2017, the Company held the 11th meeting of the 4th Board of Directors on 27 December 2017, at which the *Proposal of Granting Restricted Shares to Incentive Recipients* was approved. The restricted shares were granted on 27 December 2017 and entitled the holders to purchase restricted shares at a price of RMB29.32 per share, which was 50% of RMB58.63, the average share price on the prior trading day (total transaction amount on the prior trading day/total transaction volume on the prior trading day) before the Restricted Shares Incentive Plan (Draft) of S.F. Holding Co., Ltd. for 2017 was released. The Company's Board of Directors was authorised to grant 802 qualified employees restricted ordinary A shares with a total number of 2,705,400 shares at a consideration of RMB29.32 per share, accounting for about 0.06% of S.F. Holding's total shares, which totalled 4,411,015,500 shares upon announcement of the incentive plan.

On 17 May 2018, the Company held the 2nd interim shareholders' meeting in 2018, at which the proposal of the *Restricted Shares Incentive Plan (Draft) and Summary for 2018* was approved. Authorised by the 2nd interim shareholders' meeting in 2018, the Company held the 15th meeting of the 4th Board of Directors on 13 June 2018, at which the *Proposal of Granting Restricted Shares to Incentive Recipients for 2018* was approved. The restricted shares were granted on 13 June 2018 and entitled the holders to purchase restricted shares at a price of RMB24.33 per share, which was 50% of RMB48.65, the average share price on the prior 20 trading days (total transaction amount on the prior 20 trading days/total transaction volume on the prior 20 trading days) before the *Restricted Shares Incentive Plan (Draft) of S.F. Holding Co., Ltd.* for 2018 was released. The Group's Board of Directors was authorised to grant 1,181 qualified employees restricted ordinary A shares with a total number of 5.421 millions shares at a consideration of RMB24.33 per share, accounting for about 0.12% of the Company's total shares, which totalled 4,413,572,200 shares upon announcement of the incentive plan.

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The post lock-up periods and their schedules for the restricted shares for 2017 and 2018 are presented in the table below:

Post lock-up period	Timing	Proportion of shares exercisable
1st post lock-up period	From the first trading day after 12 months since the registration of granting to the last trading day within 24 months after the registration of granting	50%
2nd post lock-up period	From the first trading day after 24 months since the registration of granting to the last trading day within 36 months after the registration of granting	50%

In addition to the Company's performance, individual performance assessment, which is specified in the *Restricted Shares Incentive Plan*, has also to be satisfied to unlock the restricted shares.

After it comes into the post lock-up period, the Group deals with unlocking procedures for the holders that meet unlocking conditions as well as repurchases and cancels the restricted shares that do not meet unlocking conditions. The repurchasing price comprises the granting price plus the interest accruing thereon at the current deposit rate.

If the Company transfers capital reserve to paid-in capital, distributes share dividends, splits shares, pays dividends, allocates shares or reduces shares after restricted shares are granted, the number and the price of repurchasing restricted shares shall be adjusted in accordance with the *Restricted Shares Incentive Plan*.

In 2017, the Group issued 2,556,661 ordinary A shares denominated in RMB according to the restricted shares incentive plan for 2017, with raised funds totalling RMB74,961,331.87. On 9 January 2018, the Company completed the granting and registration of the restricted shares incentive plan for 2017.

In 2018, the Group issued 5,231,982 ordinary A shares denominated in RMB according to the restricted shares incentive plan for 2018, with raised funds totalling RMB127,294,205.35. On 25 June 2018, the Company completed the granting and registration of the restricted shares incentive plan for 2018.

For the current reporting period, the unlocking conditions for the first post lock-up period for the restricted shares incentive plan for 2017 were met and 1,113,173 restricted shares were released.

As stated in Note 4(43), during the reporting period, some of the Group's former incentive recipients of the restricted shares resigned due to personal reasons. In addition, according to the Group's performance in 2018, the unlocking conditions for the second post lock-up period for the restricted shares incentive plan for 2017 and for the first post lock-up period for the restricted shares incentive plan for 2018 were not met. Therefore, the Company repurchased and cancelled a total of 4,181,993.00 restricted shares that had been granted and had not been released for resale.

In addition, pursuant to the performance in 2019, the Group did not meet the unlocking conditions for the second post lock-up period for the restricted shares incentive plan for 2018. The restricted shares held by the incentive recipients that did not meet unlocking conditions were expected to be forfeited, totalling 2,456,568 shares.

On 31 December 2019, the Group made best estimation of the quantity of unlockable equity instruments according to the latest information such as changes in the number of incentive recipients, company performance and incentive recipients' individual performance. The Group recognised share-based compensation expense and capital reserve simultaneously in this period based on the fair value of equity instruments determined by the stock price at the grant date of the equity instruments. As at 31 December 2019, the equity-settled share-based payment recognised in the capital reserve accumulated to RMB23,632,662.79 (31 December 2018: RMB36,955,871.18). In 2019, expenses reversed for equity-settled share-based payment amounted to RMB13,323,208.39 (expenses recognised for equity-settled share-based payment in 2018: RMB36,535,968.76).

(b) Information on share-based payment of the Company's subsidiaries

In 2017 and 2018, the Group granted some equities of several subsidiaries, to senior management and other employees of the aforesaid companies respectively.

As at 31 December 2019, the equity-settled share-based payments of the above-mentioned companies recognised by the Group accumulated to RMB27,317,861.53 (31 December 2018: RMB9,356,207.39), including accumulated amounts attributable to shareholders of the parent company of RMB23,378,510.00 (31 December 2018: RMB8,009,970.98). In 2019, expenses recognised for equity-settled share-based payment amounted to RMB17,961,654.14 (2018: RMB4,960,218.09).

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(3) Information on cash-settled share-based payment

(a) Information on share-based payment of the Company

On 30 November 2017, the Company held the 4th interim shareholders' meeting in 2017, at which the proposal of the *Incentive Plan of Share Appreciation Rights (Draft) and Summary for 2017* was approved. Authorised by the 4th interim shareholders' meeting in 2017, the Company held the 11th meeting of the 4th Board of Directors on 27 December 2017, at which the *Proposal of Granting Share Appreciation Rights to Incentive Recipients* was approved. The share appreciation rights were granted on 27 December 2017. The exercise price of the share appreciation rights was RMB29.32 per share. The incentive recipients of the plan refer to 20 key foreign talents.

On 17 May 2018, the Company held the 2nd interim shareholders' meeting in 2018, at which the proposal of the *Incentive Plan of Share Appreciation Rights (Draft) and Summary for 2018* was approved. Authorised by the 2nd interim shareholders' meeting in 2018, the Company held the 15th meeting of the 4th Board of Directors on 13 June 2018, at which the *Proposal of Granting Share Appreciation Rights to Incentive Recipients* was approved. The share appreciation rights were granted on 13 June 2018. The exercise price of the share appreciation rights was RMB24.33 per share. The incentive recipients of the plan refer to 29 key foreign talents.

The exercise periods and their schedules for the share appreciation rights for 2017 and 2018 are presented in the table below:

Exercise period	Timing	Exercise proportion
1st exercise period	From the first trading day after 12 months since the registration of granting to the last trading day within 24 months after the registration of granting	50%
2nd exercise period	From the first trading day after 24 months since the registration of granting to the last trading day within 36 months after the registration of granting	50%

In addition to the Company's performance, individual performance assessment, which is specified in the Restricted Shares Incentive Plan, has also to be satisfied for the share appreciation rights granted.

As at 31 December 2019, the accumulated liabilities arising from cash-settled share-based payment amounted to RMB94,340.00 (31 December 2018: RMB223,945.97). In 2019, expenses reversed for cash-settled share-based payment amounted to RMB129,605.97 (expenses recognised for cash-settled share-based payment in 2018: RMB221,070.50).

(b) Information on share-based payment of the Company's subsidiaries

The Group granted the senior management of subsidiaries with the stock options of the subsidiaries with repurchase terms in 2018.

As at 31 December 2019, the accumulated liabilities arising from cash-settled share-based payment amounted to RMB70,955,785.90 (31 December 2018: RMB14,551,705.49). In 2019, expenses recognised for cash-settled share-based payment amounted to RMB56,404,080.41 (2018: RMB14,551,705.49).

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10 Commitments

(1) Capital commitments

Capital expenditures contracted for by the Group but are not yet necessary to be recognised in the balance sheet at the balance sheet date are as follows:

	31 December 2019	31 December 2018
Investment contracts that have been signed but not fulfilled or not absolutely fulfilled	2,235,936,315.03	7,783,785,763.75
Buildings, machinery and equipment	2,499,921,937.09	1,838,275,575.89
Others	36,618,770.00	87,949,458.58
	4,772,477,022.12	9,710,010,798.22

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2019	31 December 2018
Within 1 year	5,101,875,264.17	3,452,250,034.37
1 to 2 years	2,981,614,327.74	2,265,599,687.20
2 to 3 years	1,785,237,235.00	1,364,554,994.07
Over 3 years	3,148,454,559.67	1,773,376,291.66
	13,017,181,386.58	8,855,781,007.30

(3) Other commitments

(i) In September 2019, the Group issued asset-backed securities through the Special Scheme set up by Huatai Securities (Shanghai) Asset Management Co., Ltd. by using three logistics industrial parks held by it as underlying assets. Shenzhen Fengtai E-Commerce Industrial Park Property Service Ltd., Yiwu Fengyutai Enterprise Management Co., Ltd. and Huai'an Fengtai Enterprise Management Co., Ltd. (collectively, "Property Operators"), wholly-owned subsidiaries of the Group, worked as the property operators of the Special Scheme (Note 5(3)(b)(i)). In case that the actual operating income of the property assets does not reach 90% but is not lower than 80% of the target amount, the Property Operators were committed to compensate the insufficient part of the target amount with Taisen Holdings providing guarantee for the compensation obligation.

At the end of each three years, the manager of the above Special Scheme accepts open-ended withdrawal and subscription of preferred securities within the withdrawal registering period. If the preferred securities shares that have not completed open-ended withdrawal are less than 20% of total undistributed principal of the preferred securities of RMB765 million, at the extension operation announcement date, Taisen Holdings will purchase such preferred securities.

(ii) In December 2018, the Group issued asset-backed securities through the Special Scheme set up by Huatai Securities (Shanghai) Asset Management Co., Ltd. by using two logistics industrial parks held by it as underlying assets. Shanghai Fengtai Yuanxing Property Management Service Co., Ltd. ("Fengtai Yuanxing"), a wholly-owned subsidiary of the Group, worked as the property operator of the special scheme. In case that the actual operating income of the property assets does not reach 90% but is not lower than 80% of the target amount, Fengtai Yuanxing was committed to compensate the insufficient part of the target amount with Taisen Holdings providing guarantee for the compensation obligation.

At the end of each three years, the manager of the above Special Scheme accepts open-ended withdrawal and subscription of preferred securities within the withdrawal registering period. If the preferred securities shares that have not completed open-ended withdrawal are less than 20% of total undistributed principal of the preferred securities of RMB1.12 billion, at the extension operation announcement date, Taisen Holdings will purchase such preferred securities.

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11 Events after the balance sheet date

(1) Issuance of overseas debentures denominated in USD

On 20 February 2020, SF Holding Investment Limited ("SFHI"), a subsidiary of the Company, issued overseas debentures of USD700 million. The debentures were listed on the Stock Exchange of Hong Kong Limited on 21 February 2020.

(2) Assessment on impact of the Novel Coronavirus Pneumonia

Following the outbreak of Coronavirus Disease 2019 ("the COVID-19 outbreak) in early 2020, the Group expects that the COVID-19 outbreak and a series of precautionary and control measures has temporarily affected the business and economic activities to some extent. The impact depends on the progress and duration of epidemic prevention and control, and the implementation of local precautionary and control measures.

The Group will continue to pay close attention to the development of the COVID-19 outbreak, and evaluate its impact on the financial position and operating results of the Group. Up to the date of this report, the Group has not been aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

(3) Profit distribution after the balance sheet date

The Company's board of directors approved on March 23, 2020 that based on the share capital of 4,403,300,190 (calculated by deducting the 11,010,729 shares in the Company's repurchase special accounts from the total share capital 4,414,310,919 as of March 23, 2020), a cash dividend of RMB2.70 (including tax) per 10 shares will be distributed to all shareholders. No equity dividends will be distributed during the year, and the equity reserves will not be transferred to share capital. The remaining undistributed profits will be carried forward to the following year. This proposal is subject to the approval of the shareholders' meeting. Cash dividends proposed to be distributed after the balance sheet date was not recognized as liabilities at the balance sheet date.

12 Business combinations

Refer to Note 5(1) and 5(2).

13 Financial instrument and risk

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The above financial risks and the Group's risk management policies to mitigate the risks are as follows:

The Board of Directors is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyse the risks faced by the Group. These risk management policies specify the risks such as market risk, credit risk and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policies and systems or not. The Group's risk management is carried out by the Risk Management Committee under policies approved by the Board of Directors. The Risk Management Committee encourages the departments of the Group to work closely together to identify, evaluate and avoid relevant risks. The internal audit department of the Group conducts periodical audit to the controls and procedures for risk management and reports the audit results to the Risk Management Committee of the Group.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. Some operational activities are carried out in regions/countries including Hong Kong, America and Korea and relevant transactions are settled in HKD, USD and KRW. Therefore, the Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies. The Group is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies, to reduce foreign exchange risk to the greatest extent.

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As at 31 December 2019 and 31 December 2018, the companies within the Group whose recording currency is RMB held no significant assets or liabilities denominated in foreign currency. Those companies operating in Hong Kong with HKD as recording currency held assets and liabilities denominated in foreign currency (mainly USD and RMB), of which the equivalent amounts in HKD (recording currency of companies operating in Hong Kong) and RMB (presentation currency of these financial statements) are listed as below:

	31 December 2019			
	RMB	USD	Total	Total
	(HKD)	(HKD)	(HKD)	(RMB)
Financial assets denominated in foreign currency				
Cash at bank and on hand	36,761,388.71	32,715,430.95	69,476,819.66	62,237,475.66
Receivables	45,378,223.56	27,514,334.24	72,892,557.80	65,297,510.67
Investments in other equity instruments	–	2,523,762,469.08	2,523,762,469.08	2,260,735,944.55
	82,139,612.27	2,583,992,234.27	2,666,131,846.54	2,388,270,930.88
Financial liabilities denominated in foreign currency				
Payables	6,596,780.74	36,077,816.33	42,674,597.07	38,227,497.81

	31 December 2018			
	RMB	USD	Total	Total
	(HKD)	(HKD)	(HKD)	(RMB)
Financial assets denominated in foreign currency				
Cash at bank and on hand	177,569,672.57	78,828,160.48	256,397,833.05	224,654,813.91
Receivables	7,515,201.74	–	7,515,201.74	6,584,773.28
	185,084,874.31	78,828,160.48	263,913,034.79	231,239,587.19
Financial liabilities denominated in foreign currency				
Payables	35,156.33	–	35,156.33	30,803.76

As at 31 December 2019, if the HKD had strengthened/weakened by 1% against the USD while all other variables had been held constant, the Group's profit before tax and other comprehensive income for the year would have been approximately HKD242,000.00, equivalent to RMB217,000.00 (31 December 2018: approximately HKD788,300.00, equivalent to RMB690,700.00), and HKD25,238,000.00, equivalent to RMB22,608,000.00 (31 December 2018: Nil) lower/higher respectively for various financial assets and liabilities denominated in USD.

As at 31 December 2019, if the HKD had strengthened/weakened by 5% against the RMB while all other variables had been held constant, the Group's profit before tax for the year would have been approximately HKD3,777,000.00, equivalent to RMB3,383,000.00 (31 December 2018: approximately HKD9,252,500.00, equivalent to RMB8,107,000.00) lower/higher for various financial assets and liabilities denominated in RMB.

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The changes in exchange rate of other foreign currencies have no significant influence on the Group's operating activities.

(b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing debts including long-term bank borrowings and debentures payable. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2019, the Group's long-term interest bearing debts were mainly related to the contracts of floating rate long-term borrowings denominated in RMB and HKD, and fixed rate debentures payable denominated in RMB and USD. Among them, the contract amount of floating rate long-term borrowings denominated in RMB was RMB2,047,494,503.19 (31 December 2018: RMB882,550,284.58), and floating rate long-term borrowings denominated in HKD amounted to HKD5,006,896,403.96, equivalent to RMB4,492,062,281.22 (31 December 2018: HKD131,758,521.06, equivalent to RMB115,737,550.61); the contract amount of fixed rate debentures payable denominated in RMB was RMB7,900,000,000.00 (31 December 2018: RMB3,000,000,000.00), and the contract amount of fixed rate debentures payable denominated in USD was USD500,000,000.00, equivalent to RMB3,488,100,000.00 (31 December 2018: USD500,000,000.00, equivalent to RMB3,439,250,000.00).

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new interest bearing borrowings and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. Management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk.

As at 31 December 2019, if interest rates on borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's profit before tax would have decreased/increased by approximately RMB32,700,000.00 (31 December 2018: RMB4,991,000.00).

(c) Other price risk

The Group's other price risk arises mainly from movements in price of various equity and debt instruments measured at fair value that will not be sold within 1 year.

As at 31 December 2019, if the expected price of various investments in equity and debt instruments had risen/fallen by 10% while all other variables had been held constant, the Group's profit before tax and other comprehensive income would be approximately RMB47,900,000.00 (31 December 2018: Nil) and RMB493,369,000.00 (31 December 2018: approximately RMB325,333,000.00) higher/lower respectively.

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, placements with and loans to banks and other financial institutions, notes receivable, accounts receivable, factoring receivables, loans and advances, other receivables, current portion of non-current assets, long-term receivables, investments in debt instruments measured at fair value through profit or loss that are not included in the assessment of impairment, etc. At the balance sheet date, the Group's maximum exposure to credit risk represents the carrying amount of the Group's financial assets, except that the maximum exposure to credit risk of long-term receivables represents its undiscounted contractual cash flows.

The Group expects that there is no significant credit risk associated with cash at bank and on hand and placements with and loans to banks and other financial institutions since they are mainly deposits at state-owned banks and other medium or large size listed banks with good reputation and a higher credit rating. The Group does not expect that there will be any significant losses from non-performance by these counterparties.

Notes receivable, accounts receivable, other receivables, current portion of non-current assets and long-term receivables include receivables from related parties and receivables from non-related parties. In respect of receivables from related parties, the Group considers that they have low credit risk; in respect of receivables from non-related parties, the Group will develop relevant policies to control the exposure to credit risk and will focus on their credit and recovery situation on a regular basis. In respect of customers with a poor credit history, the Group will use payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

As at 31 December 2019 and 31 December 2018, the factoring receivables were from the Group's subsidiary Lefeng Factoring (Note 4(8)). Loans and advances were from S.F. Finance, an overseas subsidiary of the Group (Note 4(9)). The Group developed credit policies and operational implementation rules in accordance with the requirements of relevant state regulatory authorities, and implemented standardised management over the entire process of credit granting. In addition, the Group further improved the systems for credit risk monitoring and early warning and defective credit extension management. The Group actively responded to the changes in the credit environment, regularly analysed the situation and dynamic of credit risks and took risk control measures on a forward-looking basis. The Group also established an optimisation management mechanism for defective credit and accelerated the optimisation progress of defective credit to avoid non-performing loans.

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As at 31 December 2019, the Group had no significant collateral or other credit enhancements held as a result of debtor's mortgage.

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. Cash flow forecasting is aggregated by the Group. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	31 December 2019				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Deposits from customers	3,778,707.92	–	–	–	3,778,707.92
Accounts payable	11,988,256,010.34	–	–	–	11,988,256,010.34
Notes payable	30,000,000.00	–	–	–	30,000,000.00
Other payables	4,707,159,830.62	–	–	–	4,707,159,830.62
Short-term borrowings	6,151,261,091.68	–	–	–	6,151,261,091.68
Other current liabilities	1,023,994,803.71	–	–	–	1,023,994,803.71
Current portion of non-current liabilities	2,111,387,911.36	–	–	–	2,111,387,911.36
Long-term borrowings	253,786,278.73	1,107,381,804.17	5,906,797,399.52	253,880,664.36	7,521,846,146.78
Debentures payable	257,083,187.50	2,042,115,516.27	4,499,901,505.31	6,148,000,000.00	12,947,100,209.08
Long-term payables	6,075,000.00	12,052,179.43	12,150,000.00	48,595,616.33	78,872,795.76
	26,532,782,821.86	3,161,549,499.87	10,418,848,904.83	6,450,476,280.69	46,563,657,507.25

	31 December 2018				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Deposits from customers	10,269,542.51	–	–	–	10,269,542.51
Accounts payable	7,887,386,577.55	–	–	–	7,887,386,577.55
Other payables	4,539,677,152.31	–	–	–	4,539,677,152.31
Short-term borrowings	8,760,599,478.79	–	–	–	8,760,599,478.79
Other current liabilities	1,027,375,000.00	–	–	–	1,027,375,000.00
Current portion of non-current liabilities	277,598,072.61	–	–	–	277,598,072.61
Long-term borrowings	46,986,294.28	304,037,905.73	745,806,442.63	51,386,474.79	1,148,217,117.43
Debentures payable	271,785,988.56	271,785,988.56	6,932,140,688.26	–	7,475,712,665.38
Long-term payables	–	25,647,058.05	6,075,000.00	52,710,616.37	84,432,674.42
	22,821,678,106.61	601,470,952.34	7,684,022,130.89	104,097,091.16	31,211,268,281.00

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14 Fair value estimates

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Financial assets and liabilities measured at fair value on a recurring basis

As at 31 December 2019, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets held for trading –				
Structural deposits	–	–	2,909,852,581.06	2,909,852,581.06
Others	74,554.47	245,792.67	–	320,347.14
Other non-current financial assets				
Special scheme equity-class securities	–	–	260,424,488.45	260,424,488.45
Industrial fund investments	–	–	218,615,943.17	218,615,943.17
Investments in other equity instruments –				
Available-for-sale equity instruments	806,383,940.40	–	4,127,308,996.79	4,933,692,937.19
Total financial assets	806,458,494.87	245,792.67	7,516,202,009.47	8,322,906,297.01

As at 31 December 2018, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments in equity instrument held for trading	13,715,336.78	–	–	13,715,336.78
Forward interest rate swap contracts	–	726,641.31	–	726,641.31
Available-for-sale financial assets				
Available-for-sale equity instruments	794,053,309.82	–	2,276,274,386.92	3,070,327,696.74
Available-for-sale debt instruments	–	–	178,403,812.08	178,403,812.08
Total financial assets	807,768,646.60	726,641.31	2,454,678,199.00	3,263,173,486.91

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There were no transfers between levels for the current year.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable company model. The inputs of the valuation technique mainly include risk-free interest rate, benchmark rate, exchange rate, credit spread, liquidity premium, EBITDA multiplier, liquidity discount, etc.

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The changes in Level 3 financial assets are analysed below:

	Financial assets held for trading – Structural deposits	Available-for-sale financial assets – Available-for-sale debt instruments	Available-for-sale financial assets – Available-for-sale equity instruments	Other non-current financial assets – Special scheme equity-class securities	Other non-current financial assets – SAFE and discounted warrants	Other non-current financial assets – Industry fund investments	Other equity instruments – Available-for-sale equity instruments
31 December 2018	–	178,403,812.08	2,276,274,386.92	–	–	–	–
Changes in accounting policies	504,347,794.52	(178,403,812.08)	(2,276,274,386.92)	178,403,812.08	344,685,887.97	105,000,000.00	1,997,472,148.15
1 January 2019	504,347,794.52	–	–	178,403,812.08	344,685,887.97	105,000,000.00	1,997,472,148.15
Increase in the current year	42,360,000,000.00	–	–	113,000,000.00	–	87,739,340.60	1,619,882,022.02
Decrease in the current year	(40,135,232,287.78)	–	–	(57,872,755.98)	(647,914,359.63)	–	(175,682.00)
Gains or losses recognised in profit or loss	180,737,074.32	–	–	26,893,432.35	305,521,134.62	25,812,257.12	–
Gains recognised in other comprehensive income	–	–	–	–	–	–	449,042,630.47
Translation of foreign currency financial statements	–	–	–	–	(2,292,662.96)	64,345.45	61,087,878.15
31 December 2019	2,909,852,581.06	–	–	260,424,488.45	–	218,615,943.17	4,127,308,996.79

	Available-for-sale financial assets – Available-for-sale debt instruments	Available-for-sale financial assets – Available-for-sale equity instruments
1 January 2018	58,363,532.08	1,050,000,000.00
Increase in the current year	138,000,000.00	977,953,000.75
Decrease in the current year	(6,477,537.61)	–
Total gains or losses in the current period	(11,482,182.39)	248,321,386.17
Losses recognised in profit or loss	(11,482,182.39)	–
Gains recognised in other comprehensive income	–	248,321,386.17
31 December 2018	178,403,812.08	2,276,274,386.92

(2) Financial assets and liabilities not measured at fair value but disclosed

The Group's financial assets and liabilities measured at amortised cost mainly include placements with and loans to banks and other financial institutions, receivables, factoring receivables, loans and advances, current portion of non-current liabilities, long-term receivables, short-term borrowings, payables, long-term borrowings, debentures payable, current portion of non-current liabilities, other current liabilities and long-term payables.

The carrying amount of financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

The fair value of debentures payable that are traded in an active market is determined at quoted prices in the active market, categorised within Level 1 of the fair value hierarchy. The fair value of long-term borrowings and long-term payables is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, and categorised within Level 3 of the fair value hierarchy.

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15 Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as "Equity" as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements.

As at 31 December 2019 and 31 December 2018, the Group's gearing ratio was as follows:

	31 December 2019	31 December 2018
Gearing ratio	54.08%	48.35%

16 Notes to the Company's financial statements

(1) Cash at bank and on hand

	31 December 2019	31 December 2018
Cash at bank	967,647,842.56	1,136,148,582.11
Other cash balances	–	139,907.00
	967,647,842.56	1,136,288,489.11

(2) Other receivables

	31 December 2019	31 December 2018
Dividends receivable from Taisen Holdings	1,117,405,390.21	2,117,405,390.21
Funds raised by non-public offering of shares granted to subsidiaries	–	7,421,843,560.89
Funds raised by convertible corporate debentures granted to subsidiaries	2,246,708,314.12	–
Others	433,688.52	3,217,175.00
	3,364,547,392.85	9,542,466,126.10
Less: Provision for bad debts	–	–
	3,364,547,392.85	9,542,466,126.10

The ageing of other receivables is analysed as follows:

	31 December 2019	31 December 2018
Within 1 year	2,247,142,002.64	3,529,984,352.31
1 to 2 years	1,117,405,390.21	6,012,481,773.79
	3,364,547,392.85	9,542,466,126.10

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(3) Long-term receivables

	31 December 2019	31 December 2018
Funds raised by a non-public offering of shares granted to subsidiaries	7,691,259,432.16	–

The above funds raised granted to subsidiaries constitute substantially a long-term equity in the net investment in the subsidiaries.

(4) Long-term equity investments

	31 December 2019	31 December 2018
Subsidiaries (a)	43,323,539,117.29	43,337,179,817.15
Less: Provision for impairment of long-term equity investments	–	–
	43,323,539,117.29	43,337,179,817.15

There is no significant restriction on sales of the long-term equity investments held by the Company.

(a) Subsidiaries

	Accounting method	31 December 2018	Decrease in the current year	31 December 2019	Shareholding (%)	Voting rights (%)	Explanation of disparity between percentages of shareholding and voting rights	Provision for impairment loss	Cash dividends declared in the current year
Taisen Holdings	Cost method	43,337,179,817.15	(13,640,699.86)	43,323,539,117.29	100.00%	100.00%	Not applicable	–	–

(5) Investment income

	2019	2018
Investment income from wealth management products	4,873,145.52	53,942,096.28
Income from utilisation of raised funds by subsidiaries	–	117,162,631.37
Others	960,835.11	–
	5,833,980.63	171,104,727.65

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1 Statement of non-recurring profit or loss

	2019	2018 (Restated)
Investment income from disposal of subsidiaries	848,211,045.94	807,518,533.61
Gains on disposal of non-current assets	31,356,737.19	71,160,937.90
Government grants recognised in profit or loss for the current period (government grants recognised in non-operating income, other income and deducted against related cost and expenses)	545,508,216.82	295,443,847.50
Gains/(losses) arising from changes in fair value of financial assets and liabilities held for trading and investment losses arising from disposals of financial assets and liabilities held for trading and available-for-sale financial assets	364,072,933.26	(8,398,916.11)
Net loss of the subsidiaries for the period from the beginning of the period to the combination date arising from business combinations involving enterprises under common control	(2,123,517.28)	(43,047,655.76)
Income from external entrusted loans	–	416,510.40
Net amount of other non-operating income and expenses	(38,285,034.94)	13,515,766.49
Sub-total	1,748,740,380.99	1,136,609,024.03
Less: Income tax effect	(159,282,664.33)	(63,672,015.52)
Less: Non-recurring profit or loss attributable to minority shareholders	(716,085.28)	(620,414.11)
Non-recurring profit or loss attributable to shareholders of the parent company	1,588,741,631.38	1,072,316,594.40
Including: Non-recurring profit or loss from continuing operations	1,588,741,631.38	1,072,316,594.40

Basis for preparation of statement of non-recurring profit or loss

Pursuant to the *Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No.1 – Non-recurring Profit or Loss (2008)* issued by the China Securities Regulatory Commission, non-recurring profit or loss refers to profit or loss arising from transactions and events those are not directly related to the Company's normal course of business, also from transactions and events those even are related to the company's normal course of business, but will interfere with the right judgement of users of the financial statements on the company's operation performance and profitability due to their special nature and occasional occurrence.

2 Return on net assets and earnings per share

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2019	2018	2019	2018	2019	2018
Net profit attributable to ordinary shareholders of the Company	14.86%	13.19%	1.32	1.03	1.32	1.03
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	10.82%	10.31%	0.96	0.79	0.96	0.79
Including:						
– Continuing operations						
Net profit attributable to ordinary shareholders of the Company	14.86%	13.19%	1.32	1.03	1.32	1.03

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List of Documents Available for Inspection

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(1) Financial statements signed and sealed by the legal representative, the person in charge of finance and the person in charge of the accounting department of the Company.

(2) The original copy of audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant.

(3) The original copies of all documents and announcements of the Company which have been publicly disclosed in newspapers designated by the China Securities Regulatory Commission during the reporting period.

(4) The original text of the 2019 annual report signed by the chairman of the Board of Directors.

(5) The place where the above documents are maintained: the office of the Company's Board of Directors.

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