



2018

S.F. Holding Co., Ltd.

Annual Report

Notice

The Company prepared its 2018 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 2018 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 2018 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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Important Information, Table of Contents, and Definitions



Important Notice

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.

According to the arrangement of the major asset restructuring in 2016, Shenzhen Mingde Holding Development Co., Ltd., Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership), 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 Shun Xin Feng He Investment Management Partnership (Limited Partnership) (collectively "the restructuring counterparties") make the profit compensation commitments as follows: The net profits of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. shall be no less than RMB2,185 million, RMB2,815 million and RMB3,488 million in 2016, 2017 and 2018 respectively, no less than an aggregate amount of RMB8,488 million for the three years. The aforesaid net profits refer to the net profits attributable to shareholders of the parent company after deducting non-recurring profits or losses in the consolidated statements of Shenzhen S.F. Taisen Holding (Group) Co., Ltd., and do not include interests and other incomes generated from proceeds of the major asset restructuring and expenses incurred after actual putting into operation of the fundraising project. If the amount of net profits (aggregate amount) realized by Shenzhen S.F. Taisen Holding (Group) Co., Ltd. as of the end of each accounting year during the profit compensation period fails to reach the committed net profits (aggregate amount), the Restructuring Parties shall make compensations for SF Holding (that is, the original Dingtai New Materials) with shares or a combination of shares and cash of SF Holding (formerly known as "Dingtai New Materials") obtained from the transaction of major asset restructuring. In 2016, 2017 and 2018, Shenzhen S.F. Taisen Holding (Group) Co., Ltd. realised aggregate net profits for three years of RMB9,636.9849 million, exceeding in aggregate profits compensation commitments by RMB1,148.9849 million.

The profit distribution proposal reviewed and approved by the Company's Board of Directors on March 14, 2019 is as follows: based on the total share capital on the record date for the implementation of the 2018 profit distribution plan in future less the number of shares in the repurchase special accounts of the Company, a cash dividend of RMB2.10 (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, 2018 to December 31, 2018 |
| The same period of last year | January 1, 2017 to December 31, 2017 |
| 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 |
| Stock Listing Rules | Stock Listing Rules of Shenzhen Stock Exchange |
| 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. |
| The restructuring counterparties | Shenzhen Mingde Holdings Development Co., Ltd., Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership), 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) |
| Mingde Holding | Shenzhen Mingde Holding Development Co., Ltd., the controlling shareholder of S.F. Holding Co., Ltd. |
| Mingde Limited | Mingde Holding Limited, a subsidiary of Shenzhen Mingde Holding Development 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 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 Investment Management Partnership (Limited Partnership) |
| SF Limited | SF Holding Limited, It is a subsidiary of S.F. Holding Co., Ltd. |
| SF Technology | SF Technology Co., Limited, a subsidiary of S.F. Holding Co., Ltd. |
| S.F. Investment | Shenzhen S.F. Investment Co., Ltd., a subsidiary of S.F. Holding Co., Ltd. |
| Chengdu FengCheng | Chengdu FengCheng Logistics Co., Ltd., a subsidiary of S.F. Holding Co., Ltd. |
| Shunxin Express | Guangdong Shunxin Express Co., Ltd., a subsidiary of S.F. Holding Co., Ltd. |
| HAVI HongKong, New HAVI | HAVI Logistics Services (Hong Kong) Limited, a subsidiary of S.F. Holding Co., Ltd. |
| Lefeng Factoring | Shenzhen Shuncheng Lefeng Factoring Co., Ltd., a subsidiary of S.F. Holding Co., Ltd. |
| Shunheng Rongfeng | Shenzhen Shunheng Rongfeng Investment Co., Ltd., a subsidiary of S.F. Holding Co., Ltd. |
| Hengyi Logistics | Shenzhen Hengyi Logistics Service Co., Ltd., a subsidiary of S.F. Holding Co., Ltd. |
| LUXURIANT VIEW | LUXURIANT VIEW LIMITED, a subsidiary of S.F. Holding Co., Ltd. |
| Hive Box Technology | Shenzhen Hive Box Technology Co., Ltd |
| SF Lottery | Shenzhen SF Lottery (Shenzhen) Technology Development Co., Ltd. |

02

Company Profile and Key Financial Indicators



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 (If Any) | S.F. Holding Co., Ltd. | | |
| English Name Abbreviation of the Company (If Any) | 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, China | | |
| 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 | 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 |

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

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

Applicable Not applicable

| Financial Adviser Name | 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, 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 | Wu Caojian, Deng Shufang | 2016.12.07-2019.12.31 |
| China Merchants Securities Co., Ltd. | Floor 41, Tower A, Jiangsu Building, Yitian Road, Futian District, Shenzhen, China | Fu Cheng, Wu Hongxing | 2016.12.07-2019.12.31 |

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

| | 2018 | 2017 | | Increase/ Decrease over the previous year | 2016 | |
|--|-------------------|------------------------|-----------------------|---|------------------------|-----------------------|
| | | Before restatements | After restatements | After restatements | Before restatements | After restatements |
| Revenue (RMB) | 90,942,694,239.83 | 71,094,296,984.46 | 71,272,633,122.78 | 27.60% | 57,482,698,073.15 | 57,789,676,650.54 |
| Net profit attributable to shareholders of the parent company (RMB) | 4,556,048,279.54 | 4,770,689,703.15 | 4,774,131,883.45 | -4.57% | 4,180,426,152.00 | 4,173,400,918.88 |
| Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company (RMB) | 3,483,589,642.99 | 3,702,637,496.23 | 3,702,637,496.23 | -5.92% | 2,643,209,426.99 | 2,643,209,426.99 |
| Net cash flow from operating activities (RMB) | 5,424,885,792.11 | 6,108,333,011.73 | 6,333,932,523.79 | -14.35% | 5,675,037,785.87 | 4,108,463,869.79 |
| Basic earnings per share (RMB/share) | 1.03 | 1.12 | 1.12 | -8.04% | 1.06 | 1.06 |
| Diluted earnings per share (RMB/share) | 1.03 | 1.12 | 1.12 | -8.04% | 1.06 | 1.06 |
| Weighted average return on net assets | 13.21% | 18.43% | 18.15% | a decrease of 4.94 percentage points | 22.46% | 22.20% |

| | Year End 2018 | Year End 2017 | | Increase/ Decrease Over Previous Year End | Year End 2016 | |
|---|-------------------|------------------------|-----------------------|---|------------------------|-----------------------|
| | | Before restatements | After restatements | After restatements | Before restatements | After restatements |
| Total assets (RMB) | 71,614,568,816.64 | 57,660,164,354.37 | 61,247,068,892.62 | 16.93% | 44,134,885,588.74 | 46,071,349,009.71 |
| Total equity attributable to shareholders of the parent company (RMB) | 36,561,011,876.15 | 32,680,826,795.10 | 32,878,378,815.09 | 11.20% | 20,511,767,666.96 | 20,961,224,473.00 |

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 | 20,592,941,017.99 | 21,957,965,737.43 | 22,889,623,314.58 | 25,502,164,169.83 |
| Net profit attributable to shareholders of the parent company | 987,383,058.69 | 1,222,196,067.51 | 768,664,085.47 | 1,577,805,067.87 |
| Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company | 896,814,223.49 | 1,193,558,189.88 | 730,713,320.21 | 662,503,909.41 |
| Net cash flow from operating activities | 353,711,841.38 | 2,015,896,949.43 | 2,179,719,819.05 | 875,557,182.25 |

Note: The quarterly key financial indicators have been restated due to the business combinations involving enterprises under common control.

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

Yes No

IX. Non-Recurring Profit or Loss

√ Applicable □ Not applicable

Unit: RMB

| Item | 2018 | 2017 | 2016 | Note |
|---|------------------|------------------|------------------|---|
| Investment income from disposal of subsidiaries | 807,518,533.61 | – | – | For details, please refer to Note 5(3) (a) of Chapter 11 Financial Report. |
| Gains on disposals of non-current assets (including offsetting amount for the provision of impairment of assets) | 71,160,937.90 | 1,075,903,723.03 | 47,876,538.23 | The amount for 2017 includes the impact of the investment income from the disposal of partial equity interests in Hive Box Technology on profits. |
| 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) | 295,443,847.50 | 230,922,102.34 | 266,016,957.54 | |
| Income generated where investment cost of enterprises' acquisitions of subsidiaries, associates and joint ventures is less than the share of the fair value of the investee's identifiable net assets at the time of acquisition of investment | – | – | 1,232,938,035.11 | |
| Net (loss)/profit affected by subsidiaries arising from business combinations involving enterprises under common control | -42,905,613.61 | 3,442,180.30 | -7,025,233.12 | |
| Gains or losses from changes in fair value of financial assets and liabilities held for trading, and investment (losses)/gains arising from the disposal of financial assets and liabilities held for trading, and available-for-sale financial assets, excluding hedging activities related to the normal business operations of the company | -8,398,916.11 | 14,060,964.04 | -11,479,580.98 | |
| Reversal of the provision for receivables individually assessed for impairment | – | – | 44,978,514.33 | |
| Income from external entrusted loans | 416,510.40 | 5,060,742.88 | 25,058,217.58 | |
| Net amount of other non-operating income and expenses | 13,515,766.49 | 24,976,445.24 | 5,184,650.70 | |
| Less: Income tax effect | 63,672,015.52 | 281,823,573.43 | 72,736,098.78 | |
| Profit or loss attributable to minority shareholders (after tax) | 620,414.11 | 1,048,197.18 | 620,508.72 | |
| Non-recurring profit or loss attributable to shareholders of the parent company | 1,072,458,636.55 | 1,071,494,387.22 | 1,530,191,491.89 | – |

Provide explanations for classifying 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*, 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 Gains and Losses* as recurring profit and loss items in the reporting period.

03

Business Overview



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 – Engagement of Listed Companies in 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 warehousing management, sales forecasting, big data analysis and financial management. 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 such as heavy cargo express transportation services focused on LTL (less than truck load) 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) to meet the specific needs of customers.

By focusing on customer needs, SF Holding provides diversified products and comprehensive logistics services

| | | | |
|---|---|--|---|
| <p>Major Express Products</p> <ul style="list-style-type: none"> Same Day Delivery Shipments made within specified service locations and time frames can be delivered by 20:00 on the same day Next Morning Delivery Shipments made within specified service locations and time frames can be delivered by 12:00 on the next day Next Day Delivery Shipments made within specified service locations and time frames can be delivered by 18:00 on the next day | <p>Major Economy & Warehousing Products</p> <ul style="list-style-type: none"> Economy Express Shipments made within specified service locations and time frames can be delivered by 23:59 on the second day Warehouse Service Provides professional warehouse services such as single-storage, nationwide warehousing, and digital cloud warehousing | <p>Major Heavy Cargo Products</p> <ul style="list-style-type: none"> Heavy Parcels For single-ticket 20-100 kg parcels, 2C e-commerce large parcels, and some 2B warehouse transfers Heavy cargo special services Customized special delivery of products according to customer's full truck load transportation requirements Small Ticket LTL For single-ticket 100-500 kg parcels, inter-provincial LTL transportation, and other pricing and time requirements Heavy Cargo express Non-standard heavy cargo delivery supported by aviation resources | |
| <p>Major Cold Chain Products</p> <ul style="list-style-type: none"> Cold Chain to Home Door-to-door delivery of perishable foods and other commodities under full temperature control Cold Chain to Store Point-to-point or point-to-multipoint delivery service with refrigerated vehicles Cold Chain LTL Multi-batch small-quantity LTL logistics services for goods that do not meet the requirements for a full truck load Cold Chain FTL Intra-district full truck load direct transportation service with relatively fixed routes and refrigerated vehicles Fresh produce express delivery Delivery of time-sensitive fresh produce, meat products and dairy products to individuals from individuals or enterprises | <p>Major Pharmaceutical Products</p> <ul style="list-style-type: none"> PharmaEase Door-to-door delivery of normal-temperature medicine, biological samples and medical devices Pharmaceutical Special Delivery Door-to-door delivery service for temperature-sensitive drugs/reagents and low-temperature transportation of biological samples Pharmaceutical FTL delivery Point-to-multipoint special pharmaceutical delivery service with GSP verification Pharmaceutical LTL delivery Multi-batch small-quantity LTL logistics services for pharmaceuticals that do not meet the requirements for a full truck load Pharmaceutical FTL Cold storage whole-vehicle direct transportation service for pharmaceutical products with relatively fixed routes | <p>Major Intra-city Products</p> <ul style="list-style-type: none"> SF Rush Intra-city courier direct deliveries made within 0.5-1 hour | |
| <p>Major Value-added Services</p> <ul style="list-style-type: none"> Shipment Protection Plus Return Proof of Delivery Cash on Delivery Reverse Logistics Formal Customs Declaration Pickup Authorization Packaging Notice upon Delivery | | | <p>Major International Products</p> <ul style="list-style-type: none"> International Standard Express Door-to-door, fast processing in all stages with formal customs declaration service International Economy Express Economic international express services for customers not sensitive to transit time International E-parcel Cross-border E-parcel services supporting international air transportation, quality customs clearance, and delivery for cross-border E-commerce customers |

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

Based on the diverse needs of different industries, customers and scenarios, SF Holding is timely upgraded to adopt a “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 industry customers while creating value-added differentiation, and such product design in turn drives internal resource allocation and optimizes the product system.

SF Holding is also a smart logistics operator with network scale advantages. SF Holding has a gigantic logistics network with assets both 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 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.

(II) Development stage of the industry, cyclical characteristics and the Company’s position in the industry

1. Frequent promulgation of policies and standardized guidance for the development of the logistics industry

On March 27, 2018, Premier Li Keqiang signed a State Council order for the promulgation of the *Interim Regulation on Express Delivery* (《快递暂行条例》) (the “Regulation”) which became effective from May 1, 2018. The Regulation has three major objectives, namely, promoting the continuous development of the express delivery industry, serving the people’s livelihood and ensuring security. The Regulation has standardized and guaranteed the operation, use, supervision and management

of the express delivery business and put forward relevant legal basis of express delivery for relevant departments, enterprises and public institutions, industry associations, practitioners and users, ensuring the orderly and healthy development of the express delivery industry.

On April 19, 2018, the State Post Bureau published the *Work Plan for the Establishment of a Credit System for the Express Delivery Industry* (《快递业信用体系建设工作方案》) for the nationwide construction of credit systems for the express delivery industry from eight aspects, namely refining the rules and regulations of credit management for express delivery industry, building a credit management information system for express delivery industry, establishing and improving credit archives, setting up a credit evaluation committee for express delivery industry, preparing an annual credit evaluation plan for express delivery industry, comprehensive collection of credit information, credit evaluation and results application, and promoting construction of integrity culture, which were aimed to be completed by the end of 2019.

On May 16, 2018, the Executive Meeting of the State Council proposed to confirm the measures for further reducing logistics cost of the real economy. Through a 50% reduction in land use tax for warehousing land and purchase tax of trailer vehicles, simplifying the review process for goods vehicles by “combining 3 examinations into 1”, simplifying the procedures for establishing branches and sub-branches of logistics enterprises, as well as the corresponding reduction in railway transportation costs after adjustment to the value-added tax rate, it is expected the logistics cost for the full year will be reduced by more than RMB12 billion. It was also proposed that part from reducing transportation costs on public roads, multi-modal transportation through active development of highways, railways and waterways was also required in order to realize the ultimate objective of single shipment, single payment and single bill to further improve logistics efficiency.

On October 9, 2018, the Office of the State Council issued the *Three-year Action Plan (2018-2020) for Promoting the Structural Adjustment of Transportation* (《推进运输结构调整三年行动计划(2018—2020年)》), which proposed that by 2020 the structure of cargo transportation across the nation will be optimized significantly, railway freight volume will increase by 30% and waterway freight volume by 7.5%; and freight volume by multimodal transport will increase at an annualized average growth rate of 20%, while container transportation volume by railway and waterways at key ports will increase an annualized average growth rate of over 10% as compared with 2017. In key regions, including Beijing-Tianjin-Hebei region and surrounding areas, Yangtze River Delta region and the Plains of River Fen and River Wei, the structural adjustment to transportation will have breakthrough progress.

On October 19, 2018, the State Council published the *Work Plan for Optimizing Checkpoint Business Operation Environment to Facilitate Convenience in Cross-border Trade* (《优化口岸营商环境促进跨境贸易便利化工作方案》) in which five major measures were proposed, namely reducing the number of approval and regulatory items for the import and export sector, optimizing the checkpoint flow process and

practices, improving the efficiency of logistics services through the checkpoints, enhancing the information technology and smart level for checkpoint management and facilitating a more open and transparent business operation environment at the checkpoints. The objective is to fully achieve joint network examination by the end of 2018 except for special circumstances of maintaining security and confidentiality, and the overall time spent on checkpoint crossing will be reduced by one-third; by the end of 2020, the compliance cost for containers in the import and export sector will be reduced by 50% when compared with 2017; and by the end of 2021, and the overall time spent on checkpoint crossing will be reduced by 50% when compared with 2017, and the ranking of the World Bank indicator for convenience in cross-border trade will go up by 30 positions, realizing the initial checkpoint governance system and modernization of governance capabilities.

2. The industry has entered a gear-change period in growth rate while still maintaining a relatively high growth level

China's express delivery ramped up from late 1970s to the early 1990s, benefiting from growing international trades, accelerated economic development as well as surged domestic and international express delivery business with the launch of reform and open policies. From early 1990s to the beginning of the 21st century, China experienced full development of market economy with blooming demand for express delivery services. Entering the 21st century, China's socio-economy, especially the e-commerce, developed rapidly and created a vast space of development for China's express delivery industry. Between 2007 and 2016, the business volume and business revenue of express delivery in China recorded a CAGR of 43.6% and 31.3% respectively. In terms of volume, after years of rapid development, the business volume of express delivery in China has leapt to the top in the world. In 2017, the express delivery industry entered a consolidation period. According to the State Post Bureau, in 2018, the express delivery industry recorded increase in business volume and business revenue of 26.6% and 21.8% respectively, which have slowed down year-on-year but still maintained a relatively high level. According to the *Express Delivery Development Index Report of China for December 2018* (《2018年12月中国快递发展指数报告》) published by the State Post Bureau, the service quality index of the express delivery industry increased by 25% year-on-year, while the brand concentration index CR8 from January to December was 81.2, up 2.5 year-on-year, showing that the express delivery industry has entered into a new cycle of improvement in both quality and quantity as well as reduced cost and increased efficiency. Furthermore, as forecasted by the State Post Bureau, in 2019, China's express delivery will record increased business volume of 20% and increased business revenue of 19% year-on-year, showing that the express delivery industry will continue to maintain a relatively high growth rate in the foreseeable future.

3. Major industrial features and cyclical characteristics

(1) Clear geographical characteristics in development of the express delivery industry

The express delivery industry in China has clear geographical characteristics. Due to the difference in level of economic development, the express delivery industry is mainly concentrated in the eastern region which is obviously different from the central and western regions where there are still relatively large market space. According to statistical data released by the State Post Bureau, in 2018, the eastern, central and western regions of China accounted for 79.9%, 12.3% and 7.8% respectively of the volume of express delivery business and 80%, 11.2% and 8.8% respectively of the revenue of express delivery business. In particular, the central region recorded an increase in volume of express delivery business by 0.7 percentage point and an increase in revenue of express delivery business by 0.4 percentage point; while the western region recorded an increase in both volume and revenue of express delivery business by 0.5 percentage point.

(2) Relatively strong seasonality of the express delivery industry

The quantity of orders of the express delivery industry shows a strong seasonality characteristic, with peak periods of consumption during festive seasons and peak periods of social trade and transportation business during the fourth quarters every year, which forms the peak seasons of demands for express delivery business, whereas the production and operation activities of enterprises are inactive during the Chinese New Year holidays, which forms the low seasons of the express delivery industry.

4. 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. As of the end of the reporting period, the Company has 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, heavy cargo 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 |
|-------------------------------------|---|
| Cash at bank and on hand | No major changes. |
| Notes and accounts receivable | Increased due to business growth. |
| Other current assets | Decreased due to the redemption of wealth management products. |
| Available-for-sale financial assets | Increased due to increase in investments. |
| Equity assets | Increased due to investments in joint ventures and associates. |
| Fixed assets | Increased due to the purchase of aircraft and accessories, transportation equipment and electronic equipment. |
| Construction in progress | Increased due to investments in buildings, industrial parks and other engineering projects. |
| Intangible assets | Increased due to the intangible assets arising from acquisition of subsidiaries and self-developed software. |

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 HOLDINGS LIMITED and its subsidiaries | Acquisition | 3,966,912,366.95 | Hong Kong | Industrial park | — | 8,563,359.39 | 10.85% | No |

III. Core Competitiveness Analysis

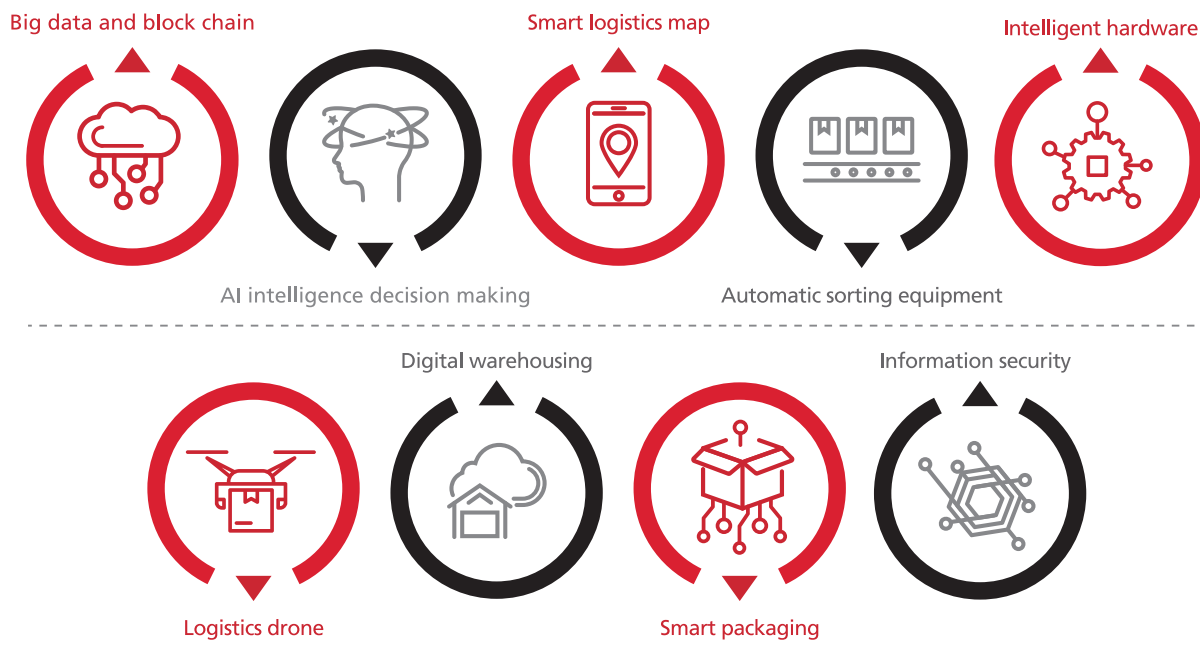
Is the Company required to comply with disclosure requirement of a particular industry?

Yes

Express Delivery Service Industry

(I) SF Holding's extensive technological capabilities contribute to its unique core competitiveness in the industry

SF has strong technological capabilities and leads its peers in terms of manpower, capability and financial strength. As of the end of the reporting period, it had filed and obtained 1,645 patents, including 649 invention patents.



SF Holding continues to emphasize on and proactively invested in construction of its various smart logistics infrastructures, aiming to develop into a technology-driven industry solution service company with its technology-led, innovation driven, extensive operation and active exploration business model.

Talents: As of the end of the reporting period, SF Holding employed more than 5,754 technology staff, including outsourced labour. Of these, 62% hold bachelor's degree and 19% hold master's or doctor's degree, which is a good talent structure. Regarding cooperation with universities and enterprises and joint cooperation with enterprises, the Company has successively entered into cooperation with over 10 universities at home and abroad, including Georgia Institute of Technology in the United States, Technical University of Munich, the Hong Kong University of Science and Technology as well as the Harbin Institute of Technology. The Company has also conducted close exchanges and explorations with nearly 20 leading scientific research enterprises within the

industry in order to build a team of technology talents to realize rapid upgrade of technological capabilities in areas of data science, drones, automatic driving and robots, to fully enhance corporate organization capabilities, and to promote implementation and application of scientific research technologies in real business scenarios. In addition, more than 20 top-notch experts and professors from renowned academic institutions, such as Stanford University and New York University, were invited to deliver lectures or exchange ideas with the Company for joint exploration in areas of innovation and research of smart logistic technologies, so as to accelerate the pace of building smart logistics infrastructures.

Technology: In 2018, SF Holding continued to enhance investment in research and development in areas such as big data, artificial intelligence (AI), precise map service platform, drones, automated operations and intelligent hardware. As of the end of the reporting period, SF Holding had a total of 1,645 patents and 649 copyrights awarded or under

application, ranking No.1 in the number of patent applications in domestic express delivery industry, with patents covering core and breakthrough areas of logistics such as drones, smart sorting, big data application, smart logistics network building, automatic driving as well as packaging and fresh-keeping technologies. The application and breakthroughs of technologies have strongly promoted the Group's operation advantages in corresponding logistics segments.

Major projects of smart logistics include:

1. Big data and blockchain technology application

(1) Big data ecosystem construction

SF Holding, through years of in-house research and development, has established a complete big data ecosystem as the "glue" of its aviation network, ground network and information network. As of December 31, 2018, SF Holding has completed the construction of platforms for data collection and synchronizing, data storage and integration, data analysis and excavation, machine learning and data visualization etc., covering various data sources including finance, markets, human resources, customers, Internet of Vehicles (IoV) and Internet of Things (IoT), with the amount of business data collected surpassing 30PB level and the amount of average daily calculation surpassing 1PB.

In establishing the base levels of the platforms, SF Holding has integrated big data and AI, using them widely in business areas such as delivery, warehousing, transportation, cold chain, pharmaceutical, international and financial business. Constructed big data products and systems include smart management platforms, smart decision platforms, IoT real-time monitoring platforms, smart warehousing systems and DATA BEACON. In particular, the big data platforms and products have been successfully endorsed as a project of the Smart Logistics Big Data Engineering Research Centre (智慧物流大数据工程研究中心) under the Development and Reform Commission of Shenzhen, while the DATA BEACON has been successfully selected as the "2018 Demonstration Project for Pilot Development of the Big Data Industry (2018年大数据产业发展试点示范项目)" of the Ministry of Industry and Information Technology (MIIT).

(2) Blockchain technology application

SF Holding has incorporated blockchain technology application in various logistics scenarios. For example, in respect of tracing the source of pharmaceuticals, based on GS1 coding standard, a full-chain tracing of pharmaceuticals is realized to ensure the quality of pharmaceutical products by integrating cold chain transportation business and pharmaceutical warehousing; in respect of intelligent agriculture, blockchain and IoT technologies are used to manage the entire life-cycle data of agricultural products to ensure food safety, and are combined with the application of big data technology to help farmers reduce cost and enhance quality of agricultural products; in respect of cross-border source-tracing, by adopting the new model of bonded warehouse together with community retail, a new model of customs clearance is created to greatly reduce the time for customs clearance of products, etc. In 2018, SF Holding was awarded the honor of "10 Best Cases" for

end-to-end pharmaceutical source system based on GS1 code and blockchain technology as well as the honor of "10 Best Enterprises" in blockchain application and innovation granted by the China Federation of Logistics and Purchasing.

2. AI smart decision-making

(1) Machine learning and planning optimization

1) Intelligent network and route planning

SF Holding has already built a versatile system consisting of comprehensive network and route planning algorithm that can beautifully applied in various business scenarios. This system, integrating models of network design, route planning, resource optimization and random simulation, helps improve the timing serve level and reduce cost in transportation. These are mainly reflected as follows:

① The network design and resource optimization models output network structures based on location-based information(e.g. address, warehouse, hub, etc.) and various key indicators to meet customized demand. For example, in the gateway hub case, the network and route planning system optimizes the partition load based on integration of inbound and outbound flows, location allocation optimization, and warehouse inventory optimization so that collection and distribution is more efficient.

② The location allocation and route planning models can be used to design optimal transportation routes, especially for intra-city instant delivery which requires to manage large number of orders during peak hours with tight timeliness. Through this model, large-scale decentralized transportation routes will be generated, satisfying the dynamic routing and tight timeliness requirements for intra-city instant delivery. Moreover, this model can be flexibly applied to products of other industries or in cooperation with external customers to formulate customised solutions under special scenarios.

2) Business demand forecasting

Precise and efficient business demand forecasting is one of the core fundamentals in transition from traditional decision-making to smart decision-making of the logistics industry. It is difficult for traditional demand forecasting models to support the business needs of SF Holding because of issues such as low precision, slow speeds and ineffectiveness when attempting to solve service point demand forecasting problems relating to holidays, the effects of multiple business periods, complicated growth trends, and seasonal product effects.

SF Holding, combining deep learning, machine learning and time series forecasting technology, has built a business demand forecasting system highly compatible with characteristics of the logistics industry to create business forecasts on hourly, daily, monthly and other dimensions, and covered product, flow direction and traffic. This service has been used to support business scenarios such as manpower input, smart scheduling and peak demand instruction and scheduling to help resource allocation and enhance better match of resource investment with business cycles, so as to reduce costs and improve efficiency.

3) Site selection programming

In the logistics industry, selecting appropriate location of operation centers is crucial to the efficiency and operation cost management of the entire logistics network. Traditional site selection of the logistics industry is carried out with manual calculation and experience-based reasoning, whose shortage can be insufficient support by data and logic, poor performance on scientific decision-making, labor intensiveness and being time-consuming.

SF Holding has established a site selection planning system for the logistics industry by using big data, operation research algorithms, machine learning technology in light of constraints in actual business scenarios, fully considering various factors such as time-efficiency of express delivery, site rentals, transportation costs, construction costs and business volumes, solved difficulties such as site selection planning for distribution hubs, access hubs and local hubs. In issues of site selection for other external customers, this system also has very high reapply value as it can be applied to different industry scenarios. Meanwhile, the system also develops a complete data display monitoring system through which details of site selection plans with site layout can be seen at a glance in the form of visual display, and real-time monitoring can be carried out after the plan is implemented, thus reducing consuming of manual labor as in traditional site selection approach improving the operation efficiency of the enterprise.

4) Smart staff scheduling

Smart staff scheduling aims at optimizing the staff management by creating a platform that can make all the staff and shift related information accessible online, 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 will be more optimal and flexible and resource input will be more scientific.

SF Holding combines the attributes and management characteristics of various positions within the company to build a universal, multi-position online management platform. Its core functions include forecasting customer demands and the demand for staff, weekly/monthly scheduling recommendations, next-day shift management and human resources utility assessment analysis based on business characteristics and for management purpose, aiming to achieving precise tasks and working hours management, providing data basis to optimize and improve operational process as well as scientific support for management decision implementation, thereby enhancing service quality.

(2) AI recognition

1) "AI assistant" voice recognition

Based on technologies such as ASR, the "AI assistant" researched and developed by SF Holding has provided complete solutions to improve efficiency and lower costs in the vertical scene of the logistics industry. For example, in customer service scenario at the 95338 call centre, the smart voice interactive

and heuristic conversation design is adopted to replace human customer service to accurately identify customer intentions, obtain crucial information for deep purification, and interact with customers in natural language without interference of human customer service, while ultimately satisfying the needs and solving the problems of users, forming a complete service closed loop. The success rate in ordering of "AI assistant" is equal to that through human customer service, and each phone call consuming 55 seconds on average which is only half of the time required by human customer service, while the efficiency ratio improves by onefold. It has not only brought more intelligent and personal service experience to customers, but also significantly increased the service efficiency of human customer service and reduced service cost. Embedded in the smart Bluetooth headset "Xiao Feng", a wearable equipment, "AI assistant" has customized capability of "voice instruction interactions" targeting the daily collection and delivery operation of the logistics industry, and can accurately identify the operation instructions from the couriers and assist in handling daily collection and delivery work, greatly reducing the workload of the couriers and enhancing the overall work efficiency.

As of December 31, 2018, "AI assistant" has been launched online for proof of concept at various call centres, with 100% coverage in Shenzhen region, and the online test has conducted in 14 cities including Beijing, Shanghai and Guangzhou.

2) Image recognition

① Text recognition

The OCR platform have integrated several Chinese character recognition applications including handwritten paper delivery order, identity card, business license and general photographic recognition. These applications can recognize specific handwritten or printed text lines by photos in different complex backgrounds, which help dramatically improve the efficiency of manual inputting work. At present, the platform has been applied for long-term use in 11 internal projects within the Company.

② Traffic information recognition

Traffic information recognition is the project for collecting traffic information of road and district area automatically during the parcel delivery process. Several sub-projects are included, such as traffic sign detection and recognition, traffic lane detection, district building name detection and shop layout detection. Traffic sign detection and traffic lane detection can not only be integrated in the driving assistance system, but also can be utilized in route planning and help vehicles to make decision in finding suitable routes. District building name detection and shop layout detection, on the other hand, can be used to collect several information include district name, building number, shop name and more. At the same time, the calculation of GPS information within a deviation of 30 meters will automatically accomplish the map labeling work.

3) Computer vision

SF Holding integrates application of computer vision, deep learning and other technologies to analyze video and pictures relating to cargoes, staff and vehicles in logistics scenarios, detect the working status of staff, track the trajectory of cargo vehicles and predict abnormal behaviors, thus realizing smart management and deployment of staff, vehicles and venues while effectively preventing damage to cargoes and improving the efficiency of site operation. The overall solution includes components such as smart object loading rate measurement, operation behavior detection, cargo volume measurement, and X-ray detection of illegal and prohibited items. Through breakdown of different business scenarios, contents captured by the surveillance video will be analyzed automatically for classification, detection, tracking and temporal sequence understanding, etc. to eliminate information blackholes in smart logistics.

AI Argus (慧眼神瞳), is the first domestic Intelligent Video Analysis (IVA) industry product independently researched and developed by SF Holding for the logistics industry in China. It can monitor various types of violence and non-compliant operations in operating sites on real-time as a result of effectively reducing the probability of damaged and lost items. It provides base data for the entire network including loading rate detection, vehicle scheduling, transportation capacity monitoring and staff efficiency analysis. Continuous feedbacks like real-time loading rate data of all vehicles in respect of express delivery and express transportation trunk/branch routes promote the optimization of transportation capacity and cost. AI Argus could standardize the business process management and 6S management in the field of the entire network and eliminates management blackholes.

The LPSS (Loading Procedure Structuring System), in particular, automatically features vehicle license plate recognition, vehicle arrival/departure time starting and ending event detection for loading and unloading, instant volume loading rate and staff efficiency analysis through analyzing the monitoring screen of cameras at the loading and unloading ports. LPSS enables digital recovery of the business scenarios at ports and provides supporting fundamental data on vehicle deployment, transportation capacity monitoring and staff efficiency analysis of the whole network to decline cost and enhance efficiency. The VAPD (Violated Action Pattern Detection) is the algorithm entity for the employees in the logistics industry such as sorting center and distribution center that can assure package is transported in a standard manner. After deploying AI Argus, the venue data show that the number of damaged items in express transportation dropped significantly by as high as 46%, and stabilized in a low-level range with no abnormal fluctuations.

3. Smart logistics map

SF Holding is constructing a future AI-oriented smart logistics map based on GIS technology integrating with big data and AI technology. Based on accurate address, high-precision map and location decision, the SF Map has provided smart location decision service more tailored to logistics scenarios. In the area of accurate address service, SF Map leverages on big data of geographical information in daily average volume of hundred million and the core technological advantages in the self-developed 18-tier Chinese address phrases to create an accurate smart address service platform. The accurate address service platform utilizes accurate address matching services such as two-way geographical code, address association, address correction and address reachable system to assist users in completing address input and enhances the standardization level of addresses. In the area of high-precision map service, SF Map focuses on the planning of walking and cycling routes for the "last mile" and the breakthrough in truck navigation, predicting the required time, mileage and planned routes for logistics according to different freight transportation capacities to enhance the due delivery efficiency of logistic distribution. In the area of location decision service, SF Map supports GPS, Beidou Navigation Satellite System (BDS), Wi-Fi and base-station fusion location positioning (FLP) to provide a range of LBS logistics management decision-making services. In the smart routing distribution service, the routing data support is provided for order scheduling, pre-sorting, transit sorting, and collecting frequency with high precision system accuracy. Currently, smart logistics map manages a daily average volume of 560 million location data for delivery persons and 1300 km of ground route data; the daily request volume for cloud service has reached 270 million, and daily request volume for terminal SDK has surpassed 500 million times.

With the penetration of SF Map into all segments of logistics, including placing order by customers, smart deployment, transit sorting, planning and transportation, terminal delivery and operation management, SF has constructed a smart logistics map service platform. Generation change in operation has created the first logistics map service product of industrial grade in China which has become the infrastructure for construction of SF's digital and smart facilities.

Outside the SF's logistics scenario, SF Map opens the logistics precision map service platform to cooperative partners of the SF Group to promote digital and smart development of supply chain and retail business in the vertical segments of petroleum, tobacco and finance. In the areas of public security, fire services, emergency instruction and urban management, map data fusion technology and accurate address service

are provided to help government authorities better manage and operate map data by linking up data islands to enhance government decision-making capabilities, providing map technology support for construction of new-style smart cities and related areas.

4. Automatic sorting equipment

SF Holding has fully developed its own research and development capabilities with smart automatic transit sorting as the breakthrough point. Through deployment of automatic sorting devices in express delivery, 24-hour continuous high-speed processing of parcels has been achieved, which has effectively enhanced the venue processing capabilities, reduced the rate of sorting error and improved service quality.

With the aid of AI technology in the automation area, it brings not only changes in concept, but also challenges of actual machine intelligence against traditional unmanned operation.

At present, SF Holding targets at the demand for various types of sorting capabilities in different business scenarios, and has developed the low-cost and high reliable moderate speed push arm sorting system, balance-wheel sorting system and carbel sorting system to realize completely independent research and development from hardware design, structural design to control algorithm and system software, which have been deployed in the transit depot for large-scale operation. The balance-wheel sorting system, in particular, has implemented trayless automatic sorting of mixed small parcels and single delivery items, which is a leading technology in the industry.

Meanwhile, SF Holding keeps ongoing model innovations, with its high-structure automatic sorting project for use in heavy cargo sites, which is the first in China, put into operation. Through realizing an unmanned sorting process for the entire workflow of heavy cargoes, both manual strength and labour cost of operators have been reduced, filled the gap in area of automated technology application in the domestic heavy cargo sorting segment and maintaining the Company's benchmark position in the industry.

5. Smart hardware

(1) Smart Bluetooth headset

The Bluetooth headset "Xiaofeng" is a wearable smart equipment customized for the working scenarios of couriers, and supports voice wake-up and voice instruction interactions. The built-in voice assistant of "Xiaofeng" can identify the voice instructions from couriers to assist them in handling daily collection and delivery work. The chip-level solutions with high wake-up rate and low power consumption coupled with the excellent battery capacity can support the couriers for a whole day of tough work. Without replacing current hardware, the AI assistant can constantly upgrade through OTA and continue to provide couriers with more intelligent experience.

"Xiaofeng", equipped with the AI assistant, can not only liberate the hands of couriers, greatly enhance their daily working efficiency, but also improve data collection for operation at the collection and delivery end and promote digital transformation of SF Holding. At present, the Bluetooth

headset "Xiaofeng" has entered into the mass production phase, with the first batch of orders in the rolling delivery process. High frequency activities of the couriers such as making phone calls, transferring orders, and checking orders will be reduced from the 8-step manual operation to 1-step of voice-activated instruction, hence work efficiency has been significantly enhanced.

(2) Smart hand-held terminals

The seventh-generation smart hand held 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 cargo. The high extending capability and compatibility of the terminals allow them to support front line and second-line employees in accessing peripherals, which are highly compatible with business needs while allowing on-demand configuration. In addition, the terminals' features include industrial-grade security standards, updated designs, and convenient human-machine interactions.

Currently, SF Holding has already completed the promotion and implementation of over 100,000 HHT7 throughout the entire network. Compared with the sixth-generation smart hand-held terminals, there are several upgrades and improvements including in mobile internet comprehensiveness, high speed mobile scanning, and operating system optimization. Meanwhile, the accessories adopt compatibility design that saves R&D and certification costs while reducing management.

(3) Smart locks

The smart locks independently developed by SF Holding can decrease the level of investment in traditional disposable car seals and mechanical padlocks, allowing keyless management, energy saving and environment protection while reducing operating costs. Meanwhile, as carriers of data, smart locks enable seamless connection of express mail routing information. By being able to lock and un-lock delivery vehicles, the goals of digitizing task transfer, standardizing processes and improving operation efficiency can be achieved. Currently, the research and development of constant temperature and low-temperature smart locks have been completed and the products are promoted for application in the entire network.

6. Logistics drones

SF Holding has a comprehensive plan for massive deployment of logistics drones for commercial purposes. It aims at building a standard management system for the R&D, flight-testing, and operations of logistics drones under various complex scenarios to complement the existing transportation capacity of the company and extend service coverage. Logistics drones are expected to carry out transportation tasks across mountains and rivers, achieve point-to-point transportation and even asynchronous handover, and resolve transportation challenges in various special scenarios. The independent UAV R&D team has mastered the core technology of logistics drones and been granted over 300 patents, approximately 50% of which are invention patents, covering drone design, cloud platform, operation management, and other logistics drone development

and application-related fields. These outstanding achievements include two models of drone -- multicopper and VTOL fixed-wing drones, core avionics systems, ground control systems, and communication systems. On the production side, through cooperation with domestic and foreign advanced drone manufacturers, SF has produced a variety of civil drones with different loading capacities and flight distances for different geographical locations and operating scenarios.

Based on its practical application of logistics drones, SF Holding explores new business and transportation models, such as farm fresh delivery and regional specialty products distribution. Currently, SF Holding is using logistics drones to perform pilot distribution services in Nankang District, Ganzhou City, Jiangxi Province. Besides, the drone network has a positive role in promoting army-civilian integration. For example, the daily guaranteed distribution of emergency items in special scenarios such as islands, high mountains and military posts, can be achieved by drones.

The Company hopes to connect its aviation logistics networks to the trunks and feeders of its hubs through logistics drones, providing aviation network coverage for cities categorized as third-tier and below, thus greatly improving logistics efficiency. In the near future, express parcels are expected to arrive at any places throughout the country within 36 hours by a three-segment air transport network inter-woven by "Mainline cargo freighters+ Trunk to feeder large UAV+ End delivery small drones", covering complex terrain and remote areas.

Historical development of SF logistics drone:

In June 2017, the application of demonstration airspace for logistics drone operation that filed in conjunction with the government of Nankang District, Ganzhou City, Jiangxi Province, was officially approved. It was the first-ever of its kind granted in China that was jointly promoted by enterprise, regulatory agencies, and local governments.

On June 29, 2017, the first operational flight was carried out in the approved airspace.

In October 2017, SF became the first domestic pilot enterprise with legal business operations approved by CAAC, and the only enterprise delegated by Civil Aviation Administration of China (CAAC) to develop the Logistic Drone Industry Standard.

On March 27, 2018, the East China office of the CAAC (中国民用航空华东地区管理局) awarded Jiangxi Fengyu Shuntu Technology Company, Ltd. (江西丰羽顺途科技有限公司) China's first drone operator (pilot) license. This means that delivery using logistics drones has entered a legal operations stage in China, which is a milestone in the development of China's logistics drones.

On November 6, 2018, SF Holding released the Ark drone which features a # -shaped eight-rotors layout. The Ark drone is suitable for median to short distance terminal distribution business, and the large warehouse capacity meets more demand for transportation tasks.

On November 15, 2018, SF Holding's drone express delivery connection cabinet was officially applied in Nankang, Ganzhou, which means that SF's logistics drones can achieve fully automated operation.

7. Digital warehousing

As a major part of digital SF, SF Holding has realized online warehouse core segment operation through upgrading and updating its warehouse system, tools and management practices to promote regulated and standard operation; and enhanced the overall digital operation level, management capability and operational efficiency of SF warehouses through precipitation of data and their intensive use in visualization and operation optimization. As of December 31, 2018, SF Holding has promoted digital warehousing in 64 core e-commerce warehouses.

On the basis of digital warehousing, the automatic operating capabilities of SF warehousing was enhanced through the introduction, integration and application of automated equipment. As at the end of the reporting period, online pilot operation of 4 automatic/semi-automatic benchmark warehouses had commenced in Tianjin, Suzhou, Chengdu and Quanzhou, laying an initial foundation for modernized warehousing in SF and assisting SF to become a technology-driven supply chain company.

8. Smart packaging

SF Holding is committed to the research, development, and application of sustainable packaging. It has established a sustainable packaging recycling system and smart system to create a sustainable packaging research, development, and testing center with industry influence.

Currently, the Company is building the first smart packaging platform in China to accelerate the unification and standardization of the express logistics industry's packaging categories, enhance the industry's packaging material production and processing efficiency and decrease resources waste due to excessive packaging. Meanwhile, the Company has established a packaging laboratory to quantify the physical and chemical properties of the express delivery and logistics environment and packaging materials used in express delivery, so as to provide scientific basis for the quantitative design of express packaging, and ultimately optimize the design with a parametric design platform. In addition, the building of the carbon emissions evaluation system has provided integrated calculation solution for carbon footprint design along the whole industry chain of the express logistics industry, and serves to collect relevant information data of the express logistics industry for analysis and statistical purpose, thus providing a scientific basis for the Company's evaluation of its green packaging and contributing towards China's environmental protection standards.

As of the end of the reporting period, “Feng Box,” the reusable packaging box researched and developed in-house by SF Holding, has put into pilot application in 13 cities including Shenzhen, Guangzhou, Shanghai, Dongguan, Beijing, Suzhou, Hangzhou, Tianjin, Nanjing, Jiading, Chengdu, Changsha and Changzhou. Meanwhile, green packaging services which can be reused for 50 times are provided to some of the large key customers of the Company.

9. Information Security

In 2018, SF Holding set legal compliance as basic principle of its information security, and followed the national standards under the Information Security Technology – Personal Information Security Specification and the EU General Data Protection Regulations (GDPR) and other laws and regulations. A great extent of transformations and safety functions development had been done in the process of data collection, transmission, saving, processing, exchange and deletion so as to meet the legal and regulatory requirements in jurisdictions where SF Holding carried out its business. Meanwhile, we insisted that system security is centered on user data security, so we upgraded the operating system by integrating the intrusion detection system, improved the network attack defense system at the network layer, and transformed the software function at the application layer to reduce users’ access to customer data, as well as explored abnormal blocking defense system based on big data intelligent analysis based. Combined with the development of a security operation management platform, we had enhanced our security operation and maintenance, security monitoring, event analysis early warning, and emergency response efficiency to continuously verify and optimize security defense methods. Through the combination of procurement of secure hardware and software products and independent research and development of security tool platform, SF Group has not only already established its comprehensive and complete information security protection system, but also achieved an advanced level among the peers in the technical security log platform, big data desensitization platform, automatic test platform for application security and other technical aspects. It has developed close technical exchanges and product cooperation with well-known domestic real estate companies, telecom operators, automobile manufacturers and Internet banks.

On October 29, 2018, SF Technology obtained the ISO27001:2013 standard certification issued by DNV. This certification was approved in the third year after the first certificate was issued on November 16, 2015. Continuous improvement on this certification indicates that SF Holding has maintained the international standards for the safety development and operation and maintenance of information systems, and its daily work is in line with the best practices of information security management and protection. In addition, SF Holding effectively fulfills its security obligations as a network operator. We make annual network security level protection filings for five major systems --online business systems, core operating systems, portal systems, financial management systems and human resources management systems, and carry out the second- and third-level evaluation work according to the Basic Requirements for Classified

Security Protection of Information System. The fact that we passed the evaluation of and obtained the certification from relevant regulatory authorities in succession is an important manifestation of SF Holding’s implementation of the safety level security system and fulfilling the safety protection obligations.

In recent years, SF Holding has been striving and practicing in the security field. We have co-established a “blacklist” of national credit information sharing platforms for three consecutive years since we became one of the first batch of corporations to sign and join the anti-“credit manipulation” alliance organized by the National Development and Reform Commission in 2016, thereby to provide valuable experience to the integrity and healthy development of the industry. At the same time, as a representative of the logistics industry, we participate in the network security standardization technical review organized by the National Information Security Standardization Technical Committee, covering blockchain technology, artificial intelligence technology, and network security situational awareness. SF Technology, a member of SF Group, is also the first express logistics company in Greater China to become a member of the Cloud Security Alliance, participating in the development of CSA STAR Tech Cloud Computing and Big Data Product Security Technical Standard. (《CSA STAR Tech 云计算与大数据产品安全技术标准》). This is the affirmation and trust of the government and industry for SF Holding’s information security, and also a testimony to SF Holding’s role in the information security industry.

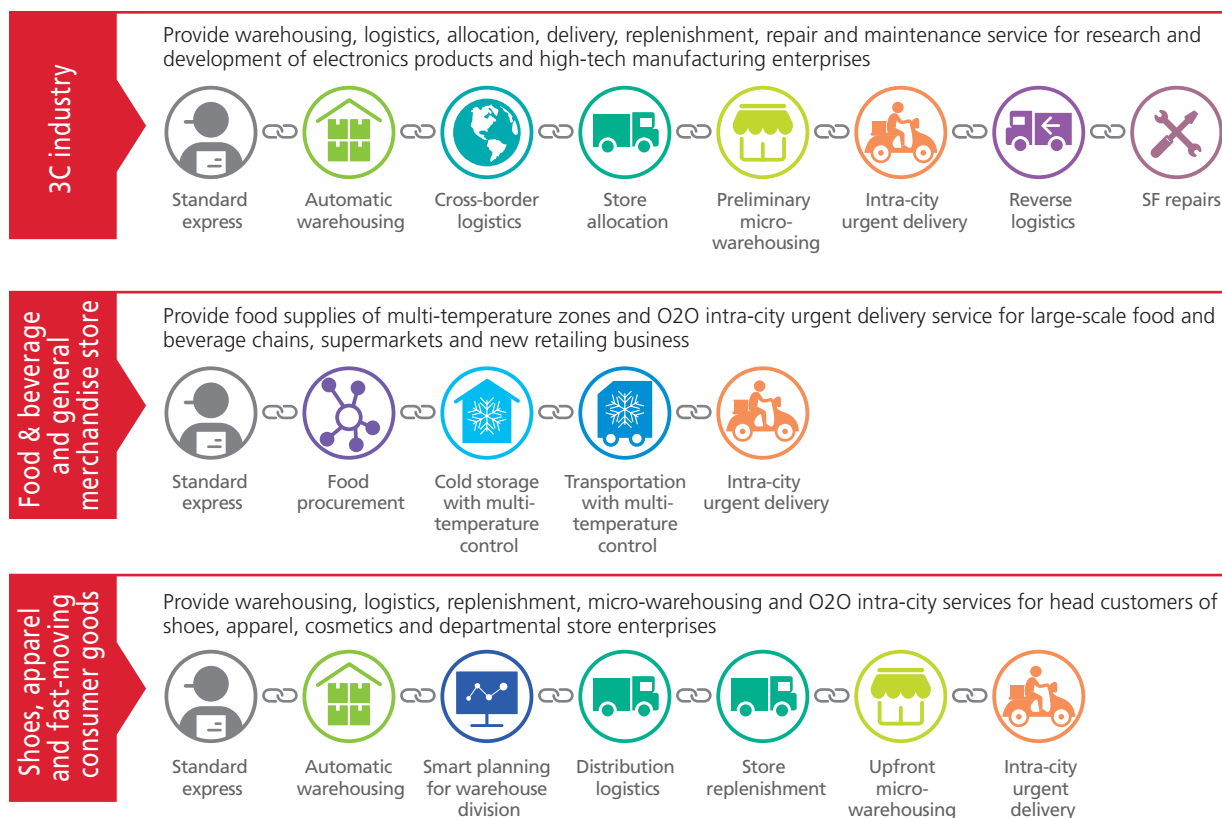
The *Implementation guidelines for Classified Security Protection of Information System in Postal Industry* (《邮政业信息系统安全等级保护实施指南》) issued by the State Post Bureau on July 23, 2018,, together with the *Grading guidelines for Classified Security Protection of Information System in Postal Industry* (《邮政业信息系统安全等级保护定级指南》) issued on June 11, 2015 and the *Basic Requirements for Classified Security Protection of Information System in Postal Industry* (《邮政业信息系统安全等级保护基本要求》) issued on November 2, 2016, are three major industry standards for security protection of information system in postal industry. Such three industry standards are of great significance for improving the security and prevention capabilities of the postal industry information system, implementing safety responsibilities, and strengthening safety supervision. SF participated in the drafting and formulation as an enterprise representative, and contributed its own experience to improve the information security level of the industry.

SF Information Security Forum breaks the barriers among the information security industry peers and builds a new security ecosystem through openness, cooperation and sharing. Since its first session held in 2017, SF Holding has held its Information Security Forum for two sessions successfully. With participation by the Office of the Central Cyberspace Affairs Commission, the State Post Bureau, national academicians in security field, security experts of domestic major enterprises and other relevant personnel, the Forum gradually established the Information security of SF Holding as the benchmark in the industry. On August 8, 2018, SF Holding held its second Information Security Forum in Shenzhen. SF Holding released the new privacy protection product--“hidden address”

and shared valuable experience in security operations and technology. During the Forum, the “Fusion” information security alliance consisting of 11 members, including SF Holding, Ping An Technology, Vanke, Tencent Cloud, Vipshop, Shentong Express and Yunda Holding, barriers lifted the Chinese walls of its members through sharing of best security practices and integrating thoughts among enterprises to

jointly fight against illegal internet activities. Together with government regulatory authorities, enterprises and individuals, SF Holding actively promotes the construction of an information security ecosystem, and works closely with all sectors to pool resources and work together to actively contribute to creating a harmonious and orderly cyberspace environment.

(II) Efficient integrated capabilities of industry solutions



With the gradual evolution from mobile Internet to IoT technology and the rapid arrival of industry 4.0 and the omni-channel new retail era, the original traditional supply chain of enterprises must respond to the advent of digital economy through changes, transformation, innovation and optimization. SF Holding focuses on creating solution+ services at the right time under right situation, striving to become an integrated solution provider based on SF's DNA and driven by data and technology to remold the supply chains and provide multi-scenario products for enterprises.

Solution+ will be driven by technologies and data and based on SF's DNA genes to create a digital and modular one-stop smart supply chain management platform. Such platform will, on one hand, acquire and automatically analyze in real time data such as demand, flow process, production, products and services through digital technologies (IoT, big data and AI) and realize automatic response from the supply chain system; on the other hand, through condensing products and flow process in modules to realize flexible combinations among modules, the platform can support customized solutions for head benchmark corporate customers as well as realizing flexible and fast implementation and large-scale promotion of standardized products for general corporate customers. Solution+ converts technological capabilities into customer value and empowers customers through provision of better supply chain solutions and services to customers to improve their supply chain management capabilities, reduce the cost and risks of their supply chain and enhance their user experience, which will in turn increase the revenue, lower the costs and enhance the efficiency of customers, thus enabling value creation for customers.

Solution+ can provide customers with services at three levels, including the provision of supply chain operation and implementation management, tactical plans and optimization, and strategic planning. More specifically, these include: 1) On the basis of SF's express delivery DNA and technology framework, SF has practical experience and capabilities in large-scale smart operations, mobile equipment internet-of-things and visualization of the whole logistic chain, and is capable to provide customers with management services for operation and implementation, to realize the visualization, collaboration and information sharing along the whole supply chain of customers and to attain the best equilibrium between user services and costs for customers. 2) On the basis of the practical capabilities gained from SF's huge data volume, big data processing, computation practice and machine learning, supply chain tactical plans and optimization services may be provide to customers for helping customers to upgrade the supply chain system. 3) With industry knowhow and business practices, SF enables to provide supply chain strategic planning services and help to build a supply chain strategy system with differentiation, efficient synergies and win-win solutions along the whole supply chain, for helping the customers to realize perfect user experience and create competition barriers.

At present, the Solution+ center is focusing on the creation of products such as extremely fast trunk route, perfect store matching, extremely efficient warehouse allocation, and extremely efficient upfront. These products will satisfy user demand under different scenarios from customers of different industries, and may be further customized according to requirements. As at the end of the reporting period, SF Holding has provided integrated solutions for the following industries, including but not limited to:

3C industry: At present, the growth of traditional industries represented by mobile phones, note books and digital cameras has slowed down and competition becomes more intensive, large manufacturers demand logistic or supply chain providers to enhance quality, reduce cost, adjust channels to mass-market level and go global. SF Holding leverages on the network advantages of its own 3-in-1 network and the technological advantages of big data and artificial intelligence to help customers in creating end-to-end comprehensive personalized supply chain solutions, realizing a closed-circuit for finished product logistics of the 3C industry, assisting customers to build logistic platforms for capital funds and after-sales services, and assisting customers to create an efficient supply chain system matching precisely with their strategic intention.

General merchandise store and food and beverage industry: SF Holding relies on abundant network resources, combined with the technological capabilities of big data, artificial intelligence and the research and development center of warehousing, to create a digital and convenient food and beverage supply chain system for customers to actualize putting the right merchandise at the right time in the right place, together with the construction of a new retail OMS-WMS-TMS smart visible management platform

with intra-city logistics, so that supply chain synergies and "everything online" at the management level can be realized, with sales forecast, smart replenishment and smart purchasing at the expanded channels, inter-connecting flows and precise marketing at the sales level.

Apparel industry: The apparel industry is a highly competitive traditional industry. In 2018, SF Holding focused on assisting traditional apparel branding enterprises in full-channel transformation, and redefining the digital supply chain based on end-to-end online and offline integration of consumers. Firstly, starting with fully digitizing and upgrading the inventory management system, comprehensive management is provided for launching, distribution, replenishment and promotion of products to customers, and significant improvements in the conversion rate of offline stores and product acceptance experience of online customers have been achieved. Secondly, uniform management for sales through all channels will be realized by implementing digital management for D2R online and offline stores of the apparel industry, refining customer images as well as through online and offline integration.

SF Holding has provided services for supply chain integrated solutions to several international and domestic renowned shoes and apparel brands through the Solution+ services, together with various advantages of SF Holding in network distribution, technological capabilities and industry knowledge, a good reputation has been built up in the industry.

Fast-moving consumer goods industry: The fast-moving consumer goods industry has the characteristics of massive general consumers, high frequency of consumption, complicated sales channels and high requirement for convenience. In recent years, particularly in e-commerce where time-sensitivity and quick response are service features, the proportion of sales has been increasing, particularly in the cosmetics industry. Time-sensitivity coincides with the comprehensive network layout of the SF network, precise user image and marketing needs coincide with SF's big data and artificial intelligence capabilities, therefore SF has successfully gained business from some world class fast-moving consumer brands and has become their provider of supply chain comprehensive solutions.

In addition to industry solutions, SF Holding also provides a series of solutions for small and micro enterprises. Its objective is to incorporate customers' business scenarios to extend the express delivery services and provide more comprehensive quality services and experience to more customers. Those series of solutions help enhance service efficiency and experience, augment user loyalty, increase business revenue, create effective user profiles through big data analysis, optimize allocation of industry resources, and create a win-win supply chain ecosystem by adopting smart logistic technology measures.

Credit card and mobile phone card delivery project solves the pain points of financial industry and communication industry at the source, provides smart and efficient terminal supply chain solutions, optimizes all segments of operation,

reduces operating costs, enhances customer satisfaction and increases customer loyalty. Meanwhile, encrypted processing of acknowledgment of receipt is available to protect the customers' information security and the level of user satisfaction has increased significantly as a result.

The mall redemption project offers convenience to staff, and increases the delivery modes for flexible redemption of gift cards and coupons to solve the problems of single redemption method for traditional gift cards and coupons, inconvenient redemption channel, time consuming redemption process, lost easily and difficulty to master commercial warehousing management. Online full-process solutions are provided to customers connecting all three parties comprising merchants, gift coupon printers and SF Holding. Staff only need to scan the online QR code on gift cards and coupons to accomplish the gift redemption online and place an order, then the merchants will receive the order online and deliver the product through the system, and the product will be delivered to the staff through SF Holding. The gift card and coupon redemption solution is widely used in the food industry and on the e-commerce gift redemption platform, and has been promoted in many regions. This solution creates a new business scenario for the industry, reduces the operating cost of customers significantly, brings better quality service experience to enterprise staff and has received commendations from both enterprise staff and customers.

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

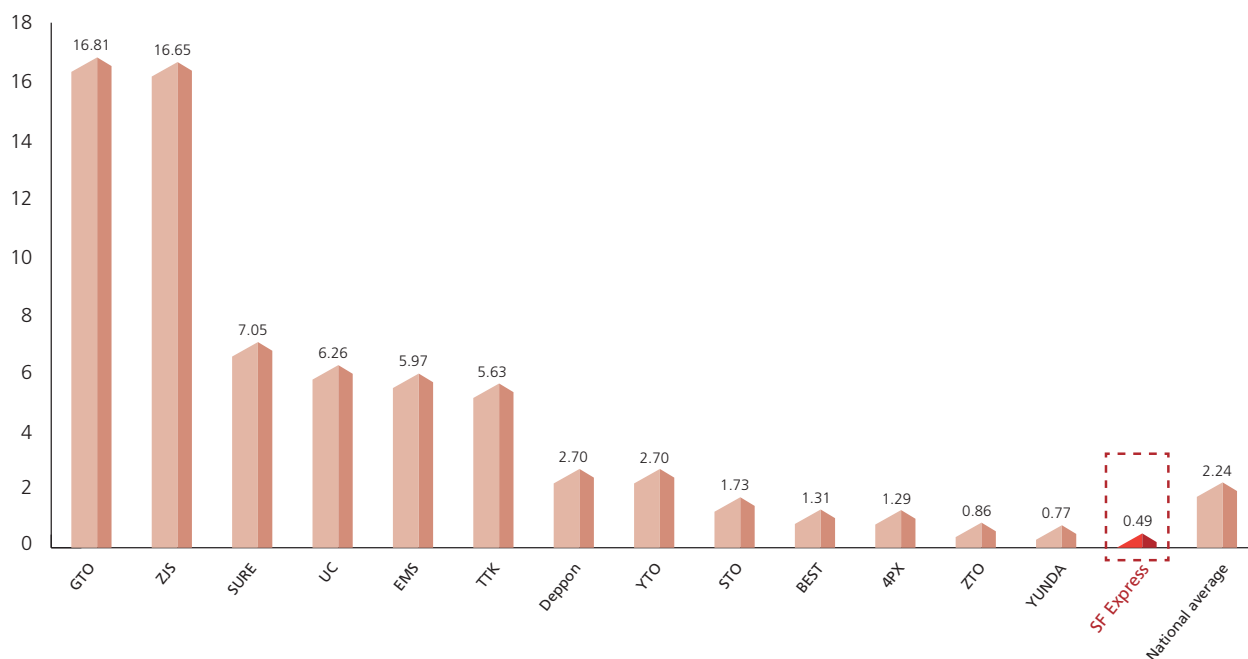
1. Top ranking in customer satisfaction for 10 consecutive years

According to the "2018 Express Delivery Service Satisfaction Survey" issued by the State Post Bureau, S.F. Express ranked No. 1 in "Overall Satisfaction of Express Delivery Enterprises". SF Holding has topped the ranking for ten consecutive years since the State Post Bureau began announcing the rankings for the first time in 2009.

2. Complaint rate is maintained at a level lower than industry peers

According to the data in the *Notice on Customers Complaint in Post Industry* (《邮政业消费者申诉情况通告》) published by the State Post Bureau monthly, in 2018, SF Holding's complaint rate was 0.49 case (number of valid complaints per million parcels delivered), which was far below the national average of 2.24 cases. Since the State Post Bureau began issuing the complaint report, SF Holding has been maintaining the lowest complaint rate as compared to its domestic counterparts in the express delivery industry.

Monthly Valid Complaint Rate



Note: The monthly average valid complaint rate is a simple average calculation based on data in the *Notice on Customers Complaint in Post Industry* (《邮政业消费者申诉情况通告》) published by the State Post Bureau monthly.

3. The only express delivery company nominated for the China Quality Award

As planned by the central government, the National Bureau of Quality Inspection is responsible for the organization and implementation of the China Quality Award, which is awarded every two years, with the presentation of Quality Award and Nomination Award. In 2017, the National Bureau of Quality Inspection hosted the third China Quality Award; SF was the only company in the private express delivery industry that was successfully selected and received a Nomination Award.

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

In February 2019, the State Post Bureau released the "2018 Express Delivery Service Punctuality and Timeliness Test Results," which evaluated the nine 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 six consecutive years since the State Post Bureau first announced entire process rankings for express delivery in 2013.

5. SF enters the BrandZ Top 100 Most Valuable Global Brands ranking for the first time

On May 29, 2018, WPP, the biggest communications group in the world, and Kantar Millward Brown announced the list of ranking for "2018 BrandZ Top 100 Most Valuable Global Brands" in London, UK. SF entered in the ranking list for the first time. The ranking list shows that 15 Chinese brands (including one brand from Hong Kong) entered the Top 100 list in 2018, almost 300 media, including Yahoo, Business Insider, MarketWatch and Business Review, reported the event at the same time.



The ranking list of 2018 BrandZ Top 100 Most Valuable Global Brands showed that Google maintained its top ranking, followed by Apple. These two brands were valued at more than USD300 billion. 55 of the companies in the Top 100 were American companies, and 15 Chinese brands, including Tencent, JD, Maotai, Huawei, Baidu and SF, were among the Top 100.

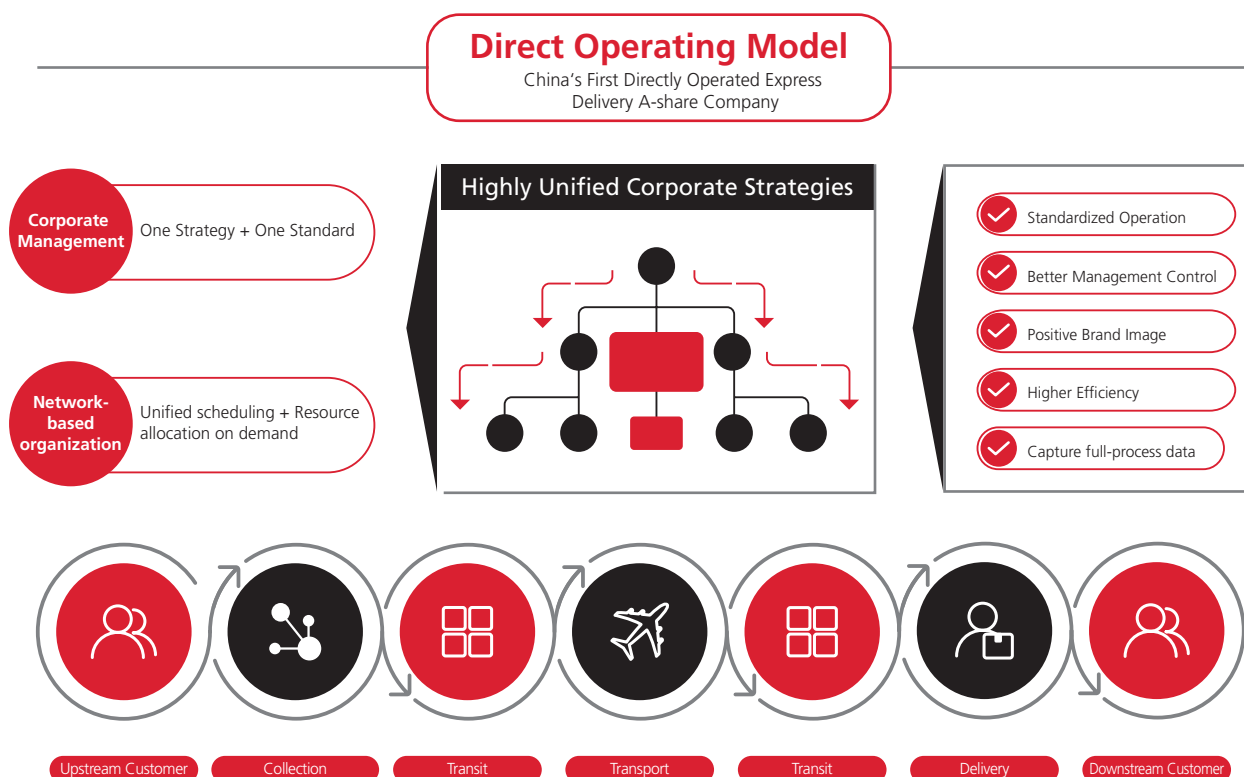
Valuable Global Brands 2018



| Brand | Category | Brand Value 2018 SMII | Brand Contribution | Brand Value % Change 2018 VS 2017 | Rank Change | Country of Origin |
|--------------------|----------------|-----------------------|--------------------|-----------------------------------|-------------|-------------------|
| 84 中国银行 | Regional Banks | 15,607 | 2 | +30% | 10 | China |
| 85 Gillette | Personal Care | 15,358 | 5 | -6% | -18 | USA |
| 86 中国平安 | Insurance | 15,131 | 3 | +29% | 11 | China |
| 87 KFC | FastFood | 15,131 | 4 | +12% | -6 | USA |
| 88 ebay | Retail | 14,829 | 3 | +20% | -2 | USA |
| 89 hp | Technology | 14,797 | 3 | NEW | | USA |
| 90 SF EXPRESS 顺丰速运 | Logistics | 14,537 | 4 | NEW | | China |
| 91 Instagram | Technology | 14,496 | 5 | NEW | | USA |
| 92 ANZ | Regional Banks | 14,465 | 3 | +3% | -17 | Australia |

After over 20 years of operation, the SF brand has enjoyed extensive recognition and popularity in the express delivery industry. "S.F." has become synonymous with "fast", "punctual" and "safe" in the express delivery industry and is a preferred brand for corporate clients and high-end individual customers. Good market reputation has brought a large number of high-quality corporate clients to SF Holding, long-term cooperation with a large number of domestic and foreign renowned enterprises, including Apple, Xiaomi, Huawei, Uniqlo, Bestseller, Ping An, Wish and Tophatte, in industries like 3C, apparel, finance, insurance and cross-border online trade have been secured.

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



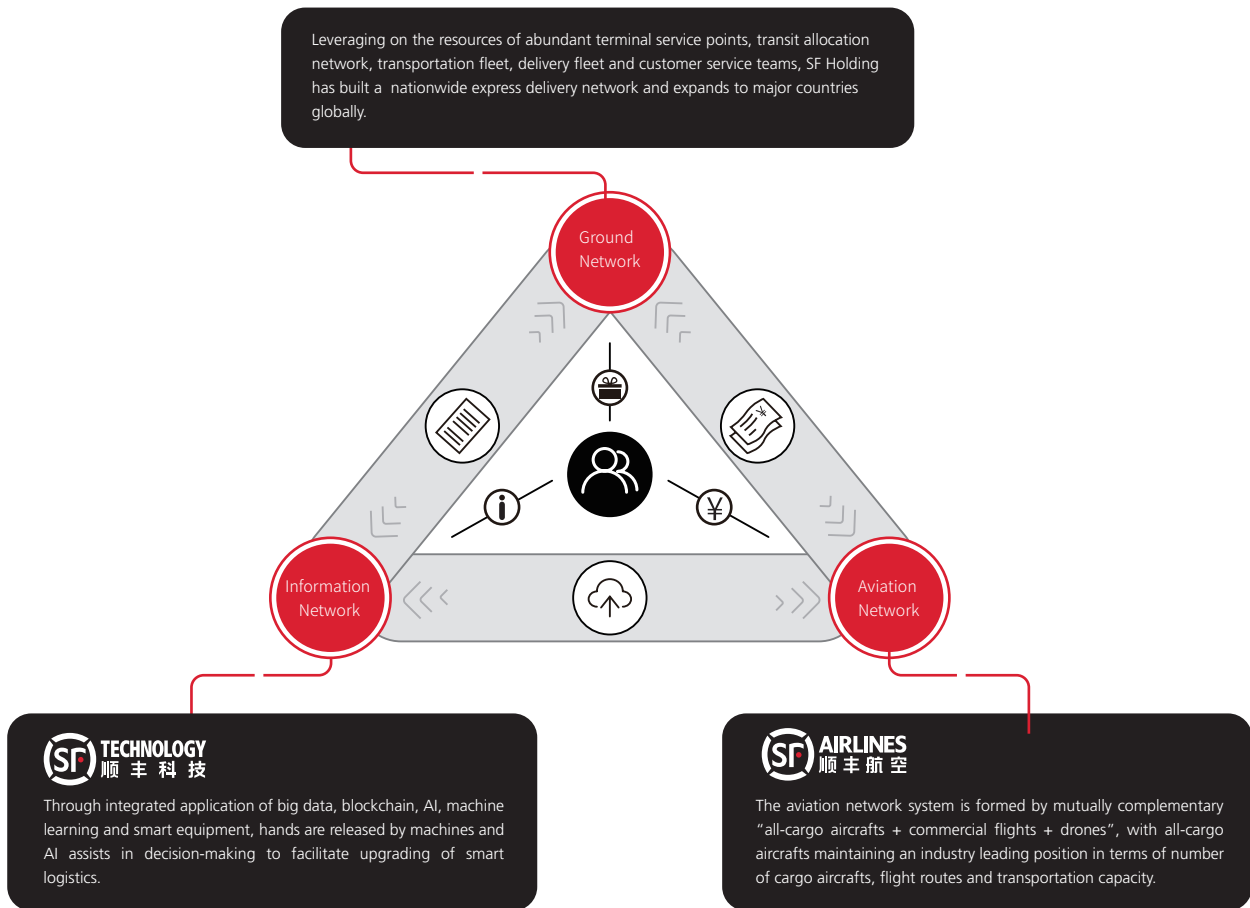
Globally, all Fortune 500 express delivery firms (USPS, DHL, FedEx, UPS, La Poste) adopt the direct operating model.

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, aircrafts, vehicles and employees. **The direct operation model has absolute control over the whole logistics operation and help to 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 are 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) 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. **5) 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.

(V) Unique and scarce intelligent logistics network, the “Aviation + Ground + Information” three-in-one network



After years of dedicated operations with 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 which 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 aircrafts, 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 50 self-owned all-cargo aircrafts (including Boeing 767: 5 aircrafts, Boeing 757: 27 aircrafts, Boeing 747: 1 aircraft and Boeing 737: 17 aircrafts),

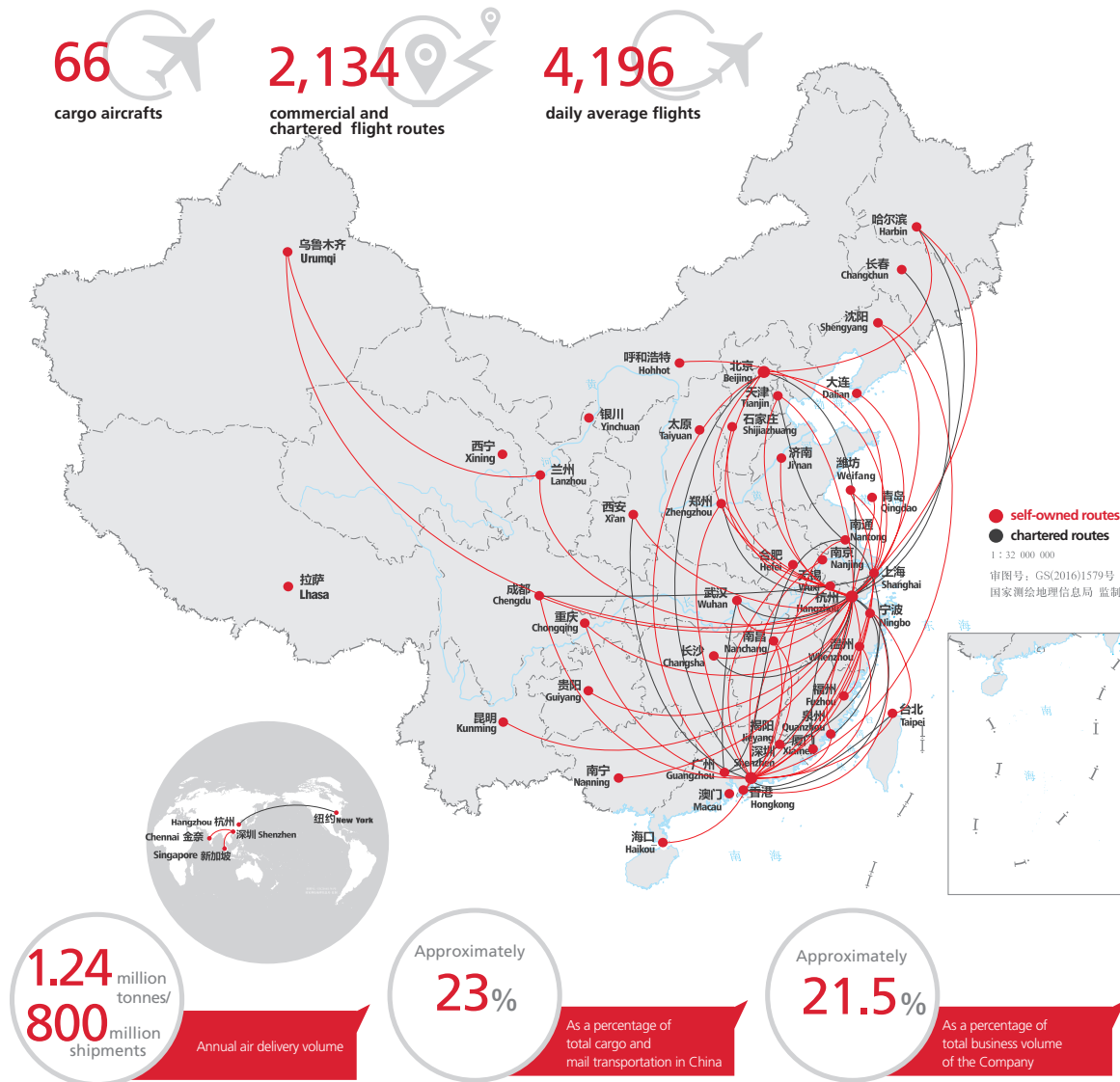
with average 23.26 years service time, and 16 chartered all-cargo aircrafts, operating a total of 65 flight routes. As at the end of the reporting period, SF Airlines operated flights to 43 major cities in China (including Hong Kong, Macau and Taiwan) and 11 international cities including Chennai, Singapore and New York. In January 2016, when the first B767 widebody cargo aircraft officially commenced operation, SF Holding became the first express delivery company that owned a B767 widebody cargo aircraft. In November 2017, SF Holding bought two Boeing 747 cargo aircrafts at an online auction platform in China, one of the aircrafts had commenced operation in October 2018, the other aircraft is expected to commence operation in May 2019. Widebody cargo aircraft has bigger space for transportation, higher fuel efficiency, and better performance in transportation capacity and capability. In addition to supplementing and optimizing the aircraft types in the current fleet, the introduction of new aircraft models also allows better allocation of capacity resources in areas with sufficient cargo volume, improves time utilization rate, saves energy and reduces emission. In the next three years, the size of SF Holding’s self-owned fleet is expected to reach 80 aircrafts, forming an aviation network comprising mainly four types of all-cargo aircrafts, including 737, 747, 757, and 767. **2) Reserve of pilot resources:** SF Airlines has been recruiting talents since its establishment, attracting pilots through strict internal management and service flow process to join SF Airlines, and actively cultivates its own pilots through

cooperation with domestic and foreign aviation schools. As at the end of the reporting period, SF Airlines had a total of 440 pilots, including 184 captains, 247 copilots, and 9 student pilots. **3) 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 136 pairs of slots, covering 43 large and medium size cities nationwide (including Hong Kong, Macau and Taiwan) and international cities including Chennai and Singapore. **4) Self-operated ground support:** Since 2015, SF Airlines operated ground support services directly in some cities gradually. By shortening the time duration of ground services and improving the efficiency of ground servicing, more handling time is available for the collection and distribution segments of express delivery and generates more momentum to realize safety, stability and fast timeliness of express parcels. Shenzhen Airport's southeast parking apron was officially launched for operation in December 2017, further improving the operating efficiency of ground services and the timeliness of cargo handling. **5) Aviation safety assurance:** Since its inception, SF Airlines has made aviation safety its priority, the SMS management system has been established to

implement rules and regulations strictly. From the first flight to the end of the reporting period, SF Airlines has operated approximately 275,400 hours safely and has been accredited by the CAAC and other regulatory agencies as a safe entity for 9 consecutive years. In 2010, it was named "2010 Accredited Unit of Safety Responsibility" by CAAC Central and Southern Regional Administration; in 2011, it was named "2011 Excellent Unit of Safety Responsibility" and "2011 Advanced Unit of Traffic and Transport Production Safety in Shenzhen" by CAAC Central and Southern Regional Administration; in 2012-2013, it was named "Advanced Unit for Safety Responsibility" by CAAC Central and Southern Regional Administration for two consecutive years; and in 2014-2018, it was named "Accredited Unit of Safety Responsibility" for five consecutive years by CAAC Central and Southern Regional Administration.

Commercial flight resources: In addition to all-cargo aircrafts, 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 2,069 flight routes at home and abroad.

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



Air freight capacity: As at the end of the reporting period, SF Holding's all-cargo aircrafts and commercial flights operated a total of 2,134 aviation routes, the total number of flights in 2018 was 1,532,000, with a daily average of 4,196 flights, covering 43 major cities in China (including, Hong Kong, Macau and Taiwan) and 11 international cities including Chennai, Singapore and New York. Total air cargo volume handled by the Company in 2018 was approximately 1,238,000 tonnes, and daily average cargo volume handled was 3,391 tonnes, of which domestic cargo volume accounted for approximately 23% of the total cargo and mail shipment volume of domestic air routes in China. The Company's annual volume of air express delivery parcels in 2018 was 800 million shipments, representing approximately 21.5% of the total volume of express delivery business completed by the Company.

| Resources | | Year End 2018/2018 | Daily average during the reporting period |
|---------------------|--|--------------------|---|
| All-cargo aircrafts | Number of self-owned aircrafts | 50 aircrafts | – |
| | Number of external chartered aircrafts | 16 aircrafts | – |
| | Number of all-cargo aircraft routes | 65 routes | – |
| | Total number of flights | 38,000 flights | 103 flights |
| | Total cargo volume | 507,000 tonnes | 1,388 tonnes |

| Resources | | Year End 2018/2018 | Daily average during the reporting period |
|--------------------|------------------------------------|--------------------|---|
| Commercial flights | Number of commercial flight routes | 2,069 routes | – |
| | Total number of flights | 1,494,000 flights | 4,093 flights |
| | Total cargo volume | 731,000 tonnes | 2,003 tonnes |

Future airport construction: In order to support the national “Belt and Road” and Yangtze River Economic Belt development strategies, to realize the strategic goal of building a strong civil aviation country, to vigorously promote the development of the modern logistics industry, and to improve the layout of SF Holding's national air transport network, Shunfeng Taisen, a wholly-owned subsidiary of the Company, signed the “Hubei International Logistics Hub Project Cooperation Agreement” with Hubei Provincial People's Government on December 13, 2017. On February 23, 2018, the State Council and the Central Military Commission formally issued the “Approval reply on Consent to Build a New Civil Airport in Ezhou, Hubei, from the State Council and Central Military Commission”(State letter [2018] No.26) for granting consent to build a new civil airport in Ezhou, Hubei. As at the disclosure date of this report, the project has obtained approvals including the “Approval reply on the Feasibility Study Report on the Engineering Works for the Construction of a New Civil Airport in Ezhou, Hubei, from the National Development and Reform Commission” (NDRC Infrastructure [2019] No.53), the “Approval reply on the Master Plan of the Civil Airport in Ezhou, Hubei, from CAAC” (CAAC letter [2018] No. 1170) and the “Approval reply on the Preliminary Design and Budgetary Estimates of the Civil Airport in Ezhou, Hubei, from CCAC Central and Southern Regional

Administration and Hubei Provincial Development and Reform Commission” (CAAC CSRA[2019] No.59), and the airport project was able to commence construction formally. According to the requirements of the People's Government of Hubei Province, piling for the foundation of airport construction shall be performed in 2018, the main structural framework shall be ready in 2019, basic construction works shall be completed in 2020 and shall commence operation in 2021.

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 is in line with the Company's strategic plan, which includes providing good fundamental support for enhancing timeliness of products, improving the stability of services, building high-end integrated logistics service capabilities, and improving customer satisfaction. In addition, the logistics hub project is an important way to optimize the Company's aviation network structure and reduce its operating costs. The logistics hub project is in line with the long-term development of the Company and the interests of all shareholders, being the core strategy for further consolidating the core competitiveness of its aviation network.

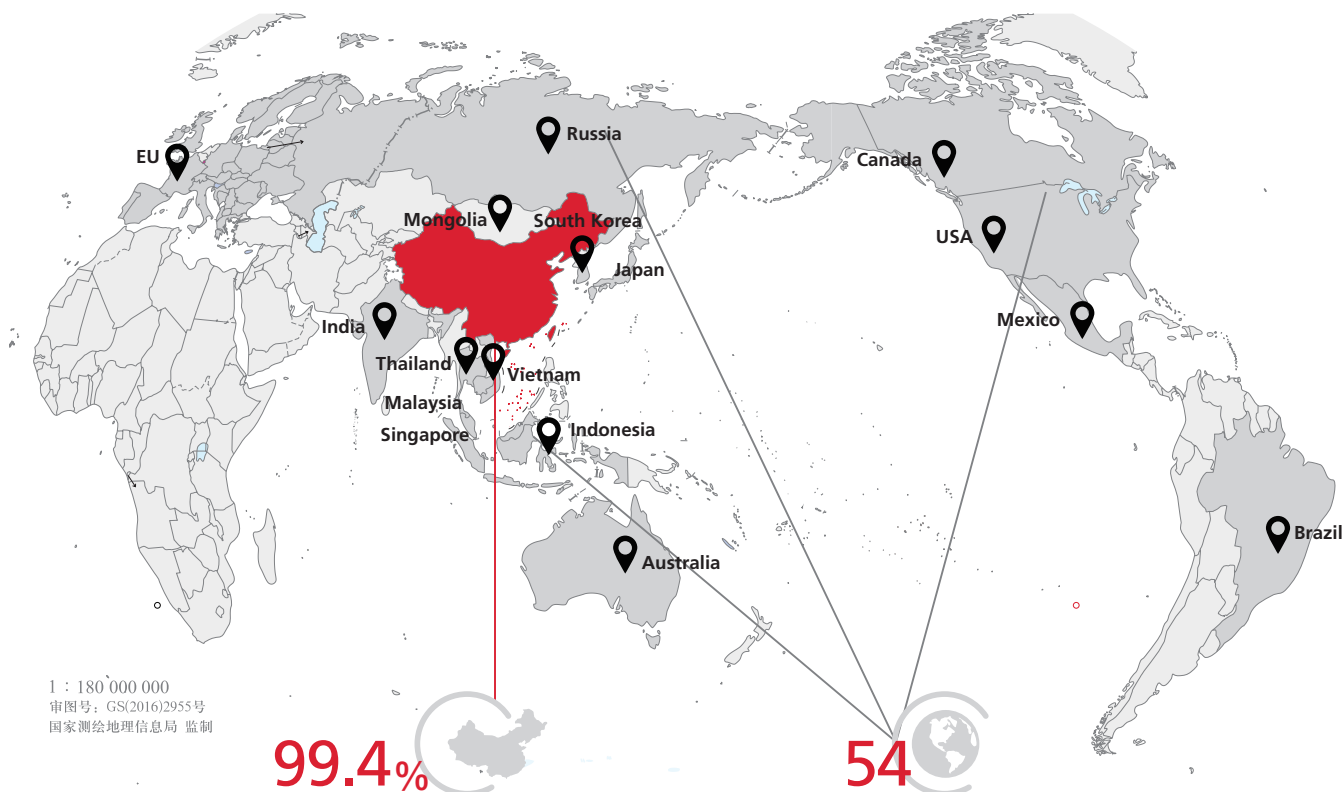
2. Ground network:

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 has covered 336 prefecture-level cities, 2,775 county-level cities, nearly 15,600 directly-operated service points and 2,600 franchisee network points for Shunxin Express (顺心快运). For international business, the international standard express and international economy express businesses cover 54 countries including the United States, the European Union, Russia, Canada, Japan, South Korea, ASEAN, India, Brazil, Mexico and Chile. 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

- After years of development, SF's scope of service has expanded from South China to East China, North China, Central China and West China;
- By expanding from mainland China to Hong Kong, Taiwan and overseas, a vast logistics service network connecting China and the world has been established.

| Self-operated service points | 15,633 |
|-------------------------------|--------|
| Including: East China | 2,710 |
| North China | 4,455 |
| Central China | 2,826 |
| South China | 2,685 |
| West China | 2,660 |
| Hong Kong, Macau and overseas | 297 |



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99.4%

Covers 336 prefecture-level cities nationwide (in China) with urban coverage ratio at 99.4%, and covers 2,775 county-level cities with county coverage ratio at 96%.

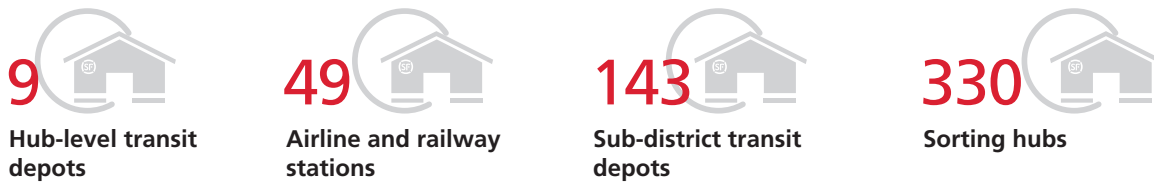
54

International standard and economy express cover 54 countries and regions; cross-border B2C and e-commerce courier business cover 225 countries and regions.

Courier quantity: As at the end of the reporting period, the Company had about 291,400 couriers (including 37,700 part-time couriers) employed by various modes, including 45,000 full-time employees, 200 dispatched staff, and 246,200 outsourced staff. The reasons for employing a large number of other staff are as follows: on one hand, 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 49 aviation and railway stations, 143 sub-district transit depots (including Shunxin Express (顺心快运)), and 330 sorting hubs (including Shunxin Express (顺心快运)), of which 44 transit depots have adopted automatic sorting system, the peak sorting capacity of automatic sorting equipment in the largest transit depot can reach 150,000 items per hour.

Ground Network: has 531 transit depots, the peak automatic sorting capacity of the largest transit depot may reach 150,000 pieces per hour.



- Hub-level transit depot
- Airport, railway station/sub-district transit depot
- Sorting hubs



Ground transportation network: As at the end of the reporting period, SF Holding had about 35,000 directly-operated and outsourced vehicles for more than 97,000 long-haul and branch routes. The total number of vehicles for terminal collection and delivery was 76,000 (excluding motorcycles and electric vehicles). 82 high-speed railway lines and 127 standard railway lines have been launched, the ground transportation network covers the entire country. In addition, the Company has also entered into cooperation with the National Railway Administration actively, a joint venture company has been formed to develop logistics business by leveraging on the high-speed and standard railway resources, which helped the Company in making significant strategic breakthroughs in obtaining railway resources, and the joint products developed by both parties have now achieved considerable scale initially. As at the end of the reporting period, the extremely express delivery products by high-speed railway covered 48 cities and 205 traffic flows. The convenient delivery products by high-speed railway covered 34 cities and 69 high-speed railway stations. In 2018, the total volume of express delivery by ground transportation was 3 billion shipments, representing 77.3% of the total parcels volume completed by the Company, railway and other transportation modes completed for 50 million shipments, representing 1.2% of the total volume completed by the Company.

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.



97,000

Transportation
long-haul/branch routes

35,000

Vehicles for
long-haul/branch routes

76,000

Terminal collection
and distribution
vehicles

82

High-speed
railway lines

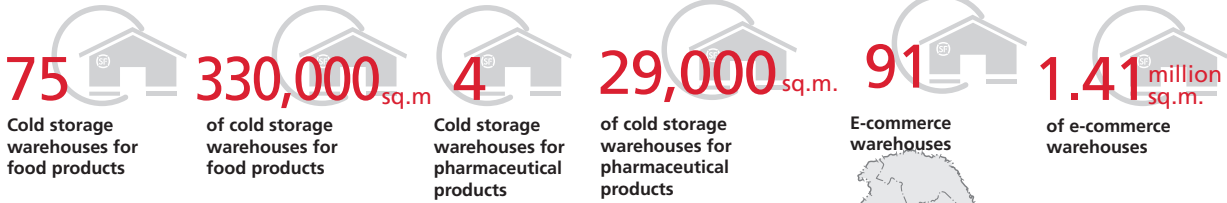
127

Standard
railway lines

| Vehicle Type | Trunk and branch transportation routes (vehicles) | Terminal collection and distribution (vehicles) |
|--------------------------------------|--|--|
| Owned and operated by the Company | 17,156 | 7,122 |
| Owned by employees | 15 | 63,826 |
| Leased vehicles | 1,234 | 4,869 |
| Outsourced vehicles | 16,499 | 515 |
| Total | 34,904 | 76,332 |

Warehouse network: As at the end of the reporting period, SF Holding had 170 warehouses of different categories with total area of nearly 1.77 million square meters, forming a nationwide warehouse service network covering more than 100 major cities across the nation. In 2018, the building of five core capabilities achieved breakthrough progress, the overall capabilities of SF warehousing were enhanced comprehensively, providing professional, efficient and high-quality warehouse service to nearly a thousand customers. Eight automatic benchmark warehouses were built according to the demand of head customers in various segmental markets to reflect the highest standards in the warehousing industry. Through digital warehousing, enhanced efficiency and continuous practical operations, all operation and quality indicators were achieved above expectations. At present, the design capability of warehousing plans has become a key core component of SF's supply chain solution+ and provides strong technological support for acquisition of head customers, it is one of the core capabilities to support the new vision of the Company to become a "technology service company for industry solutions". SF warehousing has been equipped with the capabilities of serving business modes such shoes and apparels, 3C, cosmetics and cross-border business, and have been recognized repeatedly by head customers in the industries amidst market competition.

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.



Customer terminal service network: The Company has established four independent call centers in China with about 4,500 seats and providing 1.08 million instances of customer service daily. Multiple channels provide 24/7 self-service, including the 95338 interactive voice response system, SF's official website, large client delivery system, membership system, mobile app of customer's terminal, WeChat public account, and online customer service. In 2018, SF Holding is committed to improving customer service systems by driving customer service through technology, such as by building a smart and digital system management platform, researching and exploring smart customer service models that include big data analysis and applications. SF is committed to improving the user experience by providing professional, efficient and warm customer service by combining people, goods, and location recognition to optimize systems and processes, improving the soft power of customer service and quickly solving customer problems and needs.

Last mile service: SF Holding has achieved last mile coverage through its cooperation with SF's commercial service points, cooperative agencies, property management, and smart express delivery lockers. As at the end of the reporting period, SF Holding cooperated with 32,000 cooperative agencies and nearly 600 property management companies. In addition, Hive Box Technology, a participating of SF Holding, had installed approximately 150,000 smart delivery lockers in community/office buildings, covering 100 cities in China, including Shenzhen, Guangzhou, Beijing, Shanghai, and Wuhan.

3. Information network:

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, that creates a smart and solid foundation to support business development in a fast, flexible, safe and comprehensive manner, achieves data interactive analysis, drives business decision-making, and helps upgrading smart logistics. At the same time, SF Holding applies scientific and technological methods such as data mining, machine learning and statistical analysis to actual business settings, and combines with user-oriented product design to promote the Company's business transformation and enhance the Company's technological competitiveness in artificial intelligence. Among these, **in the aspect of smart warehousing network**, a complete SF cloud-based warehouse information system has been constructed to support E-commerce warehouses, cold chain warehouses, medical warehouses, food warehouses, international shipping warehouses, micro warehouses, and other business-specific warehouses, for enhancing the handling capabilities for daily operation support and peak season comprehensively. Based on the development of a customized system for demand from head customers of various product categories, multi-dimensional data analysis, application of smart warehouses, big data and AI technology, research and development and application of solutions for industry

segmental systems, support for upgrading customer service and experience in warehousing is available. SF Holding has also invested in a web-based comprehensive warehousing service platform – IoT cloud warehouse, upon which it has built the country's leading "warehouse as a service" digital warehouse network platform focused on warehouse big data applications, digital warehouse management, collaborated warehouse allocation, cloud warehouse technology, and IoT sensing clouds. Empowering cooperative partners through internet, IoT and information technology, an open digital warehouse ecosystem network is built for integrating online and offline warehouse resources, completing construction of basic products and capabilities, fully participating in the hardware management of supplies warehouse network and transformation of delivery system, to facilitate SF warehousing in building an industry leading business ecosystem platform to provide more diversified warehousing solutions for customers.

In the aspect of smart collection and distribution, SF Holding continues to promote the progress of digitization by optimizing convenient and fast interactive communication with customers, and by upgrading smart tools to HHT7 at the collection and distribution end and warehouse management end. The upgrade and generation change of management tools will create an online system for the entire process of resolving abnormalities, which improves the time taken to resolve abnormalities, lowers costs, improves quality, and ensure that individualized customer needs are met. In 2018, launching and promotion of digital waybills in import and export practice was implemented in Hong Kong, Macau, and Taiwan, and the utilization rate of digital waybills for imports and exports was stabilized at 98% by the end of the year in Hong Kong, Macau and Taiwan, utilization rate of digital waybills for all-network reached 99.74%. On the basis of full digitization, a totally new courier management style is explored to allow frontline staff to obtain comprehensive understanding on their level of integrated service capabilities through system tools, the grades of capabilities are linked to benefits, driving the staff to improve and upgrade customer service standards through their own continuous efforts, and additional non-courier business categories will be introduced to increase the income of couriers, so that a virtuous cycle of self-management among couriers will be established. At the same time, bringing online the multiple factors of service point management and builds a standard online management process with auxiliary tools that connect couriers, warehouse managers, and interactive network information, creating a one-stop service platform that synthesizes information, provides early warnings on abnormalities, and guides management, improving management efficiency.

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.

(VI) Integrating superior resources by investment and acquisition to establish comprehensive logistics proactively

In March 2018, SF Holding acquired the core assets and related business of Guangdong Xinbang Logistics Co., Ltd. and established an independent express business brand of "SX Freight", which established network foundation and capability advantages for the Company to rapidly expand its express business presence. SX Freight is a brand of express transportation under franchise model, with characteristics of low operating costs, fast network deployment and flexible operation, and focus on whole network mid-end express market, which complements SF Express in terms of operation model and product positioning. As of December 2018, SX Freight had opened 2,599 first-class outlets nationwide, covering 25 provincial-level cities and 252 prefecture-level cities. It has 129 transit depots, with an operating site area of 466,000 square metres. The resource sharing among network coverage, the transshipment centers and delivery coverage can help SF Holding to further improve resource efficiency in its business.

In August 2018, SF Holding and the U.S. HAVI Group announced the jointly establishment of New HAVI in China and SF Holding was to be the controlling shareholder of New HAVI. HAVI Group is a leading brand in the global cold supply chain industry and one of the benchmark companies and standard setters in Chinese cold chain industry. With nearly 40 years of experience in supply chain management, New HAVI has a core market-leading advantage in supply chain management, solution design and quality management, and is able to provide and successfully implement chain management services to world-renowned customers. New HAVI has a nationwide logistics network with extensive expansion into the market of third- and fourth-tier cities, covering approximate 450 cities in 28 provinces, municipalities and autonomous regions. It has 28 temperature-controlled logistics centers in 17 core cities across the country, devoting strong support for business development. Since establishment, New HAVI has actively cooperated with SF Holding to capture the industry-leading customers and provide end-to-end supply chain cold chain solutions. New HAVI has successfully access to SF Holding's existing domestic well-known and brand customers in emerging snack food and beverage, and provide them with end-to-end logistics services from raw materials source to consumers by combining the high standard cold supply chain and the intra-city distribution of both parties. In the future, New HAVI and SF Holding will continue to explore the B2B industry solutions for high quality cold chains, aiming to provide more valuable logistics services for more fresh produce and beverage enterprises. On the other hand, both of them will effectively interoperate and share synergies in terms of operational resources and achieve cost reduction and efficiency enhancement. For example, SF Holding and New HAVI will cooperate in multiple warehouse areas to reduce costs jointly. At the same time, SF Holding will facilitate New HAVI's development and accelerate the development of its supply chain by providing technology. By promoting

development of its customized systems, it could quickly obtain technology capabilities to provide cold chain service to key customers and become the first brand in terms of technology logistics for the cold chains industry. In the future, SF Holding will continue to integrate the superiority of both parties and promote resource interoperability, technology empowerment, and business integration, so as to achieve the cooperative synergies "1 + 1 > 2".

In October 2018, SF Holding and Deutsche Post DHL (hereinafter referred as "DPDHL") reached a strategic cooperation, under which SF Holding would integrate supply chain business of DPDHL in China, Hong Kong and Macau. According to arrangement designated under the Strategic Cooperation Agreement on Supply Chain entered with DPDHL, the Target Company would establish supply chain companies for SF and DPDHL. The supply chains of SF and DPDHL would be operated under the joint brand of SF and DHL. DPDHL would provide on-going supports and services relating to supply chains to SF and DPDHL, and would provide additional supports and services relating to supply chains at the request of SF and DPDHL, including IT systems, staff training and best practice sharing. The acquisition was completed in February 2019. DPDHL is the one of leading global logistics groups, providing high-level supply chain and contractual logistics services in China, Hong Kong and Macau. Due to the transaction, SF Holding is able to integrate high-quality supply chain logistics assets, reduce the cost of exploring and learning, and obtain important strategic capabilities in a short period of time. Meanwhile, through joint brand management and arrangements, the supply chains of SF and DPDHL would continue to leverage the DHL brand and its accumulated reputation. Combining with SF Holding' brand of quality and extensive logistics network and abundant customer resources in China, it is helpful for the Target Company to maintain and deepen existing customer relationships and explore new customer resources, so as to achieve rapid and better development in the supply chain business

In March 2018, SF Holding joined the new series funding round for Flexport, a US-based technology freight forwarding company with a post-investment valuation of \$1 billion. In February 2019, Flexport launched a D round financing of \$1 billion, with a post-investment valuation of more than \$3 billion. Flexport was established in 2013 and headquartered in San Francisco. It is committed to providing customers with sea, land, and air freight transportation, customs clearance, cargo insurance, and other transparency services. The global freight forwarding market has a size of nearly US dollars one trillion, but the market concentration is low and the traditional freight forwarding industry faces problems such as inefficiency, price opacity, and low visibility of logistics information. Flexport is an innovative freight forwarding company driven by technology and services. Its operating system, based on advanced information technology, logistics infrastructure and supply chain expertise, integrates global trade participants and resources such as capacity, warehousing and customs declaration into the same platform, so as to provide customers with a fully visible and controllable quality experience. The

deep strategic partnership between SF Holdings and Flexport is helpful to optimize the entire chain of international business and strengthen its competitiveness. In addition, both the parties will deepen their strategic business cooperation on scientific and technological capabilities and network resources to promote their international business development.

(VII) Scarcity of logistics venue resources and obvious first-mover advantages

Riding on the development trend of 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 express logistics industrial parks, SF Holding prepares for

advanced planning and has 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.

As at the end of the reporting period, SF Holding had logistic sites with land area of approximately 1,017 acres, and a total planned construction area of approximately 3.68 million square metres, approximately 1.1 million square metres of construction area were completed. The total net book value of logistic site resources was approximately RMB10.2 billion.

Resources of logistics sites: industrial park projects in 41 cities have been planned with obvious first-mover advantages

3.68 million sq.m.

Total planned construction area

1.10 million sq.m.

Completed construction area

1,017 Acres

Size of land area held



| Location | Size of land area held (acres) | Total planned construction area (including projects under construction/ planned) (1,000 square metres) | Area of completed construction (10,000 square metres) | Total net book value as at the end of the reporting period (RMB100 million) |
|---------------|--------------------------------|--|---|---|
| East China | 263 | 88.59 | 64.71 | 24.92 |
| North China | 144 | 48.97 | 1.60 | 12.19 |
| Central China | 348 | 118.41 | 13.98 | 14.17 |
| South China | 54 | 37.42 | 29.92 | 46.71 |
| West China | 206 | 74.32 | 0.00 | 4.10 |
| Total | 1,017 | 367.71 | 110.21 | 102.09 |

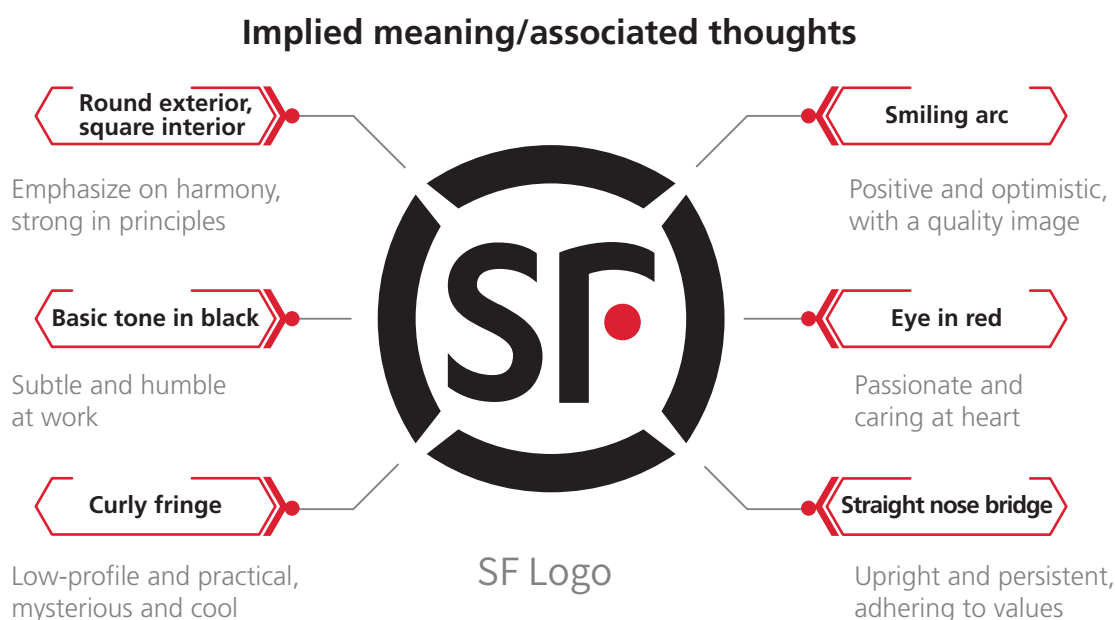
Note: The data in the above table has not been audited.

As of the end of the reporting period, SF Holding has successfully planned industrial park projects in 41 cities, with Jinan, Ganzhou, Xiamen, Lasa, Guangzhou, Urumqi, Nanning and Yangzhou newly added since the end of 2017. In the future, SF Holding will use the existing resources to further increase the distribution of core strategic resources and enhance the core competitiveness for the Company's long-term development while satisfying internal demand and fully considering industrialization factors.

(VIII) Warm, principled and productive SF culture

In SF Holding's 26-year history, 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. How SF's logo represents SF's culture



The logo's outline is in the shape of a person's face. With a curved square and a squared circle, the circle and square complement each other. The square in the middle of the circle represents SF's strong principles, and the circle represents unity and harmony. The "S" and "F" are the initials of "Shun Feng", the company's Chinese name.

2. Our own success 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, to create value for customers and help them to achieve success. For example, in 2018, for the raw material project of a renowned company, we broke through the scenarios of five key supply chains to assist the customer in enhancing the efficiency of upstream raw material supply chain by 50%, thus the production competitiveness of the customer was increased significantly. The project won not only superior recognition from the customer, but also expanded business successfully for other customers in the same industry.

3. Power of 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, blockchain and smart decision-making, and has achieved extraordinary results in technological innovations such as artificial intelligence, Internet of Things, cloud computing and machine learning. In addition, SF Holding also emphasizes on internal management innovation and the construction of knowledge library within the enterprise. In 2017, it won the highest honor in the international knowledge management field, namely, Global IOU MAKE (Most Admired Knowledge Enterprises). SF Holding was the only company in China that won this award in 2017. Innovation is found in everywhere within SF, from innovators who have contributed many patents to SF Technology or various laboratories to civilian inventors who have improved production tools and materials used in the transit depots and service points, the winners of the "Best SF Person Award" in each year, representing the highest honor awarded to SF's staff, consist of a large number of innovators. The power of innovation drives SF Holding moving forward.

4. 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. In 2018, the meaning of the logo with SF mask was adopted as the theme for the annual large-scale cultural activities, the online activity platform jointly constructed by the headquarters for the entire network opened up for the first time for staff to present their personal videos and other online activities, such as election campaigns+games, to the entire network. Through diversified online media categories, such as interesting images, audio scripts and H5, the mask culture was promoted in general and all staff were encouraged to participate. So that base-level staff could voice their opinions as an owner in a bottom-up approach during the interesting activities to express their personality and the spirit of Shun Feng. Upon closure of the activities, the total number of participants surpassed 330,000, and user browsing volume reached 40,000,000 times. The corporate culture of equality and respect has further united the hearts of 100,000 employees.

5. 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.

6. 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. 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 the brave Yuan brothers of Caidian network point under the Hanyang sales division in Edong district rushed to help extinguish the burning fires in an emergency of a serious fire accident happened suddenly in a restaurant where the gas tanks might explode any time and might lead to explosion of cars parked outside the restaurant; a courier in Wenzhou encountered a drowning adult and two kids along his route during the cold winter month, he did not hesitate and jumped into the water with his clothes to save them in three round trips; a courier in Beijing upheld justice by preventing an arson crime committed by a gangster at the gasoline station with the least concern for his own safety, all these positive cases attracted coverage by media, such as People's Daily and NetEast news, some media even presented "Good Personality Certificate" to the couriers to commend the courage of couriers in taking social responsibility and disseminate positive values. Up to now, a total of seven sessions of "Best SF Person" Awards were held and presented "Social Responsibility Awards" to 17 selected employees, conferring the highest SF honor to outstanding staff in the aspect of social responsibility.

In addition, SF Holding and its controlling shareholders jointly promoted and established the Charity Foundation (顺丰公益基金会) to carry out charitable activities such as supporting rural education, providing medical assistance for children, and participating in emergency aid for disaster victims. The Lotus Education Assistance Project offered help to a total of 14,252 poor students in 52 counties of 17 provinces across the nation, and 192 patients were offered free cataract surgery and other medical services under the free medical service project launched in the Gannan Tibetan Autonomous Prefecture. SF employees are major participants in SF charitable activities, more than 20,000 employees have registered as volunteers to provide charitable services in SF charitable events in 2018, total number of volunteer service hours exceeded 160,000 hours.

04

Management Discussion and Analysis of Business Operation



I. Overall Business Performance of the Company in 2018

In 2018, against the slow growth of China's macro economy and express delivery industry, SF Holding still maintained a higher growth of revenue than the peers and kept a healthy profitability, as detailed below:

1. Overall financial performance

Financial status: At the end of the reporting period, the Company's total assets were RMB71.615 billion, an increase of 16.93% as compared with the end of 2017. Benefiting from the stable and profitability in 2018, total equity attributable to shareholders of the parent company at the end of the reporting period was of RMB36.561 billion, an increase of 11.2% as compared with the end of 2017. In order to effectively support the strategic investment and new business development, the Company's debt-to-asset ratio increased slightly at the end of the reporting period, from 46.23% as at December 31, 2017 to 48.45% as at December 31, 2018, while the level of debt remained at a lower level, and the financial position was stable and optimistic.

Revenue: In 2018, the Company realized of RMB3.869 billion shipments, representing a year-on-year increase of 26.77%, and revenues of RMB90.943 billion, a year-over-year increase of 27.60%, of which express & logistics revenue were RMB89.677 billion, a year-over-year increase of 27.01%, a growth rate that exceeded that of industry average. In addition, high-quality service brought a higher brand premium than those of the peers. From 2015 to 2018, the average revenue per shipment was RMB23.83, RMB22.15, RMB23.14, and RMB23.18, respectively, far surpassing the industry average of RMB12 to RMB14. In recent years, while maintaining steady growth of traditional business, the Company actively responded to market demand and vigorously developed new businesses such as express delivery, cold chain transportation, international express delivery and inter-city delivery, with ongoing enhancement of comprehensive logistic service capability of the Company. In 2018, revenue from new businesses of the Company increased by 75.93% year-on-year, and the

proportion to total revenue increased from 13.71% to 18.90% in the previous year. The rapid growth of revenue from new businesses contributed significantly to the overall revenue growth of the Company.

Profit: In 2018, the Company made pioneering investments in new businesses, so the year-on-year growth of cost of revenue was higher than that of revenue but still remained at a stable and healthy level. Of these, net profit attributable to shareholders of the parent company was RMB4.556 billion, while net profit attributable to shareholders of parent company after deducting non-recurring profits and losses was RMB3.484 billion, a slight decrease from the same period of the previous year. Major factors of influence include: **(1) Transportation costs:** with increased investment in capacity of new businesses, transportation costs (including transportation related portion of outsource costs) grew at a relatively fast rate. **(2) Labor costs:** Expansion of new businesses has increased staff investment. In addition, the Company has appropriately increased investment in medical, food and housing of basic rank staff to further improve their welfare protection. After offsetting labor cost saved due to enhanced capability of staff brought about by scientific and technological achievement application and process optimization, overall labor cost (including outsourced labor related portion of costs) increased slightly year-on-year, which was slightly higher than the year-on-year increase in revenue. **(3) Site leasing costs:** Expansion of new businesses caused increase in site investment, and increased cost of site leasing was slightly higher than the year-on-year increase in revenue. Although the aforesaid investments have affected the short-term operation performance of the Company to a certain extent, they are strategic and forward-looking investments based on long-term strategies of the Company and long-term development of employees, and are favorable for the long-term stable and healthy profitability of the Company.

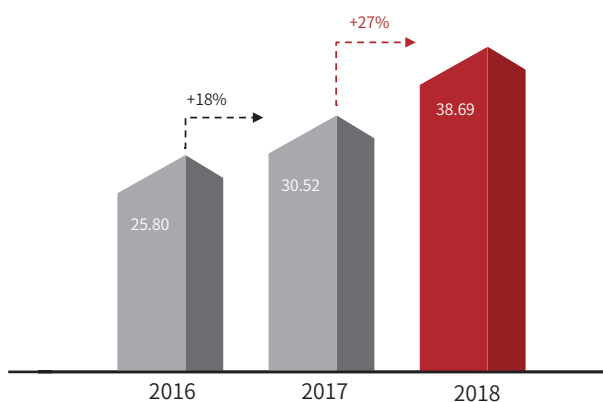
The key financial indicators are shown in the table below. Please refer to the business discussion and analysis in this Chapter for more detailed financial data analysis.

| Item | Indicators | Year End 2018 | Year End 2017 (Restated) | Increase/Decrease over previous year end |
|---------------|---|---------------|--------------------------|--|
| Balance Sheet | Total assets (billion RMB) | 71.615 | 61.247 | 16.93% |
| | Total equity attributable to shareholders of the parent company (billion RMB) | 36.561 | 32.878 | 11.2% |
| | Debt to Asset Ratio | 48.45% | 46.23% | An increase of 2.22 percentage points |

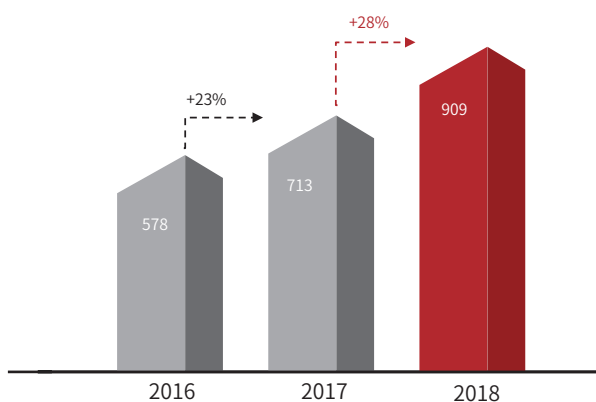
| Item | Indicators | 2018 | 2017 (Restated) | Increase/Decrease over the same period of previous year |
|------------------|---|--------|-----------------|---|
| Business | Shipments (Billions) | 3.869 | 3.052 | 26.77% |
| | Revenue from express & logistics (billions RMB) | 89.677 | 70.609 | 27.01% |
| | Average revenue per shipment (RMB) | 23.18 | 23.14 | 0.17% |
| Income Statement | Revenue (billions RMB) | 90.943 | 71.273 | 27.60% |
| | Net profit attributable to shareholders of the parent company (billions RMB) | 4.556 | 4.774 | -4.57% |
| | Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses (billions RMB) | 3.484 | 3.703 | -5.92% |
| | Weighted average return on net assets | 13.21% | 18.15% | A decrease of 4.94 percentage points |
| | Earnings per share(RMB/Share) | 1.03 | 1.12 | -8.04% |

Operating Results: Business Volumes and Financial Results Maintained Steady Growth

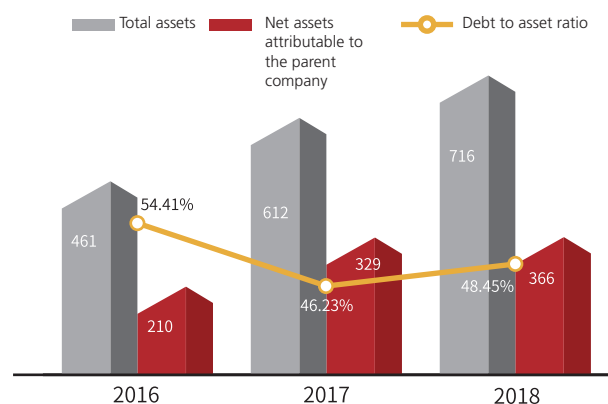
Shipment Unit:RMB 100 millions



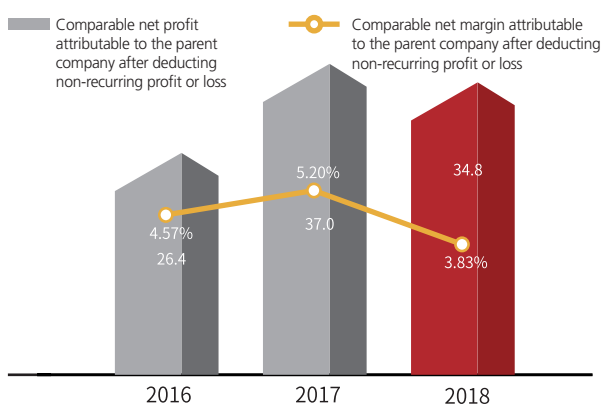
Comparable Revenue Unit:RMB 100 millions



Assets Unit:RMB 100 millions



Comparable net profit attributable to the parent company after deducting non-recurring profit or loss Unit:RMB 100 millions



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

SF Holding actively responded to the state's various initiatives in the economic field, focused on changes in customer and industry demand under the new form of business, and achieved a series of results.

Customer resources: In response to the diversification of industry and customer demand, SF Holding focused on industry characteristics in 2018, centered on the direction of refinement, case and digitalization, and tapped customers' supply chain demand. By relying on technological means to drive internal changes and upgrading product Portfolio, we constantly improved customer service capabilities and customer experience to achieve the stable and healthy growth of customer volume and revenues.

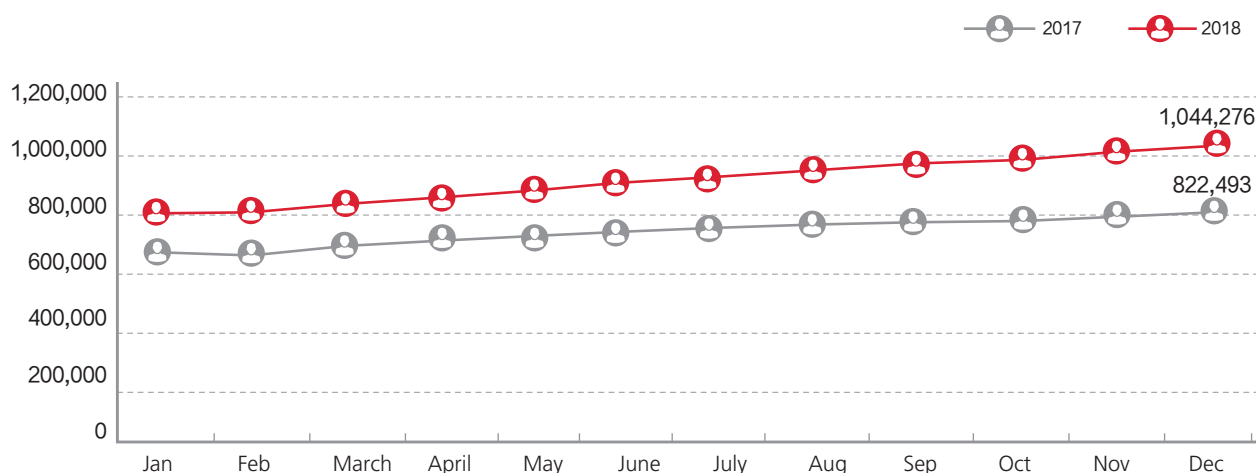
Cash customers: Cash customer management saw innovation and change, and continuously focused on customers' full life cycle management and service experience. With the management logic of "case customer acquisition – membership operation – label application – systematic risk control" and using the thought of "breaking the boundary" and the "precision" approach, by focusing on the eight main scenarios of daily life (finance, communication, shopping, leisure, housing, healthcare, education, travel), we opened up resources and shared traffic, establishing a "maintain key customers, keep mass market customers active" reward system to increase the sales of cash customers. In 2018, cash customer revenues amounted to RMB42.594 billion, representing an increase of 19.3% year over year. The number of members reached 150 million and member revenue reached RMB26.5

billion, representing an increase of 77.9% year over year. The number of monthly active customers exceeded 23 million, representing an increase of 60.6% year over year. In the future, we will continue to take advantage of data to activate the sales of cash customers, continue to focus on customer life cycle management and use web-based digital marketing capabilities to enhance customer loyalty, and realize long-term stable growth of revenues.

Credit account customers: In 2018, SF Holding focused on industry chains, approaching key industry customers with integrated logistics solutions and continuously upgrading our customer serving capabilities. Credit account customer revenues increased 31.3% year over year, an increase of 4.7 percentage points over the prior year. We improved the experience of small and medium customers through online platform operation. The number of active account customers grew to 1.044 million in December 2018 from 0.822 million in December 2017, an increase of 27.0% year over year. Meanwhile, with the continuous optimization of the customer structure, the proportion of customers spending more than RMB1 million increased 1.1 percentage points year on year compared with 2017. By distinguishing between different industries, between different business use cases throughout end-to-end processes, refinement of all touch points, and digitization, customer service quality and the customer experience have all improved. Existing customer revenue retention increased 4.5 percentage points over the prior year, and the proportion of multi-product customers increased 6.1 percentage point over the prior year.

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

Active Credit Account Customers



Note: Active credit account customers refer to credit account customers who have revenue records in the current month.

Express product: In 2018, SF Holding continued to consolidate and enhance the competitiveness of the express products. Combining key resource capabilities and technological means, we optimized timeliness throughout the entire process of express delivery service and achieved rational price differentiation of products using the technology pricing/cost model to improve product cost performance. Meanwhile, we focused on the diversified needs of our customers and created regionalized products. Diversified high-quality services ensured the healthy and stable growth of the business. During the reporting period, revenue from express products was RMB53.36 billion, an increase of 14.3% over the prior year. In future, with the further improvement of the cost performance of express products, their core competitiveness is expected to be further enhanced, and revenue from express products is expected to increase rapidly. Compared to 2017, the punctuality performance rate increased by 2.5 percentage points, the customer complaint rate decreased by 40.4% year on year. The next morning delivery route coverage rate increased by 20.8%.

Economy product: In 2018, SF Holding continued to optimize and upgrade the economy products. We built an independent operating model specifically for economy products by establishing a faster and safer ground transportation network with a higher quality-to-price ratio by optimizing end-to-end operating segments, models, frameworks and completing the integration of economy products, and fully improved resource utilization, reduced costs and increased efficiency by combining technological means. Meanwhile, combined with the market development trend of logistics integrating warehousing, trunk transportation and delivery, linking warehouse and network resources and building the integrated operation mode of "smart forecast + warehouse, network and delivery", and with high quality services, flexible quotations and smart delivery booking and interaction as differentiated competition barriers, we constantly improved customers' experience, revenue scale and market share. During the reporting period, revenue from the economy product amounted to RMB20.4 billion, a year-on-year increase of 37.6% compared to 2017, which was approximately 15 percentage points higher than the overall market growth. The cumulative customer complaint rate dropped by 37.5% year-on-year compared to 2017.

3. Strong development momentum of new businesses

(1) Heavy Cargo

Heavy cargo sector is a trillion-dollar-level market. SF is well positioned in the mid-to-high-end market with high time efficiency, high quality and high service standard. With years of intensive efforts and cultivation, SF heavy cargo business has accumulated a large number of key accounts in different industries. On one hand, these customers have diversified service needs. On the other hand, these high-quality customers have stable operations and strong anti-risk ability, which

provides a good customer resource guarantee for the sustained and rapid development of the business of SF Freight. At the same time, being different from the traditional store-to-store service mode (front-end delivery and end delivery require customers to solve or charge separately) of LTL express enterprises, SF Freight relies on its own network and resource advantages to provide customers with express door-to-door LTL express services which have the advantages of higher time efficiency and more stable services as well as higher quality and cost performance. Meanwhile, according to the individual needs of different customers, we can quickly customize end-to-end supply chain integration solutions and services for customers to meet their diversified needs.

Since the official launch of express products in 2015, SF Holding has constantly built and improved its express network to meet the needs of more customers by relying on its strong network deployment capabilities. As of 31 December 2018, SF Holding had 44 express transit depots, 1,048 express service points and more than 14,000 self-owned express vehicles. The overall express site area exceeded 1.323 million square metres, with business coverage of 362 major cities and regions in 31 provinces nationwide. With respect to transit depots automation, through the assistance of SF Technology, we developed and invested in an automatic sorting system that integrated various types of automation devices such as AGV robot carrying 60kg in a single package, which was the first of its kind in the domestic LTL industry. The system has obtained 2 invention patents and 5 utility model patents. The effect of the operation of the project was remarkable, which laid a solid and reliable foundation for the automation of the express transit depots. In 2019, the Company will continue to strengthen the network frameworks, strengthen capacity building such as heavy cargo sorting automation and smart warehousing, and further improve its efficiency to support the rapid growth of the express business.

In March 2018, SF Holding acquired the business of Guangdong Xinbang Logistics Co., Ltd. and established an independent express business brand of "SX Freight", which established network foundation and capability advantages for the Company to rapidly expand its express business presence. SX Freight is a brand of express transportation under franchise model, with characteristics of low operating costs, fast network deployment and flexible operation, and focus on whole network mid-end express market, which complements SF Freight in terms of operation model and product positioning. As of December 2018, SX Freight had opened 2,599 first-class outlets nationwide, covering 25 provincial-level cities and 252 prefecture-level cities. It has 129 transit depots, with an operating site area of 466,000 square metres. Trunk contract vehicle capacity, outsourced capacity and the number of vehicles dispatched daily were 450, 300 and 750, respectively. SX Freight's comprehensive network coverage, controllable service quality and resources sharing in depots and routes can help SF Freight further improve resource efficiency in its business.

In 2018, the business of SF Freight shaped the core competitiveness of the parcel market, led the large-sized parcel door-to-door trend and created an industry barrier. Revenue from express products for the full year amounted to RMB8.05 billion, a year-on-year increase of 83.0%, maintaining relatively high growth. By the end of 2018, the average daily cargo volume of the express business was nearly 10,000 tonnes, which exceeded expectations. Meanwhile, the service quality was steadily improved, and the customer complaint rate decreased by 35.2% year on year. The overall market share continued to increase. At present, major customers mainly comprise industry-leading enterprises such as Huawei, Midea, Hisense, Vip.com, and HLA.

(2) Cold Chain for food products and Pharmaceutical

At present, the domestic cold chain market is fragmented. Market participants are mainly regional or local players. SF Holding is the first logistics company in China to initially establish a national cold chain network. As of the end of the reporting period, SF holding held 51 refrigerated food product warehouses with operation area of 237,000 square metres, 672 refrigerated trucks, and 121 food product transportation routes across core cities in the Northeast, North China, East China, South China, and Central China. In addition to customized packaging, high-energy storage refrigerant temperature control technology, storage temperature and humidity monitoring and warning systems, the self-developed ground transportation resource trading platform connected to vehicle GPS and vehicle-mounted temperature control and real-time monitoring systems and seamlessly connected with SF's cold chain network, providing professional and efficient transportation services. SF's refrigerated food product warehouses have already acquired international high-standard DQMP certification, equipped with advanced automated refrigeration equipment, smart temperature monitoring and control systems, and integrating the ability to manage multiple temperature zones, such as freezing, refrigerated, constant, and room temperatures, with high-standard cold storage capabilities, being committed to providing customers with a total solution for meeting food warehousing and logistics needs and providing customers with a complete high and low temperature warehousing logistics system as well as long-term and stable 24/7 services. Currently, the cold chain business of SF has covered production, E-commerce, sales, retailing, and other fields of the food product industry. Major customers include Family Mart, Shuanghui, and Hitomorrow.

In August 2018, SF Holding and HAVI Group announced the joint establishment of New HAVI and SF became the controlling shareholder of New HAVI. HAVI is a leading brand in the global cold chain supply chain and one of the model enterprises and standard setters in the cold chain industry of

China. New HAVI have nearly 40 years of experience in supply chain management. In terms of supply chain management, solution design and quality control, it has market-leading core advantages and provides supply chain management services to world-renowned customers, including sales forecasts, demand planning, sales promotion management and data analysis, etc. It customizes end-to-end integrated cold chain solutions including procurement, planning and design for them and has successfully implemented the solutions. New HAVI has a well-designed, continuously optimized national logistics network that penetrates third- and fourth-tier cities. As of the end of the reporting period, New HAVI's logistics network covers 28 provinces, cities and autonomous regions in mainland China, Hong Kong and Macau, with access to approximately 450 cities. It owns 28 temperature-controlled logistics centers in 17 core cities across the country, providing multi-temperature zone warehousing services such as frozen, refrigerated, constant temperature and room temperature through global management via the central warehousing system. Meanwhile, New HAVI manages approximately 800 refrigerated trucks and more than 1,000 transportation routes, and provides services such as whole process temperature controlled and real-time monitored cold chain trunk transportation, LTL transportation, multipoint transportation and urban delivery. Since establishment, New HAVI has actively cooperated with SF Holding to capture industry-leading customers and provide end-to-end supply chain cold chain solutions. New HAVI has successfully accessed to SF Holding's existing domestic well-known and brand customers in emerging snack food and beverage, and provide them with end-to-end logistics services from raw materials source to consumers by combining the high standard cold supply chain and the intra-city distribution of both parties. In the future, New HAVI and SF Holding will continue to explore the B2B industry solutions for high quality cold chains, aiming to provide more valuable logistics services for more fresh produce and beverage enterprises. On the other hand, both of them will effectively interoperate and share synergies in terms of operational resources and achieve cost reduction and efficiency enhancement. For example, SF Holding and New HAVI will cooperate in multiple warehouse areas to reduce costs jointly. At the same time, SF Holding will facilitate New HAVI's development and accelerate the development of its supply chain by providing technology. By promoting development of its customized systems, it could quickly obtain technology capabilities to provide cold chain service to key customers and become the first brand in terms of technology logistics for the cold chains industry. In the future, SF Holding will continue to integrate the superiority of both parties and promote resource interoperability, technology empowerment, and business integration, so as to achieve the cooperative synergies of "1 + 1 > 2".

As of the end of the reporting period, SF Holding's pharmaceutical network covered 137 prefecture-level cities and 1,003 counties. Nationally, we had 4 GSP certified medical warehouses with a total area of 29,000 square metres. SF Holding had 36 pharmaceutical transportation routes, covering core cities in the north east, North China, East China, South China, and Central China, and 236 GSP certified refrigerated pharmaceutical trucks equipped with a complete logistics information system and fully visual TCEMS monitoring platform, which was developed in-house. Focused on providing pharmaceutical customers professional, safe, controllable logistics supply chain services, our industry coverage includes production, E-commerce, sales, and retail. Main customers in the pharmaceutical industry include Bayer, Harbin Pharmaceutical Group, CR Sanjiu, Sanofi, Boehringer Ingelheim and Guangzhou Pharmaceutical Holdings.

In 2018, the cold chain and pharmaceutical business of the Company as a whole realized revenues of RMB4.24 billion, a 84.9% increase year over year, maintaining its rapid growth.

(3) Intra-city instant delivery

The intra-city instant delivery market has great potential. It is expected that the daily average in 2019 will reach more than 40 million orders. The overall market size exceeds RMB120 billion and will still maintain 30% compound annual growth in the next three years. In this rapid growth environment, SF Holding has invested in an intra-city research and development team, targeting the mid-to-high-end market, with the ultimate service goal of achieving 30-minute deliveries for all industries and product categories. In 2018, SF Holding's intra-city delivery revenue was RMB1 billion, a 172.2% increase year over year, which was better than the development level of its competitors for the same period. The intra-city delivery relies on strong technological capabilities, diversified operating models, and flexible transportation resources in order to continue to grow intra-city instant delivery market share.

Aiming to establish the country's leading third-party direct, instant delivery service provider, SF Holding's intra-city service already covers 275 cities, rapidly seizing intra-city on-demand logistics market share. We have also already established a diverse and healthy portfolio of customers, serving the takeaway food product industry, grocery industry, beverage industry, apparel industry, consumer electronics industry, and fresh flowers and cakes industry. Providing customers with fast, high-quality, and safe delivery services, our partner brands include McDonald's, KFC, Luckin Coffee, Tianhong, Yonghui, Pizza Hut, Uniqlo, and Heilan. In terms of personal urgent delivery, we have built a flow inlet pipeline portfolio and provide one hour pick-up and delivery service, or 30 minutes as fastest in major cities nationwide. In terms of operation and resource support, we have more than 15,000 full-time delivery staff and more than 10,000 part-time staff

working on a monthly basis nationwide, providing customers with professional, safe and reliable services. As of the end of the reporting period, compared to its industry competitors, SF Holding's intra-city business led its peers in terms of short-distance urgent delivery timeliness and service standards.

In 2019, by focusing on the value proposition of "high quality, high efficiency and full scene", SF Intra-City will rely on SF Holding's ecosystem to establish Intra-city Company for independent operation, and will gradually introduce strategic partners and investors, and build an independent third party on-demand delivery service platform with the highest quality and efficiency so as to high-quality intra-city on-demand logistics services for all industries and all product categories. Meanwhile, through investing in technologies such as new retail outlet allocation and SAAS, we add new retail capabilities to our customers to jointly promote the accelerated development of the new retail industry.

(4) International Express

SF Holding is committed to providing convenient and reliable international express delivery and logistics solutions for domestic and foreign manufacturing companies, trading companies, cross-border E-commerce, and consumers, including international standard express, international economy express, international small parcel, overseas warehousing, transshipping, international E-commerce express, and other different categories of timing standards and import/export services. In addition, we can provide integrated and customized import/export solutions based on customer needs including market access, transportation, customs clearance, and delivery to help China's outstanding enterprises/products "go abroad" as well as to "import" overseas high-quality enterprises/commodities to China.

As of the end of the reporting period, the international standard express/economy express covered 54 countries including the United States, the European Union, Russia, Canada, Japan, Korea, India, Brazil, Mexico, and Chile. The international small parcel business covered 225 countries and regions. In compliance with the Blue Ocean development trend of cross-border E-commerce logistics, SF Holding has continuously enriched its one-stop industrial solutions for cross-border services. For example, by setting up overseas warehouses, providing first leg logistics services for Chinese merchants using overseas warehouses, providing assured chartered flight services in key corridors, integrating overseas resources and domestic high-quality cold chain service capabilities, we create a "one-stop" cross-border fresh produce and seafood cold chain services for customers while achieving breakthroughs in Break-bulk Express as well as new services in connection with bonded and new retail. In 2018, international express revenue was RMB2.63 billion, a year-over-year increase of 28.7%.

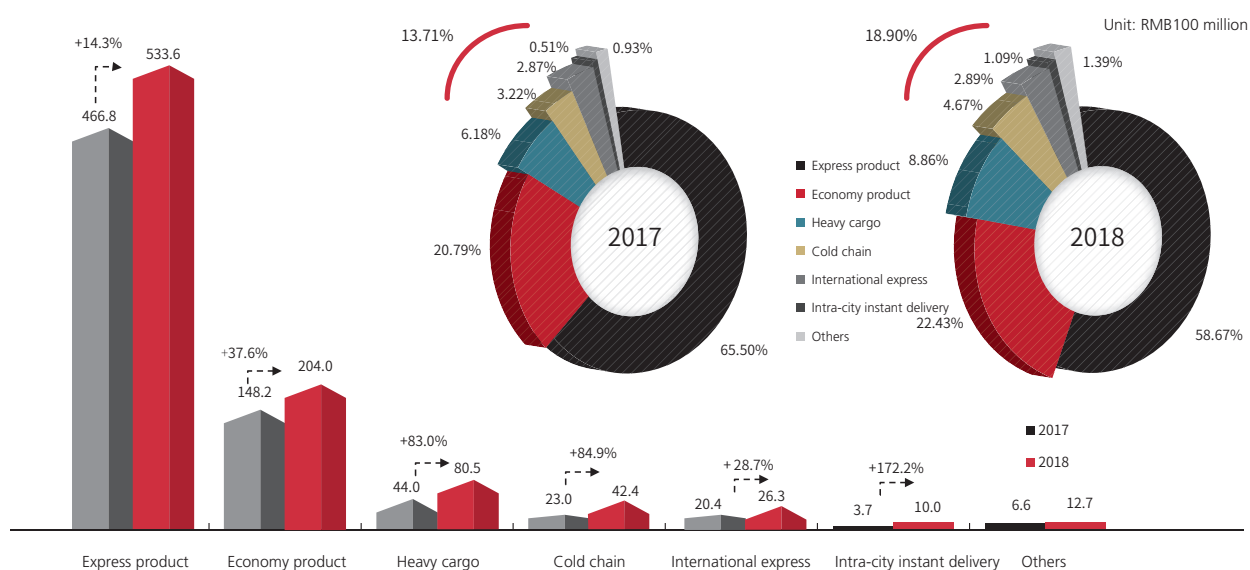
In addition, under the traction of the “Belt and Road” strategy at the national level, the Chinese economy will further step up cross-border trade and business activity. In order to comply with the Blue Ocean development trend of international trade and cross-border E-commerce, SF Holding and UPS announced in May 2017 to establish a joint venture company in Hong Kong to develop and provide international logistics products, focus on cross-border trade, and expand the global market. The establishment of the joint venture will help the two companies in China and the United States to learn from each other’s strengths in network and scale, increase efficiency, and will benefit SF Holding’s long-term international

strategic growth, optimize its international logistics network, and enhance its international competitiveness.

The product jointly developed by the two parties has achieved initial results. Since the product was launched, the timeliness has increased by 2 days and the revenue has increased by more than 56%. In the future, in addition to cooperation in international business, SF Holding can also learn from the operational experience of UPS in aviation hubs to improve the operational level of the future Ezhou Super Hub following its completion and commissioning, which will facilitate SF Holding to connect to the world efficiently.

Rapid Growth of New Business

Revenue in 2017 VS 2018 by Business Segment



II. Analysis on Main Business

1. Overview

For details, please refer to “I. Overall Business Performance in 2018” under the section “Management Discussion and Analysis of Business Operation”.

2. Revenues and costs

(1) Composition of revenue

Unit: RMB

| | 2018 | | 2017(Restated) | | Increase/ Decrease over the previous year |
|---|-------------------|--------------------------|-------------------|--------------------------|---|
| | Amount | Proportion of Revenue | Amount | Proportion of Revenue | |
| Revenue | 90,942,694,239.83 | 100% | 71,272,633,122.78 | 100% | 27.60% |
| Categorized by industry | | | | | |
| Express & logistics | 89,676,881,499.50 | 98.60% | 70,608,565,493.18 | 99.07% | 27.01% |
| Sales of goods | 405,959,567.40 | 0.45% | 79,083,947.06 | 0.11% | 413.33% |
| Others | 859,853,172.93 | 0.95% | 584,983,682.54 | 0.82% | 46.99% |
| Categorized by product | | | | | |
| Express product | 53,355,638,409.86 | 58.67% | 46,681,168,361.44 | 65.50% | 14.30% |
| Economy product | 20,398,296,067.86 | 22.43% | 14,821,075,794.95 | 20.79% | 37.63% |
| Heavy cargo | 8,054,931,095.40 | 8.86% | 4,402,090,614.57 | 6.18% | 82.98% |
| Cold chain | 4,243,892,253.83 | 4.67% | 2,295,481,383.12 | 3.22% | 84.88% |
| Intra-city instant delivery | 995,152,741.38 | 1.09% | 365,572,992.02 | 0.51% | 172.22% |
| International product | 2,628,970,931.17 | 2.89% | 2,043,176,347.08 | 2.87% | 28.67% |
| Others | 1,265,812,740.33 | 1.39% | 664,067,629.60 | 0.93% | 90.62% |
| Categorized by region | | | | | |
| Express logistics – East China | 26,815,675,713.67 | 29.49% | 21,062,402,687.39 | 29.55% | 27.32% |
| Express logistics – South China | 21,964,040,587.35 | 24.15% | 17,417,338,546.39 | 24.44% | 26.10% |
| Express logistics – North China | 19,348,622,014.23 | 21.28% | 15,321,613,118.07 | 21.50% | 26.28% |
| Express logistics – Central China | 12,068,402,876.79 | 13.27% | 9,366,392,656.71 | 13.14% | 28.85% |
| Express logistics – West China | 7,096,285,626.12 | 7.80% | 5,407,213,384.39 | 7.59% | 31.24% |
| Express logistics – Hong Kong and Macao | 1,477,836,093.48 | 1.63% | 1,275,612,993.76 | 1.79% | 15.85% |
| Express logistics – Overseas | 906,018,587.86 | 1.00% | 757,992,106.47 | 1.06% | 19.53% |
| Commodity and others | 1,265,812,740.33 | 1.38% | 664,067,629.60 | 0.93% | 90.62% |

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

(2) Industries, products, or geographies 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 – Engagement of Listed Companies in Express Delivery Services Business."

Unit: RMB

| | Revenue | Cost of revenue (Restated) | Gross Profit Margin | Revenue Increase/Decrease over the Same Period of Last Year | Cost of revenue Increased or Decreased over the Same Period of Last Year | Gross Profit Margin Increase/Decrease over the Same Period of Last Year |
|-------------------------|-------------------|----------------------------|---------------------|---|--|---|
| Categorized by industry | | | | | | |
| Express & logistics | 89,676,881,499.50 | 73,675,519,358.46 | 17.84% | 27.01% | 30.38% | -2.13% |

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.

Disclosure of express delivery volumes, revenues and average revenue per shipment and analysis of changes and rationale

In 2018, the Company's traditional business sustained steady growth. Benefited from rapid growth of new business in 2018, the Company's express & logistics business gained 3.869 billion shipments, a year-on-year increase of 26.77%, and express & logistics revenue were RMB89.677 billion, a year-over-year increase of 27.01%, a growth rate that exceeds that of industry average. The average revenue per shipment was RMB23.18. For more details, please refer to the "I. Overall Business Performance in 2018" under the section "Management Discussion and Analysis of Business Operation".

Explanation for related changes greater than 30% as compared with those in the prior year period

Applicable Not applicable

The Company's 2018 financial information from its main operation according to an adjusted preparation basis in the reporting period.

Applicable Not applicable

(3) Is 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 | 2018 | | 2017 (Restated) | | Year-on-year Increase/Decrease |
|---------------------|-----------------|-------------------|-------------------------------|-------------------|-------------------------------|--------------------------------|
| | | Amount | Proportion of cost of revenue | Amount | Proportion of cost of revenue | |
| Express & logistics | Cost of revenue | 73,675,519,358.46 | 98.71% | 56,506,521,186.67 | 99.30% | 30.38% |
| Sales of goods | Cost of revenue | 398,686,974.32 | 0.53% | 75,152,901.59 | 0.13% | 430.50% |
| Others | Cost of revenue | 567,976,530.94 | 0.76% | 323,421,553.45 | 0.57% | 75.61% |

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

Unit: RMB

| Item | 2018 | | 2017 (Restated) | |
|--|-------------------|-------------------------------|-------------------|-------------------------------|
| | Amount | Proportion of cost of revenue | Amount | Proportion of cost of revenue |
| Employee benefits | 12,007,531,135.36 | 16.09% | 10,188,785,327.32 | 17.90% |
| Outsourcing cost | 39,563,282,380.66 | 53.00% | 27,864,810,452.88 | 48.97% |
| Transportation cost | 9,411,441,306.44 | 12.61% | 8,237,922,679.13 | 14.48% |
| Office and rental fees | 4,947,948,687.45 | 6.63% | 3,386,469,297.23 | 5.95% |
| Packing and Material expenses | 3,746,205,236.28 | 5.02% | 2,989,555,684.13 | 5.25% |
| Depreciation and amortization expenses | 2,969,298,794.26 | 3.98% | 2,735,090,301.97 | 4.81% |
| Cost of revenue of goods | 398,686,974.32 | 0.53% | 75,152,901.59 | 0.13% |
| Customs costs | 300,701,658.15 | 0.40% | 324,562,393.54 | 0.57% |
| IT and information platform expenses | 221,849,976.94 | 0.30% | 228,702,190.53 | 0.40% |
| Claims expenses | 683,462,523.74 | 0.92% | 586,240,768.60 | 1.03% |
| Travelling and transportation expenses | 69,871,443.65 | 0.09% | 53,289,065.60 | 0.09% |
| Taxes | 5,578,219.55 | 0.01% | 12,205,085.71 | 0.02% |
| Others | 316,324,526.92 | 0.42% | 222,309,493.48 | 0.40% |
| Total | 74,642,182,863.72 | 100.00% | 56,905,095,641.71 | 100.00% |

The cost of revenue of the Company mainly include employee benefits, outsourcing cost and transportation cost. In 2018, the cost of revenue of the Company was RMB74.642 billion, representing a year-on-year increase of 31.17%, which was slightly higher than the year-on-year increase in revenue, which was mainly attributable to increase in upfront costs from the company's pro-active responses to the market by making pioneering investment in new business to expand diversified logistics service as well as an influence of cost increase.

(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 2018, refer to Chapter 11 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) | 2,232,199,485.17 |
| Total Revenue from the top five customers in proportion of total revenue | 2.45% |
| Total Revenue from related parties in the top five customers in proportion of total revenue | 0.61% |

Information about the top 5 customers

| SN | Customer | Revenue (RMB) | Proportion of Total Revenue |
|-------|------------|------------------|-----------------------------|
| 1 | Customer 1 | 550,294,205.40 | 0.61% |
| 2 | Customer 2 | 481,068,074.47 | 0.53% |
| 3 | Customer 3 | 439,705,239.67 | 0.48% |
| 4 | Customer 4 | 392,893,691.91 | 0.43% |
| 5 | Customer 5 | 368,238,273.72 | 0.40% |
| Total | – | 2,232,199,485.17 | 2.45% |

Other information regarding major customers

Applicable Not applicable

Information about major suppliers

| | |
|--|------------------|
| Total purchase amount of the top five suppliers (RMB) | 7,832,191,829.40 |
| Total purchase amount of the top five suppliers in proportion of total annual purchase amount | 11.16% |
| 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 | 2,725,853,386.41 | 3.88% |
| 2 | Supplier 2 | 2,533,728,602.88 | 3.61% |
| 3 | Supplier 3 | 1,001,425,055.61 | 1.43% |
| 4 | Supplier 4 | 940,611,645.28 | 1.34% |
| 5 | Supplier 5 | 630,573,139.22 | 0.90% |
| Total | – | 7,832,191,829.40 | 11.16% |

Other information regarding major suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

| | 2018 | 2017 (Restated) | Year-on-year Increase/Decrease | Description on major Changes |
|-------------------------------------|------------------|------------------|--------------------------------|--|
| Selling and distribution expenses | 1,825,817,910.47 | 1,387,089,130.69 | 31.63% | Attributable to the increase in the employee benefits, marketing expenses in line with business growth and acquisition and market development expenses for new business. |
| General and administrative expenses | 8,414,153,879.90 | 6,750,951,976.31 | 24.64% | Attributable to the increase in the employee benefits, depreciation and amortization as a result of the increase in the operations scale. |
| Financial costs | 286,745,488.76 | 259,041,319.62 | 10.69% | No major changes. |
| Research and development expenses | 984,314,148.53 | 648,931,086.39 | 51.68% | Attributable to a significant increase in R&D activities, and related expenses and expenditures increased simultaneously. |

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. During the reporting period, the Company invested RMB2.723 billion totally in science and technology with about 5,754 IT staff (including those outsourced), of which RMB2.156 billion was invested in research and development with 5,139 R&D staff (including those outsourced), while RMB568 million was for operation and maintenance expenses.

Investments in R&D

| | 2018 | 2017 | Year-on-year Increase/Decrease |
|--|------------------|------------------|--------------------------------|
| Number of R&D staff | 5,139 | 2,800 | 83.54% |
| Proportion of R&D staff as a percentage of total staff | 3.80% | 1.97% | 1.83% |
| Technology investment amount (RMB) | 2,723,826,721.78 | 1,603,929,460.97 | 69.82% |
| Technology investment as a percentage of revenue | 3.00% | 2.26% | 0.74% |
| R&D investment amount (RMB) | 2,156,124,907.13 | 1,166,968,078.18 | 84.76% |
| R&D investment as a percentage of revenue | 2.37% | 1.64% | 0.73% |
| Amount of capitalized R&D investment (RMB) | 1,112,962,837.84 | 486,783,872.79 | 128.64% |
| Capitalized R&D investment as a percentage of R&D investment | 51.62% | 41.71% | 9.91% |

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 | 2018 | 2017 | Year-on-year Increase/Decrease |
|---|--------------------|--------------------|--------------------------------|
| Sub-total of operating cash inflows | 152,640,857,512.47 | 123,272,103,206.44 | 23.82% |
| Sub-total of operating cash outflows | 147,215,971,720.36 | 116,938,170,682.65 | 25.89% |
| Net cash flows from operating activities | 5,424,885,792.11 | 6,333,932,523.79 | -14.35% |
| Sub-total of investing cash inflows | 46,907,316,804.13 | 48,681,541,442.84 | -3.64% |
| Sub-total of investing cash outflows | 56,235,898,773.69 | 52,311,809,783.14 | 7.50% |
| Net cash flows from investing activities | -9,328,581,969.56 | -3,630,268,340.30 | 156.97% |
| Sub-total of financing cash inflows | 20,689,082,850.25 | 20,102,561,127.40 | 2.92% |
| Sub-total of financing cash outflows | 17,716,161,105.10 | 13,289,070,779.40 | 33.31% |
| Net cash flows from financing activities | 2,972,921,745.15 | 6,813,490,348.00 | -56.37% |
| Net increase in cash and cash equivalents | -850,258,121.47 | 9,503,226,116.36 | -108.95% |

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

Applicable Not applicable

1. The net cash flows from operating activities decreased by RMB0.909 billion, a 14.35% year-on-year decrease. It was basically in line with a slight decline in net profits in 2018.

2. The net cash flows used in investing activities increased by RMB5.699 billion as compared with those in 2017. It was mainly attributable to a combination impact from increase in cashflows from bank borrowings, the increase in the net capital outflow resulting from purchase and construction of buildings, transportation equipments, equity investments, and other assets during the period.

3. The net cash flows from financing activities decreased by RMB3.84 billion as compared with those in 2017. It was mainly attributable to a combination impact from increase in cashflows from bank borrowings and debentures of RMB7.208 billion, an increase of RMB2.14 billion in cash outflows from the payment of matured wealth management products and the net inflow of RMB7.832 billion raised from the non-public offering of shares in the same period of last year.

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 | 2018 | 2017 (Restated) | Year-on-year Increase/Decrease |
|--|---------------|-----------------|--------------------------------|
| Effect of foreign exchange rate changes on cash and cash equivalents | 80,516,310.83 | -13,928,415.13 | -678.07% |

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 | 212,969,288.91 | 3.63% | Mainly including government grants related to daily activities. | No |
| Investment income | 1,166,485,997.95 | 19.88% | Mainly including investment income from the disposal of subsidiaries 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 | -5,784,709.35 | -0.10% | Mainly including changes in the fair value of financial assets and liabilities. | No |
| Impairment losses | 103,540,525.99 | 1.76% | Mainly including bad debt losses of accounts receivable and other accounts receivables. | No |
| Gains on disposal of fixed assets | -19,187,676.04 | -0.33% | Mainly including the profits or losses from disposal of fixed assets. | No |
| Non-operating income | 148,049,933.34 | 2.52% | Mainly including government grants and compensation income unrelated to daily activities. | No |
| Non-operating expenses | 98,620,082.51 | 1.68% | Mainly including donations, compensation expenses, and penalties. | No |

IV. Analysis of Assets and Liabilities

1. Major Changes in Asset Composition

Unit: RMB

| | Year End of 2018 | | Year End of 2017 (Restated) | | Increase/ Decrease in Proportion | Major Changes |
|---|-------------------|----------------------------------|-----------------------------|----------------------------------|--|--|
| | Amount | Proportion of Total Assets | Amount | Proportion of Total Assets | | |
| Cash at bank and on hand | 16,131,119,850.56 | 22.52% | 17,385,932,183.01 | 28.39% | -5.87% | 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. |
| Notes receivable and accounts receivable | 7,373,836,495.23 | 10.30% | 5,816,034,396.37 | 9.50% | 0.80% | Increased due to the increase in the revenue in November and December 2018 as compared with the same periods of 2017. |
| Other receivables | 1,397,913,483.52 | 1.95% | 3,564,596,783.88 | 5.82% | -3.87% | Decreased due to the decrease in external entrusted loan businesses and the recovery of the proceeds from disposal of the equity of Hive Box Technology. |
| Inventories | 818,050,025.02 | 1.14% | 446,359,026.86 | 0.73% | 0.41% | Increased due to the increase in packaging materials, aviation consumables and finished goods. |
| Other current assets | 3,003,959,574.30 | 4.19% | 5,037,488,652.60 | 8.22% | -4.03% | Decreased due to the redemption of wealth management products. |
| Available-for-sale financial assets | 3,423,527,060.27 | 4.78% | 1,845,921,056.19 | 3.01% | 1.77% | Increased due to increase in investments. |
| Long-term equity investment | 2,203,431,122.03 | 3.08% | 604,683,890.67 | 0.99% | 2.09% | Increased due to investments in joint ventures and associates. |
| Investment properties | 2,453,931,501.54 | 3.43% | 1,991,594,322.02 | 3.25% | 0.18% | No significant changes. |
| Capitalized development expenditures | 585,212,743.77 | 0.82% | 176,108,933.72 | 0.29% | 0.53% | Increased due to the increase in research and development activities and the increase in relevant capitalized development expenditures. |
| Fixed assets | 13,966,702,267.45 | 19.50% | 11,895,606,968.37 | 19.42% | 0.08% | Increased due to the purchase of aircraft and accessories, transportation equipment and electronic equipment. |
| Construction in progress | 6,507,907,313.07 | 9.09% | 2,306,920,413.29 | 3.77% | 5.32% | Increased due to investments in buildings, industrial parks and other engineering projects. |
| Short-term borrowings | 8,585,129,399.63 | 11.99% | 4,619,193,530.69 | 7.54% | 4.45% | The short-term borrowings, the long-term borrowings, the long-term borrowings due within one year, debentures payable and other current liabilities (super short-term commercial paper) of the Company increased by RMB6.207 billion as compared with 2017, mainly due to the issue of corporate bonds, medium term notes and super short-term commercial paper. |
| Non-current liabilities due within one year | 273,222,821.65 | 0.38% | 3,237,710,410.86 | 5.29% | -4.91% | Please refer to the above short-term borrowings description. |
| Other payables | 4,539,637,152.31 | 6.34% | 5,826,678,536.46 | 9.51% | -3.17% | Decreased due to payment of the amount which was matured and payable for wealth management products. |
| Other current liabilities | 999,378,905.37 | 1.40% | - | - | 1.40% | Please refer to the above short-term borrowings description. |
| Long-term borrowings | 998,287,835.19 | 1.39% | 2,721,404,281.28 | 4.44% | -3.05% | Please refer to the above short-term borrowings description. |
| Debentures payable | 6,405,035,926.40 | 8.94% | 529,406,177.70 | 0.86% | 8.08% | Please refer to the above short-term borrowings description. |

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 | Increase in the Current Period | Amount of Sales in Current Period | Closing Balance |
|--|------------------|--|---|--|--------------------------------|-----------------------------------|------------------|
| Financial assets | | | | | | | |
| 1. Financial assets at fair value through profit or loss (excluding derivative financial assets) | 16,232,692.66 | -5,648,756.84 | - | - | 3,131,400.96 | - | 13,715,336.78 |
| 2. Derivative financial assets | 1,586,700.69 | -928,580.12 | - | - | - | - | 726,641.31 |
| 3. Available-for-sale financial assets | 1,793,120,058.22 | - | 113,333,428.91 | -11,482,182.39 | 1,346,086,578.82 | 15,863,700.61 | 3,248,731,508.82 |
| Sub-total of financial assets | 1,810,939,451.57 | -6,577,336.96 | 113,333,428.91 | -11,482,182.39 | 1,349,217,979.78 | 15,863,700.61 | 3,263,173,486.91 |
| Financial liabilities | 784,639.53 | -792,627.61 | - | - | - | - | - |

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

Yes No

3. Asset with restricted 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 | Limitation Reason |
|--------------------------|---------------------------------|------------------------------------|
| Cash at bank | 30,000,000.00 | Long-term borrowing deposit |
| Cash at bank | 139,907.00 | SF Holding's Letter of Guarantee |
| Cash at bank | 873,705,941.98 | Legal reserves in the Central Bank |
| Fixed assets | 342,796,848.43 | Long-term borrowing mortgage |
| Intangible assets | 1,348,481,102.10 | Long-term borrowing mortgage |
| Construction in progress | 229,810,226.10 | Long-term borrowing mortgage |
| Total | 2,824,934,025.61 | |

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 – Engagement of Listed Companies in Express Delivery Services Business."

| Investment Amount in 2018 (RMB) | Investment Amount in 2017 (RMB) | Change |
|---------------------------------|---------------------------------|--------|
| 14,659,897,294.04 | 8,847,439,504.40 | 65.70% |

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

| Item | Investment Amount in 2018 (RMB) |
|---------------------------------------|---------------------------------|
| Buildings | 3,944,338,507.33 |
| Land | 329,211,311.28 |
| Warehouse | 476,500,734.96 |
| Sorting center | 1,172,725,199.47 |
| Aircraft | 1,637,886,460.15 |
| Vehicles | 1,232,959,206.19 |
| Information technology equipment | 685,204,696.86 |
| Others (including equity investments) | 5,181,071,177.80 |
| Total | 14,659,897,294.04 |

2. Significant Equity Investment Obtained During the Reporting Period

Applicable Not applicable

Unit: RMB10 thousands

| Name of investee company | Principal business | Investment method | Investment amount | Shareholding ratio | Sources of funds | Partner | Investment period | Product type | Progress as of the balance sheet date | Expected return | Investment profit/loss for current period | Whether involved in litigation | Date of disclosure (if any) | Disclosure index (if any) |
|--|-----------------------|-------------------|-------------------|--------------------|----------------------------------|---------|-------------------|--------------|---|-----------------|---|--|-----------------------------|--|
| DHL SUPPLY CHAIN (HONG KONG) LIMITED and DHL Logistics (Beijing) Co., Ltd. | Supply chain business | Acquisition | 550,000 | 100% | Self-owned and self-raised funds | N/A | N/A | N/A | For details, please refer to the announcements (2018-094, 2019-013, 2019-023) disclosed by the Company on http://www.cninfo.com.cn | N/A | N/A | The subject matter of the acquisition does not involve major disputes, litigation or arbitration | October 27, 2018 | Announcement on acquisition of 100% equity of DHL Supply Chain (Hong Kong) Limited. and DHL Logistics (Beijing) Co., Ltd. (2018-094) disclosed by the Company at http://www.cninfo.com.cn . |
| Total | - | - | 550,000 | - | - | - | - | - | - | - | - | - | - | - |

Note: On October 26, 2018, the Company's subsidiary SF Holding Limited signed the Master Share Sale and Purchase Agreement with DPDHL's subsidiary DEUTSCHE POST BETEILIGUNGEN HOLDING GMBH (hereinafter referred to as "DP Holding"), OCEAN OVERSEAS HOLDINGS LIMITED (hereinafter referred to as "Ocean Holding") and DHL GLOBAL FORWARDING (HONG KONG) LTD. (hereinafter referred to as "DHL Freight"). Pursuant to the agreement, the parties agreed that SF Holding Limited shall acquire 100% equity interest in DHL SUPPLY CHAIN (HONG KONG) LIMITED held by DP Holding and Ocean Holding and 100% equity interest in DHL Logistics (Beijing) Co., Ltd held by DHL Freight by way of cash. Pursuant to the prerequisites for completion as stipulated in the contract, the transaction had not been completed as of the balance sheet date. As of the disclosure date of this report, all necessary regulatory approvals, filings and registrations have been obtained for the transaction, and all prerequisites for completion have been fulfilled, and the parties to the transaction have achieved the formal completion. For details, please refer to the Announcement (2018-094, 2019-013, 2019-023) disclosed by the Company on CNINFO (<http://www.cninfo.com.cn>).

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 | Source of Funds |
|-----------------------|-------------------------|--|---|--|---|-------------------------------|------------------|------------------|
| Stock | 857,830,555.19 | -5,648,756.84 | -134,987,957.26 | 233,264,979.02 | 9,386,163.00 | 40,045,949.31 | 807,768,646.59 | Self-owned funds |
| Financial derivatives | - | -928,580.12 | - | - | - | -107,176.18 | 726,641.31 | Self-owned funds |
| Others | 2,060,953,000.75 | - | 248,321,386.17 | 1,115,953,000.76 | 6,477,537.61 | 230,775.77 | 2,454,678,199.01 | Self-owned funds |
| Total | 2,918,783,555.94 | -6,577,336.96 | 113,333,428.91 | 1,349,217,979.78 | 15,863,700.61 | 40,169,548.90 | 3,263,173,486.91 | - |

5 Use of Proceeds

√ Applicable Not applicable

(1) Overall use of proceeds

√ Applicable Not applicable

Unit: RMB10 thousands

| Year of Funding | Method of Funding | Total Proceeds | Total of Proceeds Used in Current Year | Total Accumulated Proceeds used (Note 1) | Total Proceeds with Change of Use during the Reporting Period | Total Accumulated Proceeds with Change of Use (Note 2) | Proportion of Total accumulate Proceeds with Change of Use | Total Unused Proceeds | Use and Allocation of unused Proceeds | Proceeds Idled for over Two Years |
|-----------------|---|----------------|--|--|---|--|--|-----------------------|---|-----------------------------------|
| 2017 | Issued shares through private placement | 782,217.96 | 336,199.40 | 757,058.74 | - | 333,189.35 | 42.60% | 25,159.22 | Deposits in special accounts for the proceeds | - |
| Total | - | 782,217.96 | 336,199.40 | 757,058.74 | - | 333,189.35 | 42.60% | 25,159.22 | - | - |

Description for overall use of proceeds

As of December 31, 2018, the 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 RMB3,448,572,600, and that used for the Transit Depot Construction Project totalled RMB1,193,785,800.

(2) Statement of Committed Investment Projects of Proceeds

√ Applicable □ Not applicable

Unit: RMB10 thousand

| Committed Investment Projects and Uses of Excess Proceeds | Project Changed (Partially Changed) | Committed Total Investment Amount from Proceeds | Total Investment Amount after Adjustment (1) | Amount Invested During the Reporting Period | Accumulated Investment Amount As of the End of the Period (2) | Investment Progress As of the End of the Period (%) (3) = (2)/(1) | Date When Project Reaches Scheduled Availability Status | Benefits Achieved During the Reporting Period | Achievement of Expected Benefits | Whether feasibility of project has changed significantly |
|---|-------------------------------------|---|--|---|---|---|---|---|----------------------------------|--|
| Committed investment projects | | | | | | | | | | |
| 1. Aviation material purchase and flight support project | Yes | 268,622.08 | 268,622.08 | 98,370.99 | 263,622.02 | 98.14% | | Note 3 | N/A | No |
| 1.1 Aviation material purchase | Yes | 237,622.08 | 157,298.74 | 62,939.74 | 157,298.74 | 100.00% | December 31, 2018 | Note 3 | N/A | No |
| 1.2 Recruitment of pilots | Yes | 31,000.00 | 27,554.51 | 13,015.58 | 27,554.51 | 100.00% | December 31, 2018 | Note 3 | N/A | No |
| 1.3 Aircraft purchase and modification | Yes | - | 83,768.83 | 22,415.67 | 78,768.77 | 94.03% | (i) June 30, 2019 | Note 3 | N/A | No |
| 2. Cold storage vehicles and temperature control equipment purchase | Yes | 71,795.00 | 29,200.88 | - | 29,200.88 | 100.00% | | Note 4 | N/A | No |
| 2.1 Purchase of vehicles for cold chain transport | Yes | 49,729.00 | 28,056.60 | - | 28,056.60 | 100.00% | December 31, 2018 | Note 4 | N/A | No |
| 2.2 Purchase of EPP temperature control containers | Yes | 22,066.00 | 1,144.28 | - | 1,144.28 | 100.00% | December 31, 2018 | Note 4 | N/A | No |
| 3. Information service platform construction and next-generation logistics IT research and development projects | Yes | 111,918.00 | 344,857.26 | 188,644.64 | 344,857.26 | 100.00% | December 31, 2018 | Note 5 | N/A | No |
| 4. Transit Depot Construction Project | Yes | 329,882.88 | 139,537.74 | 49,183.77 | 119,378.58 | 85.55% | | Note 6 | N/A | No |
| 4.1 Zhengzhou SF E-commerce Industrial Park project | Yes | 50,584.68 | 343.82 | - | 343.82 | 100.00% | December 31, 2018 | Note 6 | N/A | No |
| 4.2 Changchun SF E-commerce Industrial Park project | Yes | 61,945.51 | 25,494.50 | 10,480.44 | 22,264.72 | 87.33% | (ii) May 31, 2019 | Note 6 | N/A | No |
| 4.3 Wuxi SF E-commerce Industrial Park project | Yes | 41,834.10 | 22,291.49 | 9,740.57 | 22,192.87 | 99.56% | (ii) June 30, 2019 | Note 6 | N/A | No |
| 4.4 Shanghai Shunheng Logistics Co., Ltd. new factory project | Yes | 50,634.05 | 18,816.19 | 10,706.41 | 18,816.19 | 100.00% | August 31, 2018 | Note 6 | N/A | No |
| 4.5 SF Express Nantong District Aviation Hub (phase project) | Yes | 33,055.34 | Project investment has been cancelled after alteration | | | | | | | |
| 4.6 Hefei smart sorting base | Yes | 26,427.29 | 42,908.55 | 14,871.44 | 31,958.78 | 74.48% | (ii) June 30, 2019 | Note 6 | N/A | No |
| 4.7 SF E-commerce Industrial Yiwu Integrated Service Center | Yes | 24,900.96 | 11,731.86 | 1,290.82 | 8,287.38 | 70.64% | (ii) June 30, 2019 | Note 6 | N/A | No |
| 4.8 Ningbo Transshipping Center | Yes | 22,587.92 | 9,054.64 | 895.90 | 7,269.33 | 80.28% | (ii) June 30, 2019 | Note 6 | N/A | No |
| 4.9 Wenzhou Ganglu E-commerce Industrial Park project | Yes | 17,913.03 | 8,896.69 | 1,198.19 | 8,245.49 | 92.68% | (ii) June 30, 2019 | Note 6 | N/A | No |
| Subtotal of Committed investment projects | - | 782,217.96 | 782,217.96 | 336,199.40 | 757,058.74 | - | - | | - | - |
| Investment of excess proceeds | N/A | | | | | | | | | |
| Total | - | 782,217.96 | 782,217.96 | 336,199.40 | 757,058.74 | - | - | | - | - |

| Committed Investment Projects and Uses of Excess Proceeds | Project Changed (Partially Changed) | Committed Total Investment Amount from Proceeds | Total Investment Amount after Adjustment (1) | Amount Invested During the Reporting Period | Accumulated Investment Amount As of the End of the Period (2) | Investment Progress As of the End of the Period (%) (3) = (2)/(1) | Date When Project Reaches Scheduled Availability Status | Benefits Achieved During the Reporting Period | Achievement of Expected Benefits | Whether feasibility of project has changed significantly |
|--|-------------------------------------|---|--|---|---|---|---|---|----------------------------------|---|
| Status of and reason for planned progress or estimated income not achieved (of a specific project) | | | | | | | | | | <p>(i) As the aircraft purchasing plan was altered, the project of aircraft purchasing and modification was postponed;</p> <p>(ii) Due to reasons such as changes in operation policies and project settlement, the progress of S.F. Wuxi E-Commerce Industrial Park Project, S.F. E-Commerce Industrial Park Yiwu Comprehensive Service Centre Project, Ningbo Express Transit Centre Project, Wenzhou Ganglu E-Commerce Industrial Park Construction Project, Intelligent sorting Hefei base project and Changchun S.F. E-Commerce Industrial Park Project was slowed down;</p> <p>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 1st interim shareholders' meeting in 2019, the Company agreed to extract funds from the Raised Funds invested to subprojects "Transit Depot Construction Project" and "Aviation Materials Purchasing and Flight Support Project" with the total investment in both projects unchanged. RMB251,592,200 extracted plus the accumulative income from wealth management and interest income amounting to RMB146,327,900 totalled RMB397,920,100 were invested into the "Information Service Platform Construction and the Next Generation Logistics Informatisation Technology R&D Project". See the announcements (No. 2019-008 and No. 2019-018) disclosed at the website of CNINFO (http://www.cninfo.com.cn) on January 4, 2019 and January 24, 2019 respectively for more details about the Company's project alteration.</p> |
| Description of major changes in project feasibility | | | | | | | | | | N/A |
| Amount, use and progress of use of excess proceeds | | | | | | | | | | N/A |
| Changes in location of investment projects using proceeds | | | | | | | | | | N/A |
| Changes in implementation model of investment projects using proceeds | | | | | | | | | | N/A |
| Pre-investment and replacement of investment projects using proceeds | | | | | | | | | | <p>Pursuant to the resolution of the seventh meeting of the fourth Board of Directors on August 4, 2017 and the explicit consent given by the independent financial advisors, the independent directors and the supervisory board, the Company was approved to replace upfront self-raised funds of RMB 2,645,283,600 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 Depot Construction Project with the proceeds. See the announcement (No. 2017-046) disclosed at the website of CNINFO (http://www.cninfo.com.cn) by the Company on August 5, 2017 for more details.</p> |
| Supplementing working capital temporarily with idled proceeds | | | | | | | | | | N/A |
| Balances of proceeds during the project implementation and the reasons | | | | | | | | | | The proceeds of the current year are still in the investment link, and there is no balance for the Raised Funds. |
| Usage and allocation of the unused proceeds | | | | | | | | | | <p>Unused proceeds of the Group will be used for the Information Service Platform Construction and Next Generation Logistics Informatisation Technology R&D Project upon the approval of the Board of Directors and the shareholders' meeting and the investment alteration. All unused proceeds are deposited in the special account for proceeds at the Company's supervisory bank of proceeds. As at December 31, 2018, there was no balance of structural deposits and wealth management products with guaranteed principal, and the remaining RMB 397,920,100 was deposited as current deposits. There are no restrictions in the form of collateral, pledges, and other usage right restrictions.</p> |
| Defects and other issues that occurred in the use and disclosure of proceeds | | | | | | | | | | N/A |

(3) Statement of Altered Investment Projects of Proceeds

√ Applicable □ Not applicable

Unit: RMB10 thousand

| Project After Change | Original Committed Project | Total Amount to Invest in Projects Using Proceeds After Change (1) | Actual Amount Invested During the Reporting Period | Actual Accumulated Investment (2) | Investment Progress (%) (3) = (2)/(1) | Date When Project Reaches Scheduled Availability Status | Benefits Achieved During the Reporting Period | Achievement of Expected Benefits | Significant Changes to Project Feasibility |
|--|---|--|--|-----------------------------------|---------------------------------------|---|---|----------------------------------|--|
| Aviation material purchase and flight support project – Aircraft purchase and modification | Aviation material purchase and flight support project – Aviation material purchase – Recruitment of pilots | 83,768.83 | 22,415.67 | 78,768.77 | 94.03% | June 30, 2019 | Note 3 | N/A | No |
| Information service platform construction and next-generation logistics IT research and development projects | – Cold storage vehicles and temperature control equipment purchase project – Transit depot construction projects | 344,857.26 | 188,644.64 | 344,857.26 | 100.00% | December 31, 2018 | Note 5 | N/A | No |
| Transit depot construction project – Hefei smart sorting base project | Transit depot construction project | 42,908.55 | 14,871.44 | 31,958.78 | 74.48% | June 30, 2019 | Note 6 | N/A | No |
| Total | – | 471,534.64 | 225,931.75 | 455,584.81 | – | – | – | – | – |
| Reasons for change, decision-making procedures and information disclosure (by project) | <p>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 proceeds 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 proceeds 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 proceeds 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 Depot Construction Project" unchanged, the Company adjusted the proceeds invested to each subproject. RMB2,329,392,600 extracted from the proceeds were invested into "Information Service Platform Construction and the Next Generation Logistics Informatisation Technology R&D Project". See Announcement No. 2017-049, No. 2017-052 and No. 2017-059 for more details about the Company's project alteration disclosed at the website of CNINFO (http://www.cninfo.com.cn) on August 26, 2017 and September 13, 2017.</p> <p>As at December 31, 2018, the proceeds 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 RMB3,448,572,600, and that used by Transit Depot Construction Project accumulated RMB1,193,785,800.</p> | | | | | | | | |
| Status of and reason for planned progress or estimated income not achieved (of a specific project) | <p>Due to the alterations of the aircraft purchasing plan of "Aircraft Purchasing and Modification" project and changes in project settlement and operation policies of "Intelligent Sorting Hefei Base Project", the planned progress has not been achieved for both projects. Pursuant to the Proposal for Alteration of Certain Investment Projects of the proceeds approved at the eighteenth meeting of the fourth Board of Directors and the 1st interim shareholders' meeting in 2019, the Company agreed to extract funds from the proceeds invested to subprojects "Transit Depot Construction Project" and "Aviation Materials Purchasing and Flight Support Project" with the total investment in both projects unchanged. The extracted funds were invested into the "Information Service Platform Construction and the Next Generation Logistics Informatisation Technology R&D Project". See the announcements (No. 2019-008 and No. 2019-018) disclosed at the website of CNINFO (http://www.cninfo.com.cn) on January 4, 2019 and January 24, 2019 respectively for more details about the Company's project alteration.</p> | | | | | | | | |
| Description of major changes in project feasibility after changes | N/A | | | | | | | | |

Note 1 "Accumulated Proceeds Used" includes accumulative proceeds invested and upfront investment replaced after the reception of Raised Funds of proceeds of RMB2,645,283,600.

Note 2 "Total Accumulated Proceeds with Change of Use" refers to the change in proceeds ready for investment calculated based on the last-tier subproject of proceeds with usage altered listed in the Annex 2.

Note 3 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 4 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 5 The project is aimed at laying out 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 6 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.

VI. Sale of Major Assets and Equity

1. Sale of major assets

Applicable Not applicable

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

2. Sale of major equity

Applicable Not applicable

| Counterparty | Disposal of equity interests | Date of disposal | Transaction price (RMB'000) | Net profit attributable to the equity interests disposed by the Listed Company from the beginning of the period to the date of disposal (RMB'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 Shunze Industrial Park Management Co., Ltd. (深圳顺泽产业园管理有限公司) and Shenzhen Shuntai Industrial Park Management Co., Ltd. (深圳顺泰产业园管理有限公司) | The 100% equity interests of Shanghai Fengyutai Industry Co., Ltd. and Wuxi Fengyutai Industrial Co., Ltd. | December 11, 2018 | 110,500 | - | 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. | 18.09% | 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 | August 24, 2018, December 4, 2018 | The "Announcement on Implementation of Asset Securitization and Related Party Transactions" (No. 2018-079) and the "Announcement on Progress in Implementation of Asset Securitization and Related Party Transactions" (No. 2018-102) disclosed by the Company on the Cninfo website (http://www.cninfo.com.cn). |

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 Holding (Group) Co., Ltd. | Subsidiary | Investments in industrial businesses, asset management, capital management, investment management, etc | RMB2 billion | 32,074,984,688.72 | 18,983,463,747.75 | - | 217,174,425.96 | 227,635,682.19 |
| S.F. Express Co., Ltd. | Subsidiary | International freight forwarding, domestic and international express delivery services, etc. | RMB0.15 billion | 13,177,061,410.62 | 4,482,524,601.64 | 11,513,923,707.58 | 806,035,012.05 | 593,849,597.32 |
| 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 | 4,424,522,966.94 | 4,398,418,839.88 | 6,463,207.55 | 820,836,944.96 | 820,837,517.67 |

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 |
|---|---|---|
| Guangdong Shunxin Express Co., Ltd. | Acquisition | No major impact |
| Shenzhen Fengle Property Co., Ltd. | Acquisition | No major impact |
| HAVI Logistics Services (Hong Kong) Limited | Acquisition | No major impact |
| Alashankou International Railcargo Express Ltd. | Acquisition | No major impact |
| Beijing Deda Logistics Co., Ltd | Acquisition | No major impact |
| Shenzhen Yifeng Technology Co., Ltd | Equity replacement | No major impact |
| Shenzhen Shunkai Technology Co., Ltd. | Equity replacement | No major impact |
| Fonair Aviation Co., Ltd. | Acquisition | No major impact |
| Shenzhen Shuncheng Lefeng Factoring Co., Ltd. | Acquisition | No major impact |
| Shenzhen Shunheng Rongfeng Investment Co., Ltd. | Acquisition | No major impact |
| Shenzhen Hengyi Logistics Co., Ltd. | Acquisition | No major impact |
| LUXURIANT VIEW LIMITED | Acquisition | No major impact |
| Shenzhen S.F. Runtai Management Consultancy Co., Ltd. | New establishment | No major impact |
| Shunyuan Financial Lease (Tianjin) Co., Ltd. | New establishment | No major impact |
| SF Technology (Beijing) Co., Ltd. | New establishment | No major impact |
| Fengtuo Technology (Shenzhen) Co., Ltd. | New establishment | No major impact |

| Company Name | Acquisition or Disposal of Subsidiaries During the Reporting Period | Impact on Overall Production Operations and Performance |
|--|---|---|
| SF Pharmaceutical Supply Chain Hubei Co., Ltd. | New establishment | No major impact |
| Ezhou Shunlu Logistics Co., Ltd. | New establishment | No major impact |
| Zhejiang Fengchi Network Technology Co., Ltd. | New establishment | No major impact |
| TIANJIN S.F. IMPORT AND EXPORT TRADE CO., LTD. | New establishment | No major impact |
| Xiamen Fengyutai Industrial Park Management Co., Ltd. | New establishment | No major impact |
| Ganzhou Fengtai Industrial Park Management Co., Ltd. | New establishment | No major impact |
| Nanchang Fengtai Industrial Park Management Co., Ltd. | New establishment | No major impact |
| Xuzhou Fengtai Industrial Park Management Co., Ltd. | New establishment | No major impact |
| Ma'anshan Fengyutai Enterprise Management Co., Ltd. | New establishment | No major impact |
| Jinjiang Jietai Enterprise Management Co., Ltd. | New establishment | No major impact |
| Lhasa Fengtai Industrial Park Management Co., Ltd. | New establishment | No major impact |
| Shanxi Fengnong Technology Co., Ltd. | New establishment | No major impact |
| SF Multimodal Transportation Co., Ltd. | New establishment | No major impact |
| Wulian Yuncang (Chengdu) Technology Co., Ltd. | New establishment | No major impact |
| ProsLot (Shenzhen) Technology Co., Ltd. | New establishment | No major impact |
| SF Express Ltd. | New establishment | No major impact |
| Jolly Union Limited | New establishment | No major impact |
| Bright Hazel Limited | New establishment | No major impact |
| Equal Wind Limited | New establishment | No major impact |
| Joyous Advantage Limited | New establishment | No major impact |
| Superior Hawk Limited | New establishment | No major impact |
| Top Haze Limited | New establishment | No major impact |
| Castle Way Corporation Limited | New establishment | No major impact |
| World Brave Limited | New establishment | No major impact |
| SF Holding Investment Limited | New establishment | No major impact |
| Exaleap SF Limited | New establishment | No major impact |
| Crystal Era Limited | New establishment | No major impact |
| Fame Trend International Limited | New establishment | No major impact |
| Foshan Fengyutai Industrial Park Operations Management Co., Ltd. | New establishment | No major impact |

| Company Name | Acquisition or Disposal of Subsidiaries During the Reporting Period | Impact on Overall Production Operations and Performance |
|--|---|---|
| Chengdu Yifeng Daojia Technology Service Co., Ltd. | New establishment | No major impact |
| Ezhou Fengtai Qisheng Logistics Development Co., Ltd. | New establishment | No major impact |
| Ezhou Fengyutai Helin Logistics Development Co., Ltd. | New establishment | No major impact |
| Guangzhou SF Information Service Co., Ltd. | New establishment | No major impact |
| Rongyilian Technology (Shenzhen) Co., Ltd. | New establishment | No major impact |
| Shunyuan No. 1 Lease (Tianjin) Co., Ltd. | New establishment | No major impact |
| Shunyuan No. 2 Lease (Tianjin) Co., Ltd. | New establishment | No major impact |
| Guangdong Fengrui Youzi Technology Co., Ltd. | New establishment | No major impact |
| S.F. Insurance Broker (Shenzhen) Co., Ltd. | New establishment | No major impact |
| Haikou Fengtai Industrial Park Management Co., Ltd. | New establishment | No major impact |
| Shenzhen Zhongpulasi Network Technology Co., Ltd. | New establishment | No major impact |
| Shenzhen Shunxi Management Consultancy Co., Ltd. | New establishment | No major impact |
| Shenzhen Fengchi Shunxing Information Technology Co., Ltd. | New establishment | No major impact |
| S.F. International Railcargo Express Ltd. | New establishment | No major impact |
| Guangdong Fengchi Taiyun Investment Co., Ltd. | New establishment | No major impact |
| Guangdong Fengchi Shunxing Technology Co., Ltd. | New establishment | No major impact |
| Shunqihe (Shenzhen) Technology Co., Ltd. | New establishment | No major impact |
| Hangzhou Dingpei Network Technology Co., Ltd. | New establishment | No major impact |
| Shenzhen Yilai Yiwang Technology Co., Ltd. | New establishment | No major impact |
| SF Express (NZ) Limited | New establishment | No major impact |
| S.F. Duolian Technology Co., Ltd. | New establishment | No major impact |
| SF Innovative Technology Co., Ltd. | New establishment | No major impact |
| Shenzhen S.F. Intra-city Logistics Co., Ltd. | New establishment | No major impact |
| Dongguan SF Taisen Real Estate Co., Ltd. | New establishment | No major impact |
| Fengyi Technology (Shenzhen) Co., Ltd. | New establishment | No major impact |
| Zhejiang Fengle Hotel Management Co., Ltd. | New establishment | No major impact |
| Jiaxing Fengyutai Enterprise Management Co., Ltd. | New establishment | No major impact |

| Company Name | Acquisition or Disposal of Subsidiaries During the Reporting Period | Impact on Overall Production Operations and Performance |
|--|---|---|
| Dongguan S.F. Tielian Logistics Co., Ltd. | New establishment | No major impact |
| Nantong Fengtai Enterprise Management Ltd. | New establishment | No major impact |
| Guangdong Fengyi Shuntu Technology Co., Ltd. | New establishment | No major impact |
| Wuxi Jietai Enterprise Management Co., Ltd. | New establishment | No major impact |
| Guangdong Fengxing Zhitu Technology Co., Ltd. | New establishment | No major impact |
| Guangzhou Fengtai Industrial Park Operations Co., Ltd. | New establishment | No major impact |
| Xinjiang Fengjietai Industrial Park Management Co., Ltd. | New establishment | No major impact |
| SF Dadangjia Technology (Hong Kong) Co., Limited | New establishment | No major impact |
| Sunny Sail Holding Limited | New establishment | No major impact |
| Harvest Bloom Investment | New establishment | No major impact |
| Radiant Beyond Limited | New establishment | No major impact |
| Huge Charm Investment Limited | New establishment | No major impact |
| Heracles Development Limited | New establishment | No major impact |
| Joy Pointer Limited | New establishment | No major impact |
| Ample Ornate Limited | New establishment | No major impact |
| Joint Honest Limited | New establishment | No major impact |
| SF Intracity (Singapore) Pte. Ltd. | New establishment | No major impact |
| Nice Grand GmbH | New establishment | No major impact |
| S.F. Intercontinental (HK) Investment Co., Limited | New establishment | No major impact |
| EF Locker (Macau) Co., Ltd. | New establishment | No major impact |
| Harmonious Lead Limited | New establishment | No major impact |
| Global Fortitude International Limited | New establishment | No major impact |
| Ample Nice Corporation Limited | New establishment | No major impact |
| Shanghai Shunzhu Xinxhe Express Co., Ltd. | New establishment | No major impact |
| Dongguan Shunjiaxin Express Co., Ltd. | New establishment | No major impact |
| Shenzhen Shunxin Jieda Express Co., Ltd. | New establishment | No major impact |
| Suzhou Shunhexin Express Co., Ltd. | New establishment | No major impact |
| Hangzhou Shunxin Jieda Express Co., Ltd. | New establishment | No major impact |
| Beijing Shunxin Jieda Supply Chain Management Co., Ltd. | New establishment | No major impact |
| Wuxi Shunhexin Express Co., Ltd. | New establishment | No major impact |

| Company Name | Acquisition or Disposal of Subsidiaries During the Reporting Period | Impact on Overall Production Operations and Performance |
|--|---|---|
| Henan Shunxin Jieda Express Co., Ltd. | New establishment | No major impact |
| Xiamen Shunjiaxin Express Co., Ltd. | New establishment | No major impact |
| Panjin Shunxin Jieda Express Co., Ltd. | New establishment | No major impact |
| Anhui Shunhexin Express Co., Ltd. | New establishment | No major impact |
| Shandong Shunxin Express Co., Ltd. | New establishment | No major impact |
| Shanghai Fengyutai Industry Co., Ltd. | Sale | For details of the changes in the Company's scope of consolidation in 2018-2019, please refer to Chapter 11.1 Financial Report V. Changes in the Scope of Consolidation(3(a). |
| Wuxi Fengyutai Industrial Co., Ltd. | Sale | For details of the changes in the Company's scope of consolidation in 2018-2019, please refer to Chapter 11.1 Financial Report V. Changes in the Scope of Consolidation(3(a). |

Major holdings and participating companies

S.F. Express Co., Ltd. realized a net profit of RMB593,849,597.32 in 2018, which was mainly due to 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 RMB820,837,517.67 in 2018, which was mainly due to disposal of subsidiaries.

VIII. Structured Entities Controlled by the Company

Applicable Not applicable

IX. Prospects of the Company

(I) Future development trend of the industry

1. The express delivery industry will continue to grow at a relatively fast rate

According to the overall requirements of the 2019 National Postal Management Work Conference, it is expected that an annual express delivery business volume of 60 billion pieces will be achieved in 2019, a year-on-year increase of 20%, and business revenue of RMB715 billion will be achieved, a year-on-year increase of 19%. Under the dual stimuli of the policies of reducing tax burden and encouraging consumption upgrading in China, the consumption side will gradually become an engine that drives economic growth. Under the background of the new economic normal, enterprises will also pay more attention to increasing the efficiency of the supply chain side, and the express delivery logistics industry, as an important area that connects production and consumption throughout the primary, secondary and tertiary industries, will continue to maintain stable and relatively fast growth. In addition, express and integrated supply chain, as new business growth drivers, have also become market hotspots for enterprises to struggle to establish a presence. The trend of the integrated development of online and offline retail has greatly promoted the rise and development of innovative types of operation and services.

2. Under the background of tightening macroeconomic environment, the advantage of being a market leader will be further enhanced.

Following the concentrated deleveraging and supply-side reforms in China, the domestic economic base becomes healthier. However, affected by risk factors such as Sino-US trade friction and overall macroeconomic downturn, the growth rate of GDP and the growth rate of social retail sales in 2019 were under pressure, and the year-on-year growth rate of the social financing scale stock continued to decline. Enterprises with insufficient revenue generation capacity which continue to burn money will face reshuffles and the development of their new businesses will be restricted. With continued and steady investment and technological capability, leading enterprises with defensive characteristics will see an increase in their market share, and their leading edge will be further enhanced.

3. The progress of technology and intelligence will accelerate

With the vigorous advocacy of national policies, continuous breakthroughs in the technical field and the constant upgrading of customer needs, visual, intelligent and digital logistics services have gradually become a mainstream. While significantly enhancing customer experience, technology and intelligence have also become important means for express delivery logistics enterprises to improve operational efficiency and optimize costs. The continuous investment made by leading enterprises in and their efforts in prioritizing the deployment of technology have led the implementation of relevant technologies in the express delivery and supply chain scenes. Apart from self-use, the process of the commercial export of relevant technologies such as drones, artificial intelligence, big data, express logistics SaaS applications and intelligent hardware will continue to accelerate. The demand for integrated solutions incorporating technology products and services and opening up the entire upstream and downstream chain has become the choice of more and more customers.

4. New types of operation will promote supply chain service upgrade and innovation

With the emergence of a number of new types of operation such as new retail, the entire supply chain from commodity supply to reaching out to consumers has been reshaped: The "driving" model centering on production and pipeline is gradually evolving to the "pulling" model of consumers as the "power center". The logistics delivery model with apparent planning and high-volume features will shift to a more flexible and agile way. Especially for clothing, fast-moving consumer goods, agricultural products, fresh food, meals and other consumer goods, through technology and supply chain optimization means such as direct purchase from the origin, outlet front loading, route optimization and digital platform empowerment, we can create better and faster receiving experiences for consumers. As real economy competition intensifies, the demand for quick responses to customers will continue to increase. Efficient and extremely fast terminal delivery networks and powerful technology digitalization capabilities will become an important framework for "new logistics".

5. One-stop integrated solution capability will gradually become the core competitiveness of express delivery and logistics enterprises

As business scenarios become more diverse and pipeline supply chain aspects become more complex, the demand of customers for overall supply chain management outsourcing services will become stronger. Through one-stop integrated solutions, information islands can be better broken, resources can be efficiently integrated, and management efficiency can be optimized. With the development of business logistics and the enhancement of corporate integrated supply chain management awareness, pure express logistics services can no longer meet the needs of the market. Express logistics enterprises will also strive to get rid of homogenized competition in respect of a single product, and gradually develop the ability to provide integrated solutions incorporating business flow, logistics, technology and finance to create more values for customers.

6. Green sustainable development has become the focus, and the express delivery industry has entered a stage of rising quantity and quality

During the rapid growth of the express delivery industry, green environmental protection and promoting growth of higher quality have become the consensus of the industry. The State Council, the National Development and Reform Commission, the State Post Bureau and other government authorities have also introduced a number of policies and regulations and development opinions to strengthen industry norms and promote the green sustainable development of the express logistics industry. In December 2018, the State Post Bureau formulated and issued the Green Packaging Guide for the Express Industry (Trial), which stipulates the goal of the industry's green packaging work, to gradually realize the reduction and reuse of packaging materials. The promotion and application of cyclical packaging and carbon emission management will be highly concerned by the industry.

(II) Strategic development direction of the Company

1. Create unique core competitive strengths through organic integration of technologies and logistics

As the leading express logistics integrated service provider in China, SF Holding can realize direct control and comprehensive coverage of full-chain operation nodes and end-to-end service scenarios of collection, transportation, transference and delivery with its unique direct operating mode, thereby accumulating complete mass business data. SF will continue to increase investment in information service platform construction and the R&D of next-generation logistics information technology, effectively connect aircraft, vehicles, venues, equipment, personnel and other resources through intelligent digital networks, and lay out forward-looking core technologies in

advance to promote and deepen transformation of SF Holding into a logistics technology group. The Company will fully utilize its technological capabilities to optimize customer experience, deeply integrate into customer value chains, and explore the productization and output of leading logistics technology application capabilities and best practices to empower the logistics industry.

2. Penetrate into supply chain to further enhance capability of integrated logistics solutions

In 2018, SF Holding and Deutsche Post DHL (hereinafter referred as "DPDHL") reached a strategic cooperation, under which SF Holdings would integrate supply chain business of DPDHL in China, Hong Kong and Macau, further enhancing the Company's comprehensive logistics solution capabilities and improving the strategic layout of supply chains and contract logistics. In 2019, the Company will rely on the framework resources of aviation, ground and information networks to integrate supply chain capabilities and further enhance the depth and breadth of services in supply chains. We will provide customers with services covering complete chains of production, supply, sales and distribution with focus on key industries such as the highly value-added 3C, fresh food, clothing, and pharmaceutical industries; build a team of comprehensive solutions and, with industry leading enterprises as the entry points, deepen digital transformation of supply chains to establish industry benchmarks and rapidly promote to other customers in the industry.

3. Continue to accelerate international development to provide high-quality cross-border supply chain solutions for overseas Chinese and brand enterprises

The "Belt and Road" is an important initiative for China's external cooperation as it has created rare historical opportunities for China's enterprises to "go aboard". The Company will actively follow the pace of "Constructed by China" and "Made in China", striving to provide convenient and reliable international express delivery and logistics solutions for domestic and foreign manufacturing companies, trading companies, cross-border e-commerce and consumers, and will provide integrated and customized import/export solutions based on customer needs including market access, transportation, customs clearance, and delivery to help China's outstanding enterprises/commodities "go aboard" while "importing" overseas high-quality enterprises/commodities and easing the impact of the China-US trade war. With a presence in the Chinese market, coupled with solutions + strategies, we will swiftly enter into international air cargo industry, procure global capabilities, introduce strategic partners, achieve resource sharing, and rely on SF Airlines to gradually expand the routes of SF International's cargo aircrafts to meet the basic needs and management requirement of global capacities, providing Chinese companies with full-process supply chain solutions and providing overseas Chinese and brand companies with high-quality cross-border supply chain solutions.

4. Deepen green logistics construction, emphasize care of staff, concern about staff growth, and strive to fulfill social responsibilities

(1) Green logistics: Continuously strengthen the concept of green development, actively engage in and lead the construction of green ecological chain. The Company will continue to invest in the R&D and innovation of green packaged products, enhance promotion of green packaging and recyclable packaging, and actively implement green, reduced and recyclable packaging within the industry. During designing and developing innovative green packaging, we fully consider how to achieve the green concept in the whole life cycle of express delivery while taking into account convenient use and processing of packages, hence creating favorable conditions for large-scale promotion of green packaging. In respect of energy conservation and emission reduction, the Company fully uses aviation, roads, railways and other modes of transportation to promote overall emission reduction, while in the last mile of the end segment we further promote the use of new energy logistics vehicles, thus forming a broader coverage of green energy conservation.

(2) Continue to enhance staff care and welfare: SF Holding is committed to providing staff with sufficient training and development opportunities to enable them to develop their skills in a healthy, safe and respected work environment. The Company will continue to invest in relevant trainings and guidance to promote employees' awareness of work safety and health. In respect of employee training and development, the Company provides different types of training contents according to different positions, constantly improves and develops the training system of SF University, and fully mobilizes and uses internal and external expert resources to provides an effective sustainable learning exchange platform for staff. In promoting the balance of work and life of employees, the Company promotes employees' sense of loyalty through diverse activities to foster their cooperative spirit and stimulate their vitality. SF will adhere to its long-term commitment and care for its employees to form a strong and solid organizational cohesion.

(III) Major business plan of the Company for 2019

1. Operation by means of technologies to strengthen structure

In 2019, SF Holding will strengthen technology structure and data capacity construction to build a platform structure for highly flexible, scalable and reusable big data and system capabilities. The focus is on optimizing process efficiency, enhancing delivery quality and establishing a technology open source mechanism to provide strong support for business development, which mainly include the following:

(1) Realization of scientific whole process of logistics

Leveraging technologies such as machine learning and operation optimization, SF Holding will change its operation basis in terms of both collection and delivery, branch networks, transit depots operation and trunk planning to achieve full digitalization. Supported by advanced technologies such as IoT, AI and big data, system awareness will be achieved in all aspects of logistics including ordering, receipt and delivery, transportation, transit, warehouse allocation and packaging, so as to create a logistics experience of scientific logistics whole process and intelligent management, and build a flexible and agile operating system. Intelligent transformation driven by innovative technologies such as AI, cloud, automation and robotics will be realized to achieve the Internet of Everything at the fingertip.

(2) Operation and management models: from a post-response model to a dynamic forward-looking model

Traditional operation model relies on past experience to estimate customer demand and arrange for resources, which often results in resources and supplies mismatches due to differences in time and space. With large-scale promotion and application of abilities of AI and deep learning in operation and management, whole process management of people, vehicles and site resources planning can be put online and visible to realize dynamic and coordinated management of resources through dynamic scheduling and intelligent scheduling, hence achieving balanced supply and demand and maximizing use of resources.

(3) Network routes Layout: from judgment by experience to optimal solution

Through integrated use of big data + operation optimization technologies, planning and optimization of routes and express routers are carried out to explore and realize new models, enhance the level of matching between routes planning and operation resources, transshipment terminal and transportation allocations, etc., so as to enhance the timeliness of express items and resource efficiency while reducing costs.

2. Full effort to guarantee stable and sound growth of revenue and profitability of traditional businesses

The Company already has a relatively rich product portfolio which includes a variety of express products such as express delivery and economy express delivery; heavy cargo transportation such as heavy cargo express, small order LTL (小票零担) and heavy cargo parcels; intra-city products such as intra-city urgent delivery, as well as cold chain transportation products such as foods and medicines. To better cope with market changes and meet customer's demand for personalized and integrated services, in 2019, we will continue to focus on market and industry customer needs. Based on the different

characteristics of industry, customer base and scene, we will continue to use demand to drive internal Resource allocation, optimization of existing product/service portfolio and operation mode, and continuous innovation and optimization of product sub-sectors on the basis of monitoring and management visualization, providing customers with quality differentiated product services and solutions, traction the traditional business continued to grow steadily. Among them, for the express delivery, in 2019, we will continue to expand the product coverage with the core of “fast performance, accurate and stable” through the “performance improvement” + “price optimization”, further improve the overall cost performance of the product, continue to lead, gain incremental, and improve market share. For economic express delivery, in 2019, we will focus on optimizing the operating chassis, making full use of idle resources, continuously optimizing the operation process and links, reducing costs and increasing efficiency, improving product cost performance and customer experience, leading model change through technology, and ensuring achievement of income subject to customer satisfaction.

3. Continue to explore new business segments, optimize resource investment and enhance efficiency of new business operation

Heavy cargo business: In 2019, SF Holding will continue to lead the door-to-door trend in the heavy cargo parcel market to solve the industry's problem that high-kilogram cargoes are difficult to transport indoors; will continue to enhance effort in the small order LTL market to increase market shares and start making layout in the large order LTL (大票零担) market and the contracted full truckload (合同整车) (FTL) market to further strengthen the 3PL (Third Party Logistics) delivery capabilities and support the full supply chain service capabilities. While continuously consolidating the capabilities of the express network structure, SF Holding will enhance effectiveness and efficiency through key measures including optimized operation models such as centralised direct delivery and tiered distribution, continuous investment in automatic sorting system at transit depots, systematic IT functions such as smart collection and distribution as well as smart scheduling together with external resources cooperation to gradually achieve the goal of lean operation, cost reduction and efficiency enhancement for better ensuring the operation and service of express transportation business and promoting the favourable development of express transportation business.

Cold chain transportation business: In 2019, SF Holding will continue to strengthen the framework capacity of its cold chain transportation network, and will establish high-efficiency and high-quality urban distribution capability through the layout of a scientific and efficient RDC+DC cold warehouse network to further create and improve the end-to-end cold chain solutions “based on cold storage networks in places of sales, transportation directly assessable to places of production, and

city distribution to stores and consumers”. In addition, through critical measures such as operation model optimization, resource survival and elimination, IT function systemization and external resource cooperation, we will further improve the operation performance and management efficiency of cold transport resources, reduce internal operating costs, ensure better end-to-end cold chain solution operations and services, and promote the rapid development of cold chain services.

Pharmaceutical business: In 2019, SF Holding will continue to refine the framework of pharmaceutical logistics and gradually establish a nation-wide pharmaceutical logistics network through multi-warehouse coordination + trunk route transportation scheduling + air transport capacity supplementation; optimise the business model and operation procedures of warehouses + trunk route full chains to further enhance capability of accurate temperature control within multiple temperature ranges while improving resource utilization efficiency and operation quality; continue to strengthen the R&D and innovation of verification and management technologies as well as information system management models for pharmaceutical cold chain equipment facilities. SF Pharmaceutical is committed to building a service platform for its supply chain for creation of resource synergy with the Company's traditional business and setting a benchmark for cold chain services within the industry.

Intra-city instant delivery business: Centering around the value proposition of “high quality, high efficiency, full scenario”, SF Holding will continue to increase investment in the intra-city business in 2019. Leveraging on existing ecosystem of SF Holding, the Company will establish intra-city companies with independent operation, and will gradually introduce strategic partners and investors to develop into an independent third-party instant distribution service platform in China with the highest quality and efficiency leveraging smart technologies and refined operation.

In 2019, SF Intra-city will strengthen the layout of new retails targeting at quality merchants, with priority of getting through the F2R2C full chain of med- to high-end catering and fresh produce, and will gradually expand to apparels and pharmaceuticals and other fields to provide one-stop solutions from warehouse to store to C-end. It will continue to build and improve the closed-loop of the ecosystem which mainly serves the catering and fresh produce segments to satisfy whole chain business scenarios from open source of malls to real-time logistics distributions as well as supporting multi-industry and multi-business intra-city service scenarios.

International business: International business will be based in the China market with focus on seven industry scenarios: cross-border, 3C high-technology, auto parts, apparels, overseas brands introduction, featured economies, and Chinese community C2C, providing high-quality cross-border supply chain solutions for global brand companies.

Warehousing business: In 2019, SF Holding will continue to build backbone warehouses and benchmark warehouses in core cities, develop new forms of business such as shared warehouse and front warehouse base on customer needs, and will continue to introduce smart warehousing equipment through research on new models and new equipment to enhance the service capabilities for meeting customized demands from top customers and creating a market-competitive warehouse-integrated product to provide customers with one-stop warehousing services under multiple scenarios.

(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 considerable 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 in turn has considerable impacts 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. Intensified 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 companies in the express delivery industry, which will in turn 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 favourable 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 2.36% of revenue in 2018, 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 RMB107 million for the current year, which will either increase or decrease net profit attributable to the parent company by a maximum of RMB80 million.

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

The Company currently offers express delivery services in countries such as the U.S., Japan, Korea, and Singapore and provides B2C and E-commerce delivery services in many countries and regions. In the future, as SF Holding's international business grows, the proportion of business denominated in foreign currencies will gradually increase. Given the uncertainties in the international financial environment and fluctuations of the RMB exchange rate, foreign currency assets and liabilities as well as future foreign currency transactions of the Company will be at risk of exchange rate fluctuation, which may have certain impacts on the reporting and profitability of the Company.

Risk response: The Company's foreign exchange transactions are mainly based on actual needs of cross-border foreign currency businesses. To avoid and prevent risks of exchange rate and interest rate fluctuations and better manage its foreign currency positions, the Company has established the

Management System for Business Hedging (《套期保值业务管理制度》) to enable centralized management of foreign currency positions by deciding expenditure based on revenue to achieve natural hedging where possible. To avoid exchange rate or interest rate risks, the Company timely monitors exchange rate and interest rate fluctuations and selects hedging products with low default risks and controllable risks so as to lock in costs of exchange rate and interest rate. Meanwhile, the Company will also strengthen research and analysis of exchange rate and interest rate so that it can be alerted of changes in the international market in real time and take countermeasures on early warning signals. The Company conducts foreign exchange hedging business only with large and established commercial banks which follow the principles of legality, prudence, safety and effectiveness. All foreign exchange hedging transactions are based on normal production and operation with support of specific business operation. The Company does not trade for speculation, and operates in strict accordance within authorized operations to ensure effective implementation and reduce the impact of exchange rate risks on the Company's operations as well as profit and loss.

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.

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 14, 2018 | Field research | Organization | "March 14, 2018 Investor Relations Activities Record" disclosed on http://www.cninfo.com.cn on March 14, 2018 (Announcement No. 2018-001) |
| August 24, 2018 | Phone calls | Organization | "August 24, 2018 Investor Relations Activities Record" disclosed on http://www.cninfo.com.cn on August 27, 2018 (Announcement No. 2018-002) |
| October 27, 2018 | Phone calls | Organization | "October 27, 2018 Investor Relations Activities Record" disclosed on http://www.cninfo.com.cn on October 27, 2018 (Announcement No. 2018-003) |

Significant Events

05



I. Profit distribution to common shareholders & increase of share capital due to conversion of capital 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 3, 2018, the Company held the 2017 Annual Shareholders' General Meeting and reviewed and approved the 2017 profit distribution plan. 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, amounting to 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 profit distribution plan was completed on April 16, 2018.

| 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 |
| When was the cash dividend policy adjusted or changed, and are the conditions and procedures compliant and transparent? | 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):

On March 14, 2019, the Company's board of directors 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 in future 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. This proposal shall be subject to the review and approval of the Company's 2018 Annual Shareholders' General Meeting.

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.

The Company's 2016 profit distribution plan was as follows: Based on the Company's total share capital of 4,183,678,213 shares as of January 31, 2017, the Company distributed a cash dividend of RMB1 (including tax) for every 10 shares to all shareholders for a total of RMB418,367,821.30. 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. The distribution plan has been implemented.

Cash dividends distributed to common shareholders in the most recent three years (including the reporting period)

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 in 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 (%) |
|------|-------------------------------|--|--|---|---|--|---|
| 2018 | (Note 1) | 4,556,048,279.54 | (Note 1) | - | - | (Note 1) | (Note 1) |
| 2017 | 970,985,880.70 | 4,774,131,883.45 | 20.34% | - | - | 970,985,880.70 | 20.34% |
| 2016 | 418,367,821.30 | 4,173,400,918.88 | 10.02% | - | - | 418,367,821.30 | 10.02% |

Note 1: Based on the total share capital on the record date for the implementation of the 2018 profit distribution plan in future 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 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:

Applicable Not applicable

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) | | 2.10 |
| Conversion of capital reserves into share capital per 10 shares (share(s)) | | - |
| Share base of the distribution proposal (share(s)) | Based on the total share capital on the record date for the implementation of the 2018 profit distribution plan in future less the number of shares in the repurchase special accounts of the Company | |
| Cash dividend amount (RMB) (including tax) | Based on the total share capital on the record date for the implementation of the 2018 profit distribution plan in future 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 | |
| Cash dividend amount (RMB) in other ways (such as repurchasing shares) | | - |
| Total cash dividends (RMB) (including tax) | Based on the total share capital on the record date for the implementation of the 2018 profit distribution plan in future 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 | |
| Distributable profits (RMB) | | 2,378,066,843.65 |
| 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 RMB146,313,629.12 in 2018. The Company appropriated 10% of its net profit, amounting to RMB14,631,362.91 for the year 2018 to the statutory surplus reserve. After incorporating retained earnings of RMB3,217,052,890.78 at the beginning of the year and deducting the actual cash dividend of RMB970,668,313.34 in 2018, profit of the parent company available for distribution to the shareholders was RMB2,378,066,843.65 as of December 31, 2018. | | |
| The Company's proposed profit distribution plan for 2018 was as follows: Based on the total share capital on the record date for the implementation of the 2018 profit distribution plan in future 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. There will be no conversion of capital reserves into share capital and no equity dividend distribution this year. | | |

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 | Shenzhen Mingde Holding Development Co., Ltd. | Restricted sale of shares | <p>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.</p> <p>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."</p> <p>3. Within six months after completion of the restructuring, if the closing price of 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 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.)</p> <p>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.</p> | January 23, 2017 | 3 years | Normal |
| | Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership), Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership), Ningbo Shunxin Fenghe Investment Management Partnership (Limited Partnership), Shenzhen Zhaoguang Investment Co., Ltd., Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership), Suzhou Guyu Qichuang Equity Investment Partnership (Limited Partnership) | Restricted sale of shares | <p>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.</p> <p>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: ①Phase 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. ②Phase 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. ③Phase 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.</p> <p>3. Within six months after completion of the restructuring, if the closing price of 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.)</p> <p>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.</p> | January 23, 2017 | 3 years | Normal |

| Commitment | Committed By | Commitment Type | Commitment Details | Committed Time | Commitment Period | Fulfillment Status |
|------------|---|---|---|------------------|-------------------|--------------------|
| | Wang Wei, Shenzhen Mingde Holding Development Co., Ltd., Jiaqiag 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), Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership), Ningbo Shunxin Fenghe Investment Management Partnership (Limited Partnership) | Regulating and reducing of related-party transactions | <p>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.</p> <p>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.</p> <p>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.</p> <p>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 related-party 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 well-intentioned and strict manner.</p> <p>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.</p> <p>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.</p> | January 23, 2017 | Long-term | Normal |
| | Wang Wei, Shenzhen Mingde Holding Development Co., Ltd. | Avoiding horizontal competition | <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> | January 23, 2017 | Long-term | Normal |

| Commitment | Committed By | Commitment Type | Commitment Details | Committed Time | Commitment Period | Fulfillment Status |
|------------|---|--|---|------------------|-------------------|--------------------|
| | Shenzhen Mingde Holding Development Co., Ltd. | Social insurance, housing fund, and other related issues | <p>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.</p> <p>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.</p> <p>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.</p> | January 23, 2017 | Long-term | Normal |
| | Wang Wei, Shenzhen Mingde Holding Development Co., Ltd. | Maintaining the independence of the listed Company | <p>I. Independence of the personnel of the listed Company</p> <p>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.</p> <p>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.</p> <p>3. The listed Company's personnel relations and labor relations are independent of the company/me and the company/other enterprise controlled by me.</p> <p>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.</p> <p>II. Independence of the assets of the listed Company</p> <p>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.</p> <p>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.</p> <p>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.</p> | January 23, 2017 | Long-term | Normal |

| Commitment | Committed By | Commitment Type | Commitment Details | Committed Time | Commitment Period | Fulfillment Status |
|------------|--------------|-----------------|--|----------------|-------------------|--------------------|
| | | | <p>III. Financial independence of the listed Company</p> <ol style="list-style-type: none"> 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. <p>IV. Independence of the organizations of the listed Company</p> <ol style="list-style-type: none"> 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. <p>V. Independence of the business of the listed Company</p> <ol style="list-style-type: none"> 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. | | | |

| Commitment | Committed By | Commitment Type | Commitment Details | Committed Time | Commitment Period | Fulfillment Status |
|--|--|---|--|-------------------|---|--------------------|
| | Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership), Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership), Ningbo Shunxin Fenghe Investment Management Partnership (Limited Partnership), Shenzhen Mingde Holding Development Co., Ltd., Shenzhen Zhaoguang Investment Co., Ltd., Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership), and Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership) | Performance commitments and compensation arrangements | <p>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:</p> <p>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.</p> <p>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.</p> | September 9, 2016 | From the expiration of the performance commitment to the completion of compensation | Normal |
| | Zhongyuan Asset Management Co., Ltd., Manulife TEDA Fund Management Co., Ltd., Penghua Fund Management Co., Ltd., Caitong Fund Management Co., Ltd., Dacheng Fund Management Co., Ltd., Shanghai Guotai Junan Securities Asset Management Co., Ltd., Xinyu Guoshou Shangxin Yiyuan Investment Center (Limited Partnership), and Horgos Aero Stock Investment Co., Ltd. | Restricted sale of shares | The subscribers of the non-public shares offered for the matching fund for the major asset restructuring commit that: Within 12 months from the date of the listing of the non-public offering of shares of S.F. Holding Co., Ltd., the above-mentioned shares subscribed for by the unit/me will not be transferred. | August 23, 2017 | 1 year | 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, Tang Chengkuan, 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 |
| 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.

| Asset or Project Name in Profit Forecast | Forecast Start Time | Forecast End Time | Original Forecast Disclosure Date | Original Forecast Disclosure Index |
|---|---------------------|-------------------|-----------------------------------|--|
| Profit forecast of the target company in this major asset restructuring, Shenzhen S.F. Taisen Holding (Group) Co., Ltd. | January 1, 2016 | December 31, 2018 | June 15, 2016 | Main Assets Replacement and Issuance of Shares to Purchase Assets and Raise Matching Funds and Related-party Transaction Report (Draft) at http://www.cninfo.com.cn |

| Forecast Period | Forecast Performance (accumulated) (millions RMB) | Actual Performance (accumulated) (millions RMB) | Accumulated actual performance exceeds accumulated forecast performance (millions RMB) | Fulfillment Ratio |
|-----------------|---|---|--|-------------------|
| 2016 | 2,185.00 | 2,643.2094 | 458.2094 | 120.97% |
| 2017-2018 | 5,000.00 | 6,293.5845 | 1,293.5845 | 125.87% |
| 2016-2018 | 8,488.00 | 9,636.9849 | 1,148.9849 | 113.54% |

Commitments made by the Company's shareholders and counterparties to the reporting year's operating performance

Applicable Not applicable

Commitments made by the Company's shareholders and counterparties to the reporting year's operating performance are detailed in the above table.

Fulfillment of performance commitments and their impact on goodwill impairment testing

Not applicable

IV. Status of capital of the listed Company used for non-operating 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

In 2018, the Ministry of Finance released the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for 2018 (Cai Kuai [2018] No. 15) and its interpretation, and the Company has adjusted the following presentation of financial statements and made corresponding adjustment to comparative data for the comparable period. The change in accounting policies affect only the presentation of financial statements and has no impact on the Company's net assets and net profits.

- (1) Original items "notes receivable" and "accounts receivable" are combined into the new item "notes receivable and accounts receivable";
- (2) Original items "interests receivable", "dividends receivable" and "other receivables" are combined into the item "other receivables";
- (3) Original items "disposal of fixed assets" and "fixed assets" are combined into the item "fixed assets";
- (4) Original items "notes payable" and "accounts payable" are combined into the new item "notes payable and accounts payable";
- (5) Original items "interests payable", "dividends payable" and "other payables" are combined into the item "other payables";
- (6) Research and development expenses originally included in the item "administrative expenses" are separately presented as the item "research and development expenses";
- (7) Breakdown items "interest expense" and "interest income" are presented under the item "finance expenses".

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 2018, refer to Chapter 11 Financial Report V. Changes in the Scope of Consolidation.

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) | 18.517 |
| Consecutive years of audit services provided by the domestic auditor | 3 |
| 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 | 1 |

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 2018. 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).

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.

XII. Significant lawsuit or arbitration

√ Applicable □ Not applicable

| Situation overview of lawsuit (arbitration) | Lawsuit amount (RMB10 thousands) | Provisions | Progress of lawsuit (arbitration) | Results and effects of lawsuit (arbitration) | Execution status of judgment of lawsuit (arbitration) | Disclosure date | Disclosure index |
|--|----------------------------------|------------|---|---|---|-------------------|--|
| <p>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), Zeng Shixiang (defendant III in this case), Zeng Cheng (defendant IV in this case), and Jiang Bin (defendant V in this case) shall provide guarantees for this contract.</p> <p>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.</p> <p>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 Holding Group Co., Ltd., 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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>On October 23, 2017, the Futian 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. As of the date of this report, the first trial had not yet been decided.</p> | 1,859.95 | No | No progress during the reporting period | 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. | N/A | 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 |

As of December 31, 2018, 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 RMB183.16 million, and the actual documented, effective amount was RMB60.64 million.
2. Cases not yet resolved during the reporting period include: Cases involving the Company and its subsidiaries as defendants amounted to RMB130.12 million, accounting for 0.36 % of audited net assets attributable to shareholders of the parent Company at the end of 2018. 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 RMB292.36 million, accounting for 0.80% of audited net assets attributable to shareholders of the parent Company at the end of 2018. 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

During the reporting period, the Company completed registration for its 2017 restricted stock incentive plan, which granted 2,556,661 restricted shares to 777 employees. The restricted shares were listed on January 11, 2018. In addition, because 9 employees who had fulfilled the 2017 restricted stock incentive plan resigned, they no longer fulfilled the conditions of the plan. The Company's fourteenth meeting of the fourth Board of Directors on April 25, 2018 and 2018 second extraordinary general meeting of shareholder on May 17, 2018 approved the "Proposal on Repurchase and Cancellation of Certain Restricted Stocks," and a total of 36,909 restricted shares that had been granted to the resignees but not yet released for resale were repurchased and cancelled at a repurchase price of RMB29.224 per share. The aforementioned share repurchases completed on August 16, 2018.

In order to further improve the Company's corporate governance, incentive mechanism, ability to attract and retain top talent, and effectively motivate core talent, the Company continued its restricted stock incentive plan and stock appreciation rights plan for 2018 during the reporting period. During the first grant of the 2018 restricted stock incentive plan, 1139 employees were granted 5,231,982 shares at a price of RMB24.33 per share. The shares were granted on June 13, 2018, and the shares were listed on July 9, 2018. The 2018 stock appreciation rights plan was awarded to 29 employees. 138,650 rights were granted at an exercise price of RMB24.33 per share on June 13, 2018.

On October 25, 2018, the Company held the 17th meeting of the 4th session of Board of Directors and the 15th meeting of the 4th session of Supervisory Committee respectively, at which the "Proposal to Grant to the Grantees Part of the Reserved Restricted Stocks under the 2018 Restricted Stock Incentive Plan" was reviewed and approved. With October 31, 2018 as the grant date, the Board of Directors of the Company agreed to grant 430,962 restricted stocks to 26 grantees. During the process of fund payment, part of the grantees resigned while part of the grantees gave up their qualifications for subscription of the restricted stocks under the reserved grant for personal reasons. Given the above, part of the reserved restricted stocks granted in 2018 have become void.

Details of the Company's stock incentive plan during the reporting period are disclosed at www.cninfo.com.cn. An index is as follows:

| Announcement | Date | Disclosure Website |
|---|-------------------|---|
| Announcement on Completion of the Registration of the 2017 Restricted Stock Incentive Plan (2018-001) | January 9, 2018 | http://www.cninfo.com.cn |
| Announcement on Resolutions of the Fourteenth Meeting of the Fourth Board of Directors (2018-036) | April 27, 2018 | http://www.cninfo.com.cn |
| Announcement on Resolutions of the Fourteenth Meeting of the Fourth Board of Supervisors (2018-037) | April 27, 2018 | http://www.cninfo.com.cn |
| 2018 Restricted Stock Incentive Plan (Draft) | April 27, 2018 | http://www.cninfo.com.cn |
| 2018 Share Appreciation Rights Plan (Draft) | April 27, 2018 | http://www.cninfo.com.cn |
| 2018 Stock Incentive Plan Implementation, Assessment, and Management | April 27, 2018 | http://www.cninfo.com.cn |
| List of 2018 Restricted Stock Incentive Grantees | April 27, 2018 | http://www.cninfo.com.cn |
| List of 2018 Share Appreciation Rights Grantees | April 27, 2018 | http://www.cninfo.com.cn |
| Announcement on Restricted Stock Repurchase and Cancellation (2018-039) | April 27, 2018 | http://www.cninfo.com.cn |
| Public Disclosure and Opinion of the Board of Supervisors on the List of Grantees of the 2018 Stock Incentive Plan (2018-044) | May 12, 2018 | http://www.cninfo.com.cn |
| Announcement on Resolutions of the Second Extraordinary General Meeting of Shareholders of 2018 (2018-045) | May 18, 2018 | http://www.cninfo.com.cn |
| Announcement on Capital Reduction due to Repurchase of Restricted Stock (2018-047) | May 18, 2018 | http://www.cninfo.com.cn |
| Announcement on Resolutions of the Fifteenth Meeting of the Fourth Board of Directors (2018-052) | June 14, 2018 | http://www.cninfo.com.cn |
| Announcement on Resolutions of the Thirteenth Meeting of the Fourth Board of Supervisors (2018-053) | June 14, 2018 | http://www.cninfo.com.cn |
| Announcement on Matters Related to the Adjustment of the 2018 Restricted Stock Incentive Plan (2018-054) | June 14, 2018 | http://www.cninfo.com.cn |
| List of 2018 Restricted Stock Incentive Grantees (After Adjustment) | June 14, 2018 | http://www.cninfo.com.cn |
| Announcement on First Grant of the 2018 Restricted Stock Incentive Plan and Stock Appreciation Rights Plan (2018-055) | June 14, 2018 | http://www.cninfo.com.cn |
| Announcement on Completion of the Registration of the First Grant of the 2018 Restricted Stock Incentive Plan (2018-058) | July 6, 2018 | http://www.cninfo.com.cn |
| Announcement on Completion of the Repurchase and Cancellation of Restricted Stock (2018-068) | August 16, 2018 | http://www.cninfo.com.cn |
| Announcement on Resolutions of the Seventeenth Meeting of the Fourth Board of Directors (2018-089) | October 27, 2018 | http://www.cninfo.com.cn |
| Announcement on Resolutions of the Fifteenth Meeting of the Fourth Board of Supervisors (2018-090) | October 27, 2018 | http://www.cninfo.com.cn |
| Announcement on Granting to Grantees Part of the Reserved Restricted Stocks under the 2018 Restricted Stock Incentive Plan (2018-092) | October 27, 2018 | http://www.cninfo.com.cn |
| List of Grantees for Part of the Reserved Grant under the 2018 Restricted Stock Incentive Plan | October 27, 2018 | http://www.cninfo.com.cn |
| Announcement on Invalidation of Part of Reserved Restricted Stocks under the 2018 Restricted Stock Incentive Plan (2018-105) | December 25, 2018 | http://www.cninfo.com.cn |

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, combined transport and freight forwarding services, Technology development service, platform services | Fair pricing based on market prices in accordance with the principle of independent transactions | Contract price | 20,680.01 | 0.23% | 29,000 | No | Settlement based on the settlement period and terms in the contract | N/A | March 14, 2018, August 24, 2018, | Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-020) and "Proposal on Increasing Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-077) (http://www.cninfo.com.cn) |
| China Pacific Insurance (Group) Co., Ltd. and its subsidiaries | An independent director of the Company serves as an independent director of China Pacific Insurance (Group) Co., Ltd. | Provide services to related parties | Courier service, combined transport and freight forwarding services | Fair pricing based on market prices in accordance with the principle of independent transactions | Contract price | 2,106.18 | 0.02% | 3,000 | No | Settlement based on the settlement period and terms in the contract | N/A | March 14, 2018, August 24, 2018, | Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-020) and "Proposal on Increasing Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-077) (http://www.cninfo.com.cn) |
| Ping An Insurance (Group) Company of China, Ltd. and its subsidiaries | An independent directors of the Company serves as an independent director of Ping An Insurance (Group) Company of China, Ltd. | Provide services to related parties | Courier service, combined transport and freight forwarding services | Fair pricing based on market prices in accordance with the principle of independent transactions | Contract price | 8,726.18 | 0.10% | 11,000 | No | Settlement based on the settlement period and terms in the contract | N/A | March 14, 2018, August 24, 2018, | Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-020) and "Proposal on Increasing Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-077) (http://www.cninfo.com.cn) |
| M China Management Limited and its subsidiaries and its franchisees | An independent director of the Company serves as an independent 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 | 55,029.42 | 0.61% | 64,000 | No | Settlement based on the settlement period and terms in the contract | N/A | March 14, 2018, August 24, 2018, | Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-020) and "Proposal on Increasing Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-077) (http://www.cninfo.com.cn) |
| Mingde Holding and its subsidiaries | Controlling shareholder of the Company | Receive services from related parties | Express delivery agent service fees | Fair pricing based on market prices in accordance with the principle of independent transactions | Contract price | 2,676.03 | 0.04% | 6,000 | No | Settlement based on the settlement period and terms in the contract | N/A | March 14, 2018, August 24, 2018, | Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-020) and "Proposal on Increasing Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-077) (http://www.cninfo.com.cn) |

| 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 |
|---|--|--|--------------------------------------|--|-------------------|---------------------------------------|---|---|----------------------------------|---|----------------------|----------------------------------|--|
| China Pacific Insurance (Group) Co., Ltd. and its subsidiaries | An independent director of the Company serves as an independent director of China Pacific Insurance (Group) Co., Ltd. | Receive services from related parties | Insurance premium | Fair pricing based on market prices in accordance with the principle of independent transactions | Contract price | 10,128.80 | 0.14% | 13,000 | No | Settlement based on the settlement period and terms in the contract | N/A | March 14, 2018, August 24, 2018, | Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-020) and "Proposal on Increasing Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-077) (http://www.cninfo.com.cn) |
| M China Management Limited and its subsidiaries and its franchisees | An independent director of the Company serves as an independent director of the parent company of M China Management Limited | Sale goods to related parties | Sale goods | Fair pricing based on market prices in accordance with the principle of independent transactions | Contract price | 66,044.66 | 0.73% | 70,000 | No | Settlement based on the settlement period and terms in the contract | N/A | March 14, 2018, August 24, 2018, | Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-020) and "Proposal on Increasing Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-077) (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 | 8,433.95 | 0.11% | 14,000 | No | Settlement based on the settlement period and terms in the contract | N/A | March 14, 2018, August 24, 2018, | Announcement on the "Proposal on Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-020) and "Proposal on Increasing Estimated Daily Related-party Transaction Amount in 2018" disclosed at CNINFO (Announcement No. 2018-077) (http://www.cninfo.com.cn) |
| Total | | | | - | - | 173,826.35 | - | 210,000 | - | - | - | - | - |
| Details of large amount of sales returns | N/A | | | | | | | | | | | | |
| Actual performance in the reporting period versus predicted total amount of routine related-party transactions, by types (if any) | The Company's thirteenth meeting of the fourth Board of Directors on March 12, 2018 and 2017 Annual Shareholders' General Meeting on April 3, 2018 reviewed and approved the "Proposal on Estimated Daily Related-party Transaction Amount in 2018," and the sixteenth meeting of the fourth Board of Directors on August 22, 2018 and 2018 Third Extraordinary General Meeting on September 11, 2018 reviewed and approved the "Proposal on Increasing Estimated Daily Related-party Transaction Amount in 2018." The amount of the aforementioned related-party transactions did not exceed the approved amount. | | | | | | | | | | | | |
| 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 section 5 of this chapter.

3. Related-party transactions with joint investments

Applicable Not applicable

During the reporting period, the relevant issues were disclosed in the interim report. For details, see the disclosed announcement indexes of other significant related-party transactions in section 5 of this chapter.

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.

5. Other significant related-party transactions

Applicable Not applicable

(1) Increase of capital contribution by a subsidiary in its investee company

On January 22, 2018, the Company held its twelfth meeting of the fourth session of Board of Directors and the tenth meeting of the fourth session of Supervisory Committee, at which the "Proposal to Increase Capital in Shenzhen Hive Box Technology Co., Ltd." was reviewed and approved. According to the proposal, S.F. Investment, a subsidiary of SF holding, increased its capital contribution in Hive Box Technology, its investee company, in the amount of RMB288.58 million financed by internal funds. After the transaction, S.F. Investment held 14.4292% equity stake of Hive Box Technology.

According to the provisions of the "Stock Listing Rules," because Mr. Wei Wang, the Chairman of the Company, has served as Hive Box Technology's Chairman, and Vice Chairman Mr. Zheyang Lin, has served as Hive Box Technology's Director within the past 12 months, Hive Box Technology is a related party of the Company. The investors of this transaction, Mingde Holding and Shenzhen Haorong Enterprise Development Co., Ltd., are the controlling shareholders of the Company and its wholly-owned subsidiary. Therefore, they are considered related parties as stipulated under the "Stock Listing Rules." The transaction is thus a joint investment with a related party and constitutes a related-party transaction.

(2) Acquisition of 100% equity of subsidiaries of controlling shareholders by subsidiaries of the Company

In order to reduce related-party transactions and avoid potential industry competition, on October 25, 2018, the "Proposal for the Subsidiaries of the Company to acquire 100% Equity of the Subsidiaries of Controlling shareholders and Related Transactions" was reviewed and approved at the 17th meeting of the 4th session of Board of Directors, pursuant to which it was agreed that Taisen Holding, a wholly-owned subsidiary of the Company, would acquire from Mingde Holding 100% equity of Lefeng Factoring, Shunheng Rongfeng and Hengyi Logistics at the transaction consideration of RMB178 million, RMB1 and RMB106.68 million respectively; and SF Limited, a wholly-owned subsidiary of the Company, would acquire from Mingde Limited 100% equity of LUXURIANT VIEW at a consideration of US\$1.

Mingde Holding, the counterparty of the transaction, is the controlling shareholder of the Company, while Mingde Limited is a wholly-owned subsidiary of Mingde Holding. As such, both Mingde Holding and Mingde Limited are related parties of the Company, and the transactions constitute related-party transactions pursuant to the relevant provisions of the Stock Listing Rules.

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

| Announcement | Disclosure Date | Disclosure Website |
|--|------------------|---|
| Resolutions of the Twelfth Meeting of the Fourth Board of Directors (2018-006) | January 23, 2018 | http://www.cninfo.com.cn |
| Resolutions of the Tenth Meeting of the Fourth Board of Supervisors (2018-007) | January 23, 2018 | http://www.cninfo.com.cn |
| Announcement on Capital Increase and Transactions with Related Parties (2018-008) | January 23, 2018 | http://www.cninfo.com.cn |
| Resolutions of the Sixth Meeting of the Fourth Board of Directors (2018-072) | August 24, 2018 | http://www.cninfo.com.cn |
| Resolutions of the Fourteenth Meeting of the Fourth Board of Supervisors (2018-073) | August 24, 2018 | http://www.cninfo.com.cn |
| Announcement on Canceling the Proposal of Introducing Related Parties to Increase Capital of Subsidiary Companies of the Company(2018-078) | August 24, 2018 | http://www.cninfo.com.cn |
| Resolutions of the Seventeenth Meeting of the Fourth Board of Directors (2018-089) | October 27, 2018 | http://www.cninfo.com.cn |
| Resolutions of the Fifteenth Meeting of the Fourth Board of Supervisors (2018-090) | October 27, 2018 | http://www.cninfo.com.cn |
| Announcement on Acquisition of 100% Equity of Subsidiaries of Controlling Shareholders and Related-party Transactions (2018-093) | October 27, 2018 | 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.

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 relevant announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
| Sf Holding Investment Limited | 2017/12/28 | 344,230 | 2018/7/26 | 344,230 | Joint liability guarantee | 2018/7/26 - 2023/7/26 | No | No |
| Total guarantee quota approved for subsidiaries during the reporting period (B1) | | | 344,230 | Total actual amount of guarantees for subsidiaries during the reporting period (B2) | | | | 344,230 |
| Total guarantee quota approved for the subsidiaries at the end of the reporting period (B3) | | | 344,230 | Total actual guarantee balance for subsidiaries at the end of the reporting period (B4) | | | | 344,230 |

| Subsidiary's guarantees to subsidiaries | | | | | | | | |
|---|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|------------------------|-----------|--------------------------------|
| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
| Beijing Shuncheng Logistics Co., Ltd. | | | 2013/6/25 | 1,000 | Joint liability guarantee | 2013/6/25 - 2018/5/21 | Yes | No |
| Beijing Shuncheng Logistics Co., Ltd. | | | 2013/6/25 | 2,000 | Joint liability guarantee | 2013/8/30 - 2018/5/21 | Yes | No |
| Beijing Shuncheng Logistics Co., Ltd. | | | 2013/6/25 | 800 | Joint liability guarantee | 2013/8/30 - 2018/11/21 | Yes | No |
| Beijing Shuncheng Logistics Co., Ltd. | | | 2013/6/25 | 2,200 | Joint liability guarantee | 2014/5/21 - 2018/11/21 | Yes | No |

| Subsidiary's guarantees to subsidiaries (Cont'd) | | | | | | | | |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|----------------------|-----------|--------------------------------|
| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
| Beijing Shuncheng Logistics Co., Ltd. | | | 2013/6/25 | 5,000 | Joint liability guarantee | 2014/5/21-2019/5/21 | No | No |
| Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd. | | | 2013/7/31 | 400 | Joint liability guarantee | 2013/8/21-2018/5/20 | Yes | No |
| Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd. | | | 2013/7/31 | 400 | Joint liability guarantee | 2013/8/21-2018/11/20 | Yes | No |
| Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd. | | | 2013/7/31 | 804.57 | Joint liability guarantee | 2013/8/21-2023/7/30 | No | No |
| Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd. | | | 2013/7/31 | 3,500 | Joint liability guarantee | 2013/9/5-2023/7/30 | No | No |
| Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd. | | | 2013/7/31 | 2,600 | Joint liability guarantee | 2013/10/12-2023/7/30 | No | No |
| Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd. | | | 2013/7/31 | 1,500 | Joint liability guarantee | 2013/11/25-2023/7/30 | No | No |
| Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd. | | | 2013/7/31 | 5,000 | Joint liability guarantee | 2014/11/7-2023/7/30 | No | No |
| Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd. | | | 2013/7/31 | 5,000 | Joint liability guarantee | 2015/2/2-2023/7/30 | No | No |
| Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd. | | | 2013/7/31 | 1,000 | Joint liability guarantee | 2015/4/30-2023/7/30 | No | No |
| Shenzhen S.F. Aviation Industry Real Estate Management Co., Ltd., S.F. Express Co., Ltd. | | | 2013/7/31 | 2,500 | Joint liability guarantee | 2016/5/31-2023/7/30 | No | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 3,300 | Joint liability guarantee | 2014/12/12-2018/6/30 | Yes | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 900 | Joint liability guarantee | 2015/1/16-2018/6/30 | Yes | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 3,600 | Joint liability guarantee | 2015/1/16-2018/12/17 | Yes | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 5,400 | Joint liability guarantee | 2015/3/27-2018/12/17 | Yes | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 3,800 | Joint liability guarantee | 2015/6/18-2018/12/17 | Yes | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 1,900 | Joint liability guarantee | 2015/7/16-2018/12/17 | Yes | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 800 | Joint liability guarantee | 2015/8/20-2018/12/17 | Yes | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 800 | Joint liability guarantee | 2015/9/17-2018/12/17 | Yes | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 600 | Joint liability guarantee | 2015/10/20-2018/12/17 | Yes | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 700 | Joint liability guarantee | 2015/12/25-2018/12/17 | Yes | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 900 | Joint liability guarantee | 2016/1/22-2018/12/17 | Yes | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 400 | Joint liability guarantee | 2016/1/25-2018/12/17 | Yes | No |
| Shanghai Fengyutai Industry Co., Ltd. | | | 2014/12/12 | 4,000 | Joint liability guarantee | 2017/3/2-2018/12/17 | Yes | No |
| Jiangxi S.F. Express Co., Ltd. | | | 2015/9/15 | 175 | Joint liability guarantee | 2015/9/15-2018/4/20 | Yes | No |
| Jiangxi S.F. Express Co., Ltd. | | | 2015/9/15 | 175 | Joint liability guarantee | 2015/9/15-2018/10/20 | Yes | No |
| Jiangxi S.F. Express Co., Ltd. | | | 2015/9/15 | 300 | Joint liability guarantee | 2015/9/15-2025/9/14 | No | No |
| Jiangxi S.F. Express Co., Ltd. | | | 2015/9/15 | 500 | Joint liability guarantee | 2015/11/24-2025/9/14 | No | No |
| Jiangxi S.F. Express Co., Ltd. | | | 2015/9/15 | 500 | Joint liability guarantee | 2015/12/29-2025/9/14 | No | No |
| Jiangxi S.F. Express Co., Ltd. | | | 2015/9/15 | 500 | Joint liability guarantee | 2016/1/22-2025/9/14 | No | No |
| Jiangxi S.F. Express Co., Ltd. | | | 2015/9/15 | 500 | Joint liability guarantee | 2016/4/15-2025/9/14 | No | No |
| Jiangxi S.F. Express Co., Ltd. | | | 2015/9/15 | 500 | Joint liability guarantee | 2016/11/24-2025/9/14 | No | No |
| Quanzhou Fengyutai Enterprise Management Co., Ltd. | | | 2015/9/24 | 480 | Joint liability guarantee | 2015/10/22-2018/4/20 | Yes | No |
| Quanzhou Fengyutai Enterprise Management Co., Ltd. | | | 2015/9/24 | 480 | Joint liability guarantee | 2015/11/23-2018/10/20 | Yes | No |
| Quanzhou Fengyutai Enterprise Management Co., Ltd. | | | 2015/9/24 | 170 | Joint liability guarantee | 2015/11/23-2025/9/23 | No | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Quanzhou Fengyutai Enterprise Management Co., Ltd. | | | 2015/9/24 | 500 | Joint liability guarantee | 2015/12/22-2025/9/23 | No | No |
| Quanzhou Fengyutai Enterprise Management Co., Ltd. | | | 2015/9/24 | 2,500 | Joint liability guarantee | 2016/1/21-2025/9/23 | No | No |
| Quanzhou Fengyutai Enterprise Management Co., Ltd. | | | 2015/9/24 | 500 | Joint liability guarantee | 2016/4/28-2025/9/23 | No | No |
| Quanzhou Fengyutai Enterprise Management Co., Ltd. | | | 2015/9/24 | 1,500 | Joint liability guarantee | 2016/5/27-2025/9/23 | No | No |
| Quanzhou Fengyutai Enterprise Management Co., Ltd. | | | 2015/9/24 | 1,500 | Joint liability guarantee | 2016/6/28-2025/9/23 | No | No |
| Quanzhou Fengyutai Enterprise Management Co., Ltd. | | | 2015/9/24 | 100 | Joint liability guarantee | 2016/8/26-2025/9/23 | No | No |
| Quanzhou Fengyutai Enterprise Management Co., Ltd. | | | 2015/9/24 | 1,870 | Joint liability guarantee | 2017/1/18-2025/9/23 | No | No |
| Ningbo Fengtai E-Commerce Industrial Park Management Co., Ltd. | | | 2016/8/11 | 607.5 | Joint liability guarantee | 2016/8/11-2018/8/10 | Yes | No |
| Ningbo Fengtai E-Commerce Industrial Park Management Co., Ltd. | | | 2016/8/11 | 2,092.5 | 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 | Joint liability guarantee | 2017/7/7-2027/12/30 | No | No |
| Tianjin Fengtai E-Commerce Park Co., Ltd. | 2018/8/26 | 28,000 | 2018/10/19 | 6,877 | Joint liability guarantee | 2018/10/19-2033/10/19 | No | No |
| Tianjin Fengtai E-Commerce Park Co., Ltd. | 2018/8/26 | 28,000 | 2018/10/19 | 2,200 | Joint liability guarantee | 2018/10/19-2033/10/19 | No | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 135.42 | Joint liability guarantee | 2014/6/30-2018/1/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 135.42 | Joint liability guarantee | 2014/6/30-2018/2/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 135.42 | Joint liability guarantee | 2014/6/30-2018/3/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 135.42 | Joint liability guarantee | 2014/6/30-2018/4/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 135.42 | Joint liability guarantee | 2014/6/30-2018/5/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 135.42 | Joint liability guarantee | 2014/6/30-2018/6/26 | Yes | No |

| Subsidiary's guarantees to subsidiaries (Cont'd) | | | | | | | | |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
| S.F. Express (China) Limited | | | 2013/8/26 | 14.75 | Joint liability guarantee | 2014/6/30-2018/7/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 121.61 | Joint liability guarantee | 2014/10/28-2018/7/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 140.19 | Joint liability guarantee | 2014/10/28-2018/8/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 140.48 | Joint liability guarantee | 2014/10/28-2018/9/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 137.11 | Joint liability guarantee | 2014/10/28-2018/10/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 118.62 | Joint liability guarantee | 2014/10/28-2018/11/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 20.59 | Joint liability guarantee | 2014/12/5-2018/11/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 141.55 | Joint liability guarantee | 2014/12/5-2018/12/26 | Yes | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 1,153.89 | Joint liability guarantee | 2014/12/5-2023/8/26 | No | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 342.96 | Joint liability guarantee | 2015/2/13-2023/8/26 | No | No |
| S.F. Express (China) Limited | | | 2013/8/26 | 700.88 | 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 |
| Goodear Development Limited | | | 2012/10/24 | 648.28 | Joint liability guarantee | 2012/12/19-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 910.05 | Joint liability guarantee | 2013/1/31-2018/7/31 | Yes | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|-----------------------------|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|----------------------|-----------|--------------------------------|
| Goodear Development Limited | | | 2012/10/24 | 2,194.86 | Joint liability guarantee | 2013/3/27-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 923.88 | Joint liability guarantee | 2013/5/30-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 3,399.88 | Joint liability guarantee | 2013/9/4-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 2,835.26 | Joint liability guarantee | 2013/9/27-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 3,095.39 | Joint liability guarantee | 2013/10/31-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 3,922.29 | Joint liability guarantee | 2013/11/28-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 6,642.76 | Joint liability guarantee | 2014/1/6-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 9,030.84 | Joint liability guarantee | 2014/1/15-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 10,057.75 | Joint liability guarantee | 2014/2/17-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 14,444.97 | Joint liability guarantee | 2014/3/14-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 10,460.75 | Joint liability guarantee | 2014/4/17-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 10,568.27 | Joint liability guarantee | 2014/5/20-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 11,048.41 | Joint liability guarantee | 2014/6/18-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 12,328.59 | Joint liability guarantee | 2014/7/21-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 11,937.48 | Joint liability guarantee | 2014/8/19-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 8,354.22 | Joint liability guarantee | 2014/9/17-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 10,070.2 | Joint liability guarantee | 2014/10/22-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 4,183.21 | Joint liability guarantee | 2014/11/24-2018/7/31 | Yes | No |

| Subsidiary's guarantees to subsidiaries (Cont'd) | | | | | | | | |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|----------------------|-----------|--------------------------------|
| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
| Goodear Development Limited | | | 2012/10/24 | 3,625.65 | Joint liability guarantee | 2014/12/19-2018/7/31 | Yes | No |
| Goodear Development Limited | | | 2012/10/24 | 1,685.2 | Joint liability guarantee | 2015/1/28-2018/7/31 | Yes | No |
| Sf Holding Limited | | | 2016/7/25 | 704.72 | Joint liability guarantee | 2016/7/25-2018/1/25 | Yes | No |
| Sf Holding Limited | | | 2016/7/25 | 704.72 | Joint liability guarantee | 2016/7/25-2018/7/25 | Yes | No |
| Sf Holding Limited | | | 2016/7/25 | 4,933.04 | Joint liability guarantee | 2016/7/25-2021/9/30 | No | No |
| Sf Holding Limited | | | 2016/10/24 | 8,809 | Joint liability guarantee | 2016/10/24-2018/7/31 | Yes | No |
| Sf Holding Limited | | | 2016/11/24 | 17,618 | Joint liability guarantee | 2016/11/24-2018/7/31 | Yes | No |
| Sf Holding Limited | 2016/12/30 | 509,400 | 2018/3/20 | 35,236 | Joint liability guarantee | 2018/3/20-2019/3/20 | No | No |
| Sf Holding Limited | 2018/8/26 | 522,300 | 2018/7/4 | 57,258.5 | Joint liability guarantee | 2018/7/4-2019/7/4 | No | No |
| Sf Holding Limited | 2018/8/26 | 522,300 | 2018/7/11 | 22,022.5 | Joint liability guarantee | 2018/7/11-2019/7/11 | No | No |
| Sf Holding Limited | | | 2016/11/18 | 13,213.5 | Joint liability guarantee | 2016/11/18-2019/5/3 | No | No |
| Sf Holding Limited | | | 2016/11/18 | 17,618 | Joint liability guarantee | 2016/11/18-2018/8/6 | Yes | No |
| Sf Holding Limited | | | 2016/11/18 | 17,618 | Joint liability guarantee | 2016/11/18-2018/8/6 | Yes | No |
| Sf Holding Limited | 2016/12/30 | 509,400 | 2017/6/14 | 17,618 | Joint liability guarantee | 2017/6/14-2019/6/14 | No | No |
| Sf Holding Limited | 2016/12/30 | 509,400 | 2018/1/16 | 13,213.5 | Joint liability guarantee | 2018/1/16-2019/1/16 | No | No |
| Sf Holding Limited | 2018/8/26 | 522,300 | 2018/7/17 | 4,404.5 | Joint liability guarantee | 2018/7/17-2019/7/17 | No | No |
| Sf Holding Limited | | | 2016/9/28 | 8,809 | Joint liability guarantee | 2016/9/2-2018/7/30 | Yes | No |
| S.F. Express Limited | 2016/12/30 | 1,600 | 2017/8/4 | 686.88 | Joint liability guarantee | 2017/8/4-2019/3/18 | No | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|---|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Zhejiang Shunlu Logistics Co., Ltd. | 2016/12/30 | 3,000 | 2017/11/1 | 1,500 | Joint liability guarantee | 2017/11/1-2018/10/30 | Yes | No |
| Zhejiang Shun Feng Express Co., Ltd. | 2016/12/30 | 4,000 | 2017/4/28 | 200 | Joint liability guarantee | 2017/4/28-2018/4/28 | Yes | No |
| Zhejiang Shun Feng Express Co., Ltd. | 2016/12/30 | 4,000 | 2017/12/8 | 200 | Joint liability guarantee | 2017/12/8-2018/12/7 | Yes | No |
| Yantai S.F. Express Co., Ltd. | 2016/12/30 | 100 | 2017/2/28 | 65 | Joint liability guarantee | 2017/2/28-2018/1/31 | Yes | No |
| Xi'an Shunlu Logistics Co., Ltd. | 2016/12/30 | 900 | 2017/10/27 | 80 | Joint liability guarantee | 2017/10/27-2018/7/31 | Yes | No |
| Xi'an Shunlu Logistics Co., Ltd. | 2016/12/30 | 900 | 2017/3/9 | 197.37 | Joint liability guarantee | 2017/3/9-2018/3/9 | Yes | No |
| Xi'an S.F. Express Co., Ltd. | 2016/12/30 | 300 | 2017/8/3 | 26.27 | Joint liability guarantee | 2017/8/3-2018/7/31 | Yes | No |
| Xi'an S.F. Express Co., Ltd. | 2016/12/30 | 300 | 2017/10/17 | 25.85 | Joint liability guarantee | 2017/10/17-2018/7/31 | Yes | No |
| Wuxi S.F. Express Co., Ltd. | 2016/12/30 | 1,200 | 2017/5/17 | 10 | Joint liability guarantee | 2017/5/17-2018/5/23 | Yes | No |
| Tianjin S.F. Express Co., Ltd. | 2016/12/30 | 1,500 | 2017/6/28 | 130 | Joint liability guarantee | 2017/6/28-2018/7/29 | Yes | No |
| Tianjin S.F. Express Co., Ltd. | 2016/12/30 | 1,500 | 2017/9/22 | 106.05 | Joint liability guarantee | 2017/9/22-2018/7/31 | Yes | No |
| Suzhou Industrial Park S.F. Express Co., Ltd. | 2016/12/30 | 1,000 | 2017/9/26 | 205.17 | Joint liability guarantee | 2017/9/26-2018/9/25 | Yes | No |
| Sichuan S.F. Express Co., Ltd. | 2016/12/30 | 1,300 | 2017/4/13 | 10 | Joint liability guarantee | 2017/4/13-2018/4/13 | Yes | No |
| Sichuan S.F. Express Co., Ltd. | 2016/12/30 | 1,300 | 2017/5/17 | 10 | Joint liability guarantee | 2017/5/17-2018/5/11 | Yes | No |
| SF Transportation (Nanjing) Co., Ltd. | 2016/12/30 | 250 | 2017/5/11 | 30 | Joint liability guarantee | 2017/5/11-2018/3/31 | Yes | No |
| SF Express Chongqing CO.LTD | 2016/12/30 | 500 | 2017/5/2 | 239.14 | Joint liability guarantee | 2017/5/2-2018/4/30 | Yes | No |
| SF Express Chongqing CO.LTD | 2016/12/30 | 500 | 2017/7/5 | 5 | Joint liability guarantee | 2017/7/5-2018/5/31 | Yes | No |
| SF Express Chongqing CO.LTD | 2016/12/30 | 500 | 2017/10/13 | 20.81 | Joint liability guarantee | 2017/10/13-2018/10/11 | Yes | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|---|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| S.F. Express Co., Ltd. | | | 2016/6/21 | 10 | Joint liability guarantee | 2016/6/21-2018/6/20 | Yes | No |
| S.F. Express Co., Ltd. | 2016/12/30 | 13,500 | 2017/6/21 | 100 | Joint liability guarantee | 2017/6/21-2019/4/30 | No | No |
| S.F. Express Co., Ltd. | 2016/12/30 | 13,500 | 2017/9/14 | 75.88 | Joint liability guarantee | 2017/9/14-2018/9/14 | Yes | No |
| S.F. Express Co., Ltd. | 2016/12/30 | 13,500 | 2017/10/9 | 300 | Joint liability guarantee | 2017/10/9-2018/10/7 | Yes | No |
| S.F. Express Co., Ltd. | 2016/12/30 | 13,500 | 2017/10/23 | 30 | Joint liability guarantee | 2017/10/23-2018/10/15 | Yes | No |
| S.F. Express Co., Ltd. | 2016/12/30 | 13,500 | 2017/10/23 | 756 | Joint liability guarantee | 2017/10/23-2018/10/31 | Yes | No |
| S.F. Express Co., Ltd. | 2016/12/30 | 13,500 | 2017/10/23 | 1,452 | Joint liability guarantee | 2017/10/23-2018/10/31 | Yes | No |
| S.F. Express Group (Shanghai) Co., Ltd. | 2016/12/30 | 2,000 | 2017/6/3 | 10 | Joint liability guarantee | 2017/6/3-2018/6/4 | Yes | No |
| S.F. Express (Tianjin) Co., Ltd. | 2016/12/30 | 500 | 2017/11/16 | 72.06 | Joint liability guarantee | 2017/11/16-2018/11/28 | Yes | No |
| S.F. Express (Tianjin) Co., Ltd. | 2016/12/30 | 500 | 2017/12/27 | 61.35 | Joint liability guarantee | 2017/12/27-2018/12/25 | Yes | No |
| S.F. Express (Shenyang) Co., Ltd. | 2016/12/30 | 1,500 | 2017/9/22 | 100 | Joint liability guarantee | 2017/9/22-2018/9/7 | Yes | No |
| Sf Data Service (Wuhan) Co., Ltd. | 2016/12/30 | 500 | 2017/11/3 | 77.76 | Joint liability guarantee | 2017/11/3-2018/11/2 | Yes | No |
| Sf Airlines Company Limited | | | 2015/8/7 | 2,500 | Joint liability guarantee | 2015/8/7-2018/2/1 | Yes | No |
| Sf Airlines Company Limited | | | 2016/7/21 | 100.03 | Joint liability guarantee | 2016/7/21-2018/6/1 | Yes | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/3/8 | 21 | Joint liability guarantee | 2017/3/8-2018/3/7 | Yes | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/3/8 | 2 | Joint liability guarantee | 2017/3/8-2018/4/30 | Yes | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/3/8 | 40 | Joint liability guarantee | 2017/3/8-2018/3/7 | Yes | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/4/1 | 10 | Joint liability guarantee | 2017/4/1-2018/3/31 | Yes | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|---|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------|-----------|--------------------------------|
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/5/28 | 2,000 | Joint liability guarantee | 2017/5/28-2019/6/15 | No | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/8/7 | 2,500 | Joint liability guarantee | 2017/8/7-2019/2/7 | No | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/6/21 | 3.4 | Joint liability guarantee | 2017/6/21-2018/6/20 | Yes | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/7/1 | 18.19 | Joint liability guarantee | 2017/7/1-2018/1/1 | Yes | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/6/29 | 13.6 | Joint liability guarantee | 2017/6/29-2018/6/29 | Yes | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/7/7 | 10.35 | Joint liability guarantee | 2017/7/7-2018/7/4 | Yes | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/9/5 | 11.88 | Joint liability guarantee | 2017/9/5-2018/9/1 | Yes | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2017/9/14 | 19.8 | Joint liability guarantee | 2017/9/14-2018/9/13 | Yes | No |
| Shenzhen Shunlu Air Freight Forwarding Co., Ltd. | 2016/12/30 | 7,000 | 2017/5/3 | 2,038 | Joint liability guarantee | 2017/5/3-2018/1/31 | Yes | No |
| Shenzhen Sf Comprehensive Logistics Service Co., Ltd. | 2016/12/30 | 500 | 2017/10/9 | 10 | Joint liability guarantee | 2017/10/9-2018/8/31 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | | | 2016/11/14 | 500 | Joint liability guarantee | 2016/11/14-2018/1/1 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/3/3 | 39.55 | Joint liability guarantee | 2017/3/3-2018/3/2 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/3/24 | 400 | Joint liability guarantee | 2017/3/24-2018/1/31 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/3/21 | 500 | Joint liability guarantee | 2017/3/21-2018/3/20 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/3/24 | 600 | Joint liability guarantee | 2017/3/24-2018/3/1 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/4/14 | 310 | Joint liability guarantee | 2017/4/14-2018/2/15 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/4/25 | 3,000 | Joint liability guarantee | 2017/4/25-2018/1/1 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/4/7 | 500 | Joint liability guarantee | 2017/4/7-2018/1/1 | Yes | No |

| Subsidiary's guarantees to subsidiaries (Cont'd) | | | | | | | | |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|----------------------|-----------|--------------------------------|
| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/5/8 | 500 | Joint liability guarantee | 2017/5/8-2018/5/14 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/5/19 | 181.56 | Joint liability guarantee | 2017/5/19-2018/1/1 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/6/14 | 500 | Joint liability guarantee | 2017/6/14-2018/1/1 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/7/19 | 104.17 | Joint liability guarantee | 2017/7/19-2018/5/31 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/8/14 | 500 | Joint liability guarantee | 2017/8/14-2018/7/24 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/8/22 | 110.54 | Joint liability guarantee | 2017/8/22-2018/8/18 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/9/19 | 33.76 | Joint liability guarantee | 2017/9/19-2018/8/27 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/9/12 | 1,100 | Joint liability guarantee | 2017/9/12-2018/7/12 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/11/15 | 22.28 | Joint liability guarantee | 2017/11/15-2018/6/15 | Yes | No |
| Shenzhen S.F. Fix Technology Co., Ltd. | 2016/12/30 | 2,000 | 2017/10/24 | 400 | Joint liability guarantee | 2017/10/24-2018/1/1 | Yes | No |
| Shanghai Shunheng Logistics Co., Ltd. | 2016/12/30 | 500 | 2017/11/16 | 50 | Joint liability guarantee | 2017/11/16-2018/6/30 | Yes | No |
| Shanghai Shuncheng Co., Ltd. | 2016/12/30 | 5,000 | 2017/6/14 | 380 | Joint liability guarantee | 2017/6/14-2018/5/31 | Yes | No |
| Shanghai Shuncheng Co., Ltd. | 2016/12/30 | 5,000 | 2017/6/23 | 1,050 | Joint liability guarantee | 2017/6/23-2018/6/20 | Yes | No |
| Shanghai Shuncheng Co., Ltd. | 2016/12/30 | 5,000 | 2017/7/25 | 400 | Joint liability guarantee | 2017/7/25-2018/6/22 | Yes | No |
| Shanghai Shuncheng Co., Ltd. | 2016/12/30 | 5,000 | 2017/11/3 | 300 | Joint liability guarantee | 2017/11/3-2018/6/30 | Yes | No |
| Shandong S.F. Express Co., Ltd. | 2016/12/30 | 1,000 | 2017/6/5 | 50 | Joint liability guarantee | 2017/6/5-2018/5/30 | Yes | No |
| Shandong S.F. Express Co., Ltd. | 2016/12/30 | 1,000 | 2017/6/5 | 10 | Joint liability guarantee | 2017/6/5-2018/5/30 | Yes | No |
| Shandong S.F. Express Co., Ltd. | 2016/12/30 | 1,000 | 2017/8/14 | 255 | Joint liability guarantee | 2017/8/14-2018/6/1 | Yes | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|---|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Quanzhou Shunlu Logistics Co., Ltd. | 2016/12/30 | 1,500 | 2017/8/15 | 15 | Joint liability guarantee | 2017/8/15-2018/7/31 | Yes | No |
| Qingdao S.F. Express Co., Ltd. | 2016/12/30 | 2,500 | 2017/7/5 | 6 | Joint liability guarantee | 2017/7/5-2018/7/5 | Yes | No |
| Qingdao S.F. Express Co., Ltd. | 2016/12/30 | 2,500 | 2017/8/18 | 40 | Joint liability guarantee | 2017/8/18-2018/7/31 | Yes | No |
| Ningbo Shunfeng Express Co., Ltd. | 2016/12/30 | 2,000 | 2017/4/18 | 400 | Joint liability guarantee | 2017/4/18-2018/4/12 | Yes | No |
| Ningbo Shunfeng Express Co., Ltd. | 2016/12/30 | 2,000 | 2017/6/23 | 30 | Joint liability guarantee | 2017/6/23-2018/4/30 | Yes | No |
| Ningbo Shunfeng Express Co., Ltd. | 2016/12/30 | 2,000 | 2017/11/9 | 550 | Joint liability guarantee | 2017/11/9-2018/11/6 | Yes | No |
| Lanzhou S.F. Express Co., Ltd. | 2016/12/30 | 100 | 2017/7/11 | 15 | Joint liability guarantee | 2017/7/11-2018/4/30 | Yes | No |
| Jiangxi S.F. Express Co., Ltd. | 2016/12/30 | 200 | 2017/9/21 | 200 | Joint liability guarantee | 2017/9/21-2018/9/20 | Yes | No |
| Jiangsu S.F. Express Co., Ltd. | 2016/12/30 | 200 | 2017/10/24 | 10 | Joint liability guarantee | 2017/10/24-2018/7/31 | Yes | No |
| Hunan S.F. Express (Group) Co., Ltd. | 2016/12/30 | 800 | 2017/9/28 | 100 | Joint liability guarantee | 2017/9/28-2018/6/30 | Yes | No |
| Hunan S.F. Express (Group) Co., Ltd. | 2016/12/30 | 800 | 2017/9/28 | 200 | Joint liability guarantee | 2017/9/28-2018/6/3 | Yes | No |
| Hunan S.F. Express (Group) Co., Ltd. | 2016/12/30 | 800 | 2017/9/28 | 400 | Joint liability guarantee | 2017/9/28-2018/6/30 | Yes | No |
| Henan S.F. Express Co., Ltd. | 2016/12/30 | 300 | 2017/8/29 | 123.78 | Joint liability guarantee | 2017/8/29-2018/7/19 | Yes | No |
| Henan S.F. Express Co., Ltd. | 2016/12/30 | 300 | 2017/12/26 | 104.19 | Joint liability guarantee | 2017/12/26-2018/12/24 | Yes | No |
| Hangzhou Shunfeng Import And Export Trade Co., Ltd. | 2016/12/30 | 1,300 | 2017/6/4 | 10 | Joint liability guarantee | 2017/6/4-2018/6/4 | Yes | No |
| Guizhou S.F. Express Co., Ltd. | 2016/12/30 | 300 | 2017/11/1 | 12.21 | Joint liability guarantee | 2017/11/1-2018/10/31 | Yes | No |
| Guang Zhou S.F. Express Co., Ltd. | 2016/12/30 | 5,500 | 2017/7/5 | 1,500 | Joint liability guarantee | 2017/7/5-2018/8/8 | Yes | No |
| Guang Zhou S.F. Express Co., Ltd. | 2016/12/30 | 5,500 | 2017/7/26 | 200 | Joint liability guarantee | 2017/7/26-2018/7/27 | Yes | No |

| Subsidiary's guarantees to subsidiaries (Cont'd) | | | | | | | | |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
| Shunfeng Express Co., Ltd. Guangxi | 2016/12/30 | 300 | 2017/4/14 | 100 | Joint liability guarantee | 2017/4/14-2018/1/31 | Yes | No |
| Shunfeng Express Co., Ltd. Guangxi | 2016/12/30 | 300 | 2017/12/21 | 50 | Joint liability guarantee | 2017/12/21-2018/12/15 | Yes | No |
| Foshan S.F. Express Co., Ltd. | 2016/12/30 | 500 | 2017/11/16 | 76.99 | Joint liability guarantee | 2017/11/16-2018/10/15 | Yes | No |
| Chengdu Taishun Logistics Co., Ltd. | 2016/12/30 | 2,000 | 2017/1/23 | 800 | Joint liability guarantee | 2017/1/23-2018/2/10 | Yes | No |
| Beijing S.F. Express Co., Ltd. | 2016/12/30 | 4,000 | 2017/2/23 | 30 | Joint liability guarantee | 2017/2/23-2018/2/22 | Yes | No |
| Beijing S.F. Express Co., Ltd. | 2016/12/30 | 4,000 | 2017/5/2 | 100 | Joint liability guarantee | 2017/5/2-2018/4/21 | Yes | No |
| Beijing S.F. Express Co., Ltd. | 2016/12/30 | 4,000 | 2017/7/31 | 100 | Joint liability guarantee | 2017/7/31-2018/7/27 | Yes | No |
| Beijing S.F. Express Co., Ltd. | 2016/12/30 | 4,000 | 2017/10/24 | 464.88 | Joint liability guarantee | 2017/10/24-2018/9/22 | Yes | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2016/12/30 | 27,289 | 2017/6/16 | 600 | Joint liability guarantee | 2017/6/16-2018/5/7 | Yes | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2016/12/30 | 27,289 | 2017/7/6 | 200 | Joint liability guarantee | 2017/7/6-2018/7/5 | Yes | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2016/12/30 | 27,289 | 2017/7/3 | 1,100 | Joint liability guarantee | 2017/7/3-2018/6/29 | Yes | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2016/12/30 | 27,289 | 2017/8/11 | 100 | Joint liability guarantee | 2017/8/11-2018/5/31 | Yes | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2016/12/30 | 27,289 | 2017/8/14 | 200 | Joint liability guarantee | 2017/8/14-2018/5/31 | Yes | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2016/12/30 | 27,289 | 2017/10/27 | 563.53 | Joint liability guarantee | 2017/10/27-2018/10/26 | Yes | No |
| Anhui S.F. Express Co., Ltd. | | | 2016/12/19 | 90 | Joint liability guarantee | 2016/12/19-2018/1/31 | Yes | No |
| Anhui S.F. Express Co., Ltd. | 2016/12/30 | 500 | 2017/3/27 | 69.7 | Joint liability guarantee | 2017/3/27-2018/3/31 | Yes | No |
| Anhui S.F. Express Co., Ltd. | 2016/12/30 | 500 | 2017/3/26 | 37.88 | Joint liability guarantee | 2017/3/26-2018/3/31 | Yes | No |
| Anhui S.F. Express Co., Ltd. | 2016/12/30 | 500 | 2017/9/28 | 5 | Joint liability guarantee | 2017/9/28-2018/9/25 | Yes | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|--------------------------------------|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Anhui S.F Express Co., Ltd. | 2016/12/30 | 500 | 2017/10/30 | 15.64 | Joint liability guarantee | 2017/10/30-2018/9/25 | Yes | No |
| Anhui S.F Express Co., Ltd. | 2016/12/30 | 500 | 2017/12/25 | 114.35 | Joint liability guarantee | 2017/12/25-2018/10/14 | Yes | No |
| Anhui S.F Express Co., Ltd. | 2016/12/30 | 500 | 2017/12/25 | 35.2 | Joint liability guarantee | 2017/12/25-2018/10/14 | Yes | No |
| Sf Holding Limited | 2016/12/30 | 509,400 | 2017/10/2 | 68 | Joint liability guarantee | 2017/10/2-2018/10/2 | Yes | No |
| Sf Holding Limited | 2016/12/30 | 509,400 | 2017/6/22 | 14.24 | Joint liability guarantee | 2017/6/22-2020/7/16 | No | No |
| S.F. Express (Hong Kong) Limited | | | 2015/9/9 | 5.35 | Joint liability guarantee | 2015/9/9-2018/11/8 | Yes | No |
| S.F. Express (Hong Kong) Limited | | | 2016/7/15 | 12.62 | Joint liability guarantee | 2016/7/15-2018/8/28 | Yes | No |
| S.F. Express (Hong Kong) Limited | | | 2016/10/1 | 10.82 | Joint liability guarantee | 2016/10/1-2018/10/31 | Yes | No |
| S.F. Express (Hong Kong) Limited | | | 2016/12/15 | 5.69 | Joint liability guarantee | 2016/12/15-2019/2/14 | No | No |
| S.F. Express (China) Limited | | | 2017/1/15 | 54 | Joint liability guarantee | 2017/1/15-2018/12/31 | Yes | No |
| S.F. Express (China) Limited | 2016/12/30 | 17,800 | 2017/4/21 | 45 | Joint liability guarantee | 2017/4/21-2018/4/20 | Yes | No |
| Zhejiang Shun Feng Express Co., Ltd. | 2018/8/26 | 3,900 | 2018/4/8 | 200 | Joint liability guarantee | 2018/4/8-2019/4/28 | No | No |
| Zhanjiang S.F. Express Co., Ltd. | 2016/12/30 | 100 | 2018/3/6 | 25 | Joint liability guarantee | 2018/3/6-2018/12/31 | Yes | No |
| Zhanjiang S.F. Express Co., Ltd. | 2016/12/30 | 100 | 2018/3/6 | 25 | Joint liability guarantee | 2018/3/6-2018/12/31 | Yes | No |
| Yantai S.F Express Co., Ltd. | 2018/8/26 | 500 | 2018/4/20 | 65 | Joint liability guarantee | 2018/4/20-2019/1/31 | No | No |
| Xi'an Shunlu Logistics Co., Ltd. | 2018/8/26 | 1,000 | 2018/4/17 | 213.48 | Joint liability guarantee | 2018/4/17-2019/4/10 | No | No |
| SF Express Chongqing CO.LTD | 2018/8/26 | 1,700 | 2018/4/28 | 255.89 | Joint liability guarantee | 2018/4/28-2019/4/27 | No | No |
| S.F. Express Co., Ltd. | 2016/12/30 | 13,500 | 2018/1/8 | 100 | Joint liability guarantee | 2018/1/8-2018/5/31 | Yes | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|----------------------|-----------|--------------------------------|
| S.F. Express Group (Shanghai) Co., Ltd. | 2018/8/26 | 2,000 | 2018/4/27 | 100 | Joint liability guarantee | 2018/5/4-2019/5/4 | No | No |
| S.F. Express (Shenyang) Co., Ltd | 2018/8/26 | 2,300 | 2018/4/28 | 10 | Joint liability guarantee | 2018/4/28-2019/1/31 | No | No |
| Sf-Express (Ningxia) Co.,Ltd | 2016/12/30 | 200 | 2018/3/8 | 80 | Joint liability guarantee | 2018/3/8-2018/12/31 | Yes | No |
| Sf-Express (Ningxia) Co.,Ltd | 2018/8/26 | 200 | 2018/4/28 | 1 | Joint liability guarantee | 2018/4/28-2019/4/10 | No | No |
| S.F. Express (Huizhou) Co., Ltd. | 2018/8/26 | 2,500 | 2018/4/17 | 19.57 | Joint liability guarantee | 2018/4/17-2019/3/24 | No | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2018/1/1 | 18.19 | Joint liability guarantee | 2018/1/1-2018/12/31 | 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 | No | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2018/4/2 | 22.38 | Joint liability guarantee | 2018/3/8-2019/3/7 | No | No |
| Sf Airlines Company Limited | 2016/12/30 | 76,940 | 2018/4/2 | 10 | Joint liability guarantee | 2018/4/2-2019/3/31 | No | No |
| Shenzhen Shunlu Logistics Co., Ltd. | 2016/12/30 | 3,000 | 2018/2/11 | 338.32 | Joint liability guarantee | 2018/2/11-2018/12/31 | Yes | No |
| Shenzhen Shunlu Logistics Co., Ltd. | 2016/12/30 | 3,000 | 2018/3/8 | 50 | Joint liability guarantee | 2018/3/8-2018/12/31 | Yes | No |
| Shenzhen Shunlu Air Freight Forwarding Co., Ltd. | 2016/12/30 | 7,000 | 2018/1/9 | 1,850 | Joint liability guarantee | 2018/1/9-2019/2/28 | No | No |
| Shenzhen Shunlu Air Freight Forwarding Co., Ltd. | 2016/12/30 | 7,000 | 2018/2/1 | 2,038 | Joint liability guarantee | 2018/2/1-2019/1/31 | No | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2018/1/24 | 141.98 | Joint liability guarantee | 2018/1/24-2018/6/30 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2018/1/31 | 3,000 | Joint liability guarantee | 2018/1/31-2018/3/31 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2018/2/11 | 600 | Joint liability guarantee | 2018/2/11-2019/3/1 | No | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2018/3/21 | 500 | Joint liability guarantee | 2018/3/21-2019/3/20 | No | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2018/4/2 | 3,000 | Joint liability guarantee | 2018/4/2-2019/4/1 | No | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|-------------------------------------|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Shanghai Shuncheng Co., Ltd. | 2016/12/30 | 5,000 | 2018/2/1 | 650 | Joint liability guarantee | 2018/2/1-2018/12/31 | Yes | No |
| Quanzhou Shunlu Logistics Co., Ltd. | 2016/12/30 | 1,500 | 2018/2/7 | 300 | Joint liability guarantee | 2018/2/7-2018/12/31 | Yes | No |
| Quanzhou Shunlu Logistics Co., Ltd. | 2016/12/30 | 1,500 | 2018/2/7 | 300 | Joint liability guarantee | 2018/2/7-2018/12/31 | Yes | No |
| Qingdao S.F. Express Co., Ltd. | 2016/12/30 | 2,500 | 2018/1/10 | 260 | Joint liability guarantee | 2018/1/10-2018/12/1 | Yes | No |
| Ningbo Shunfeng Express Co., Ltd. | 2018/8/26 | 3,300 | 2018/4/8 | 500 | Joint liability guarantee | 2018/4/12-2019/4/11 | No | No |
| Liaoning Shunlu Logistics Co., Ltd. | 2016/12/30 | 1,000 | 2018/1/25 | 420 | Joint liability guarantee | 2018/1/25-2018/10/31 | Yes | No |
| Jiangsu Huihai Logistics Co., Ltd. | 2016/12/30 | 3,200 | 2018/1/31 | 10 | Joint liability guarantee | 2018/1/31-2018/10/14 | Yes | No |
| Jiangsu Huihai Logistics Co., Ltd. | 2016/12/30 | 3,200 | 2018/1/31 | 219 | Joint liability guarantee | 2018/1/31-2018/12/31 | 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 | No | No |
| Shunfeng Express Co., Ltd. Guangxi | 2016/12/30 | 300 | 2018/2/9 | 100 | Joint liability guarantee | 2018/2/9-2019/1/31 | No | No |
| Chengdu Taishun Logistics Co., Ltd. | 2016/12/30 | 2,000 | 2018/2/8 | 800 | Joint liability guarantee | 2018/2/11-2019/2/10 | No | No |
| Beijing S.F. Express Co., Ltd. | 2018/8/26 | 5,000 | 2018/4/8 | 100 | Joint liability guarantee | 2018/4/8-2019/4/20 | No | No |
| Anhui S.F. Express Co., Ltd. | 2016/12/30 | 500 | 2018/1/10 | 100 | Joint liability guarantee | 2018/1/10-2019/5/31 | No | No |
| S.F. Express (Hong Kong) Limited | 2016/12/30 | 7,700 | 2018/2/28 | 13.97 | Joint liability guarantee | 2018/2/28-2019/8/31 | No | No |
| S.F. Express (China) Limited | 2016/12/30 | 17,800 | 2018/1/2 | 24.9 | Joint liability guarantee | 2017/9/30-2018/9/29 | Yes | No |
| S.F. Express (China) Limited | 2016/12/30 | 17,800 | 2018/1/2 | 8.3 | Joint liability guarantee | 2017/12/19-2018/12/18 | Yes | No |
| S.F. Express (China) Limited | 2016/12/30 | 17,800 | 2018/1/2 | 16.6 | Joint liability guarantee | 2017/11/6-2018/11/6 | Yes | No |
| S.F. Express (China) Limited | 2016/12/30 | 17,800 | 2018/1/2 | 83 | Joint liability guarantee | 2017/12/15-2018/11/27 | Yes | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|----------------------|-----------|--------------------------------|
| S.F. Express (China) Limited | 2016/12/30 | 17,800 | 2018/1/12 | 50 | Joint liability guarantee | 2018/1/12-2018/12/31 | Yes | No |
| Liaoning Shunlu Logistics Co., Ltd. | 2018/8/26 | 1,000 | 2018/5/9 | 191.3 | Joint liability guarantee | 2018/5/9-2019/4/30 | No | No |
| Hubei S.F. Transportation Co., Ltd. | 2018/8/26 | 500 | 2018/5/9 | 79.33 | Joint liability guarantee | 2018/5/9-2018/11/30 | Yes | No |
| Ningbo Shunfeng Express Co., Ltd. | 2018/8/26 | 3,300 | 2018/5/8 | 500 | Joint liability guarantee | 2018/5/8-2019/5/7 | No | No |
| Hebei S.F. Express Co., Ltd. | 2018/8/26 | 1,600 | 2018/4/17 | 35 | Joint liability guarantee | 2018/4/17-2018/12/31 | Yes | No |
| S.F. Express (China) Limited | 2018/8/26 | 1,500 | 2018/4/18 | 42.3 | Joint liability guarantee | 2018/4/18-2019/5/4 | No | No |
| Hangzhou Shunyifeng Import And Export Trade Co., Ltd | 2018/8/26 | 1,000 | 2018/5/18 | 20 | Joint liability guarantee | 2018/5/18-2019/6/4 | No | No |
| Wuxi S.F. Express Co., Ltd. | 2018/8/26 | 1,000 | 2018/5/18 | 10 | Joint liability guarantee | 2018/5/18-2019/5/24 | No | No |
| Hunan S.F. Express (Group) Co., Ltd. | 2018/8/26 | 2,000 | 2018/6/5 | 143.1 | Joint liability guarantee | 2018/6/5-2019/5/25 | No | No |
| Shenzhen Shuncheng Supply Chain Service Co., Ltd. | 2018/8/26 | 20,000 | 2018/6/5 | 23 | Joint liability guarantee | 2018/6/5-2019/5/31 | No | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2018/8/26 | 26,100 | 2018/6/5 | 500 | Joint liability guarantee | 2018/6/5-2019/5/14 | No | No |
| Sf Airlines Company Limited | 2018/8/26 | 58,000 | 2018/6/6 | 99.58 | Joint liability guarantee | 2018/6/6-2019/6/1 | No | No |
| Sf Airlines Company Limited | 2018/8/26 | 58,000 | 2018/6/12 | 3.32 | Joint liability guarantee | 2018/6/12-2019/6/20 | No | No |
| Sf Airlines Company Limited | 2018/8/26 | 58,000 | 2018/6/12 | 13.28 | Joint liability guarantee | 2018/6/12-2019/6/28 | No | No |
| S.F. Express (Dong Guan) Limited | 2018/8/26 | 8,500 | 2018/6/6 | 186.61 | Joint liability guarantee | 2018/6/6-2019/5/1 | No | No |
| Xi'an Shunlu Logistics Co., Ltd. | 2018/8/26 | 1,000 | 2018/6/7 | 50 | Joint liability guarantee | 2018/6/7-2018/12/31 | Yes | No |
| Shenzhen Sf Fix Technology Co., Ltd. | 2018/8/26 | 23,000 | 2018/6/21 | 400 | Joint liability guarantee | 2018/6/21-2019/1/31 | No | No |
| Jiangxi S.F. Express Co., Ltd. | 2018/8/26 | 1,300 | 2018/6/28 | 50 | Joint liability guarantee | 2018/6/28-2019/5/31 | No | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|---|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Beijing S.F. Express Co., Ltd. | 2018/8/26 | 5,000 | 2018/6/22 | 30 | Joint liability guarantee | 2018/6/22-2019/1/20 | No | No |
| Foshan S.F. Express Co., Ltd. | 2018/8/26 | 1,400 | 2018/6/28 | 123.91 | Joint liability guarantee | 2018/6/28-2019/5/31 | No | No |
| Shanghai Shuncheng Co., Ltd. | 2018/8/26 | 6,000 | 2018/6/22 | 40 | Joint liability guarantee | 2018/6/22-2019/4/30 | No | No |
| Chongqing Huiyifeng Logistics Co., Ltd. | 2018/8/26 | 3,000 | 2018/6/22 | 500 | Joint liability guarantee | 2018/6/22-2019/6/20 | No | No |
| S.F. Express Group (Shanghai) Co., Ltd. | 2016/12/30 | 2,000 | 2017/4/25 | 100 | Joint liability guarantee | 2017/4/25-2018/5/4 | Yes | No |
| S.F. Express (China) Limited | 2016/12/30 | 17,800 | 2017/7/6 | 42.3 | Joint liability guarantee | 2017/7/6-2018/7/6 | Yes | No |
| S.F. Express (Hong Kong) Limited | 2016/12/30 | 7,700 | 2017/10/24 | 13.9 | Joint liability guarantee | 2017/10/24-2019/8/31 | No | No |
| S.F. Express (China) Limited | 2016/12/30 | 17,800 | 2017/11/24 | 8.46 | Joint liability guarantee | 2017/11/24-2018/11/30 | Yes | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2016/12/30 | 116,000 | 2017/12/29 | 120.13 | Joint liability guarantee | 2017/12/29-2018/12/31 | Yes | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2018/8/26 | 6,000 | 2018/7/3 | 1,250 | Joint liability guarantee | 2018/7/3-2019/6/29 | No | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2018/8/26 | 6,000 | 2018/7/3 | 500 | Joint liability guarantee | 2018/7/3-2019/6/27 | No | No |
| Anhui S.F. Express Co., Ltd. | 2018/8/26 | 900 | 2018/7/4 | 73.64 | Joint liability guarantee | 2018/7/4-2019/5/31 | No | No |
| Chengdu Shunyifeng Pharmaceutical Co., Ltd. | 2018/8/26 | 500 | 2018/7/3 | 150 | Joint liability guarantee | 2018/7/3-2019/6/15 | No | No |
| Hebei S.F. Express Co., Ltd. | 2018/8/26 | 1,600 | 2018/7/3 | 90 | Joint liability guarantee | 2018/7/3-2019/5/11 | No | No |
| Hubei S.F. Express Co., Ltd. | 2018/8/26 | 1,800 | 2018/7/6 | 42.79 | Joint liability guarantee | 2018/7/6-2019/3/31 | No | No |
| Jiangsu S.F. Express Co., Ltd. | 2018/8/26 | 500 | 2018/7/5 | 82.33 | Joint liability guarantee | 2018/7/5-2019/5/31 | No | No |
| Shandong S.F. Express Co., Ltd. | 2018/8/26 | 1,300 | 2018/7/3 | 60 | Joint liability guarantee | 2018/7/3-2019/5/1 | No | No |
| Shandong S.F. Express Co., Ltd. | 2018/8/26 | 1,300 | 2018/7/6 | 14 | Joint liability guarantee | 2018/7/6-2019/5/1 | No | No |

| Subsidiary's guarantees to subsidiaries (Cont'd) | | | | | | | | |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|----------------------|-----------|--------------------------------|
| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
| Shandong S.F. Express Co., Ltd. | 2018/8/26 | 1,300 | 2018/7/24 | 255 | Joint liability guarantee | 2018/7/24-2019/5/31 | No | No |
| Shanghai Shuncheng Co., Ltd. | 2018/8/26 | 6,000 | 2018/7/24 | 30 | Joint liability guarantee | 2018/7/24-2019/12/31 | No | No |
| Shanghai Shuncheng Co., Ltd. | 2018/8/26 | 6,000 | 2018/7/6 | 380 | Joint liability guarantee | 2018/7/6-2019/5/31 | No | No |
| Shanghai Shunheng Logistics Co., Ltd. | 2018/8/26 | 500 | 2018/7/2 | 100 | Joint liability guarantee | 2018/7/2-2019/9/30 | No | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2018/8/26 | 26,100 | 2018/7/2 | 1,000 | Joint liability guarantee | 2018/7/2-2019/7/24 | No | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2018/8/26 | 26,100 | 2018/7/2 | 1,300 | Joint liability guarantee | 2018/7/2-2019/2/28 | No | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2018/8/26 | 26,100 | 2018/7/4 | 39.55 | Joint liability guarantee | 2018/7/4-2019/5/31 | No | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2018/8/26 | 26,100 | 2018/7/18 | 110.54 | Joint liability guarantee | 2018/7/18-2019/8/8 | No | No |
| S.F. Express (Dong Guan) Limited | 2018/8/26 | 8,500 | 2018/7/18 | 24.31 | Joint liability guarantee | 2018/7/18-2019/5/31 | No | No |
| S.F. Express (Dong Guan) Limited | 2018/8/26 | 8,500 | 2018/7/24 | 186.61 | Joint liability guarantee | 2018/7/24-2019/5/1 | No | No |
| Shenzhen S.F. Supply Chain Co., Ltd. | 2018/8/26 | 26,100 | 2018/7/4 | 104.17 | Joint liability guarantee | 2018/7/4-2019/5/31 | No | No |
| S.F. Express (Dong Guan) Limited | 2018/8/26 | 8,500 | 2018/7/18 | 226.45 | Joint liability guarantee | 2018/7/18-2019/5/31 | No | No |
| S.F. Express Co., Ltd. | 2018/8/26 | 30,000 | 2018/7/16 | 3,000 | Joint liability guarantee | 2018/7/6-2019/5/11 | No | No |
| Sichuan S.F. Express Co., Ltd. | 2018/8/26 | 1,800 | 2018/7/6 | 10 | Joint liability guarantee | 2018/7/20-2019/7/15 | No | No |
| Xi'an S.F. Express Co., Ltd. | 2018/8/26 | 1,500 | 2018/7/20 | 125.74 | Joint liability guarantee | 2018/7/5-2019/6/30 | No | No |
| Xinjiang S.F. Express Co., Ltd. | 2018/8/26 | 600 | 2018/7/24 | 6 | Joint liability guarantee | 2018/7/4-2019/4/30 | No | No |
| Wuxi S.F. Express Co., Ltd. | 2018/8/26 | 1,000 | 2018/7/5 | 73.08 | Joint liability guarantee | 2018/7/6-2019/6/22 | No | No |
| S.F. Express Co., Ltd. | 2018/8/26 | 30,000 | 2018/7/4 | 100 | Joint liability guarantee | 2018/7/24-2019/5/9 | No | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------|-----------|--------------------------------|
| Shanghai Shuncheng Co., Ltd. | 2018/8/26 | 6,000 | 2018/7/6 | 400 | Joint liability guarantee | 2018/7/6-2019/5/31 | No | No |
| Shandong S.F. Express Co., Ltd. | 2018/8/26 | 1,300 | 2018/7/24 | 20 | Joint liability guarantee | 2018/7/23-2019/3/19 | No | No |
| Zhejiang Shun Feng Express Co., Ltd. | 2018/8/26 | 3,900 | 2018/7/6 | 451.33 | Joint liability guarantee | 2018/7/19-2019/8/31 | No | No |
| Jiangsu S.F. Express Co., Ltd. | 2018/8/26 | 500 | 2018/7/23 | 28.15 | Joint liability guarantee | 2018/7/31-2019/5/31 | No | No |
| S.F. Express (Singapore) Private Limited | 2018/8/26 | 5,400 | 2018/7/19 | 159.89 | Joint liability guarantee | 2018/7/31-2019/5/31 | No | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2018/8/26 | 6,000 | 2018/7/31 | 100 | Joint liability guarantee | 2018/7/31-2019/5/7 | No | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2018/8/26 | 6,000 | 2018/7/31 | 200 | Joint liability guarantee | 2018/8/9-2019/4/30 | No | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2018/8/26 | 6,000 | 2018/7/31 | 600 | Joint liability guarantee | 2018/8/9-2019/6/30 | No | No |
| Lanzhou S.F. Express Co., Ltd. | 2018/8/26 | 100 | 2018/8/9 | 15 | Joint liability guarantee | 2018/8/9-2019/6/30 | No | No |
| Hunan, S.F. Express (Group) Co., Ltd. | 2018/8/26 | 2,000 | 2018/8/9 | 100 | Joint liability guarantee | 2018/8/9-2019/6/30 | No | No |
| Hunan, S.F. Express (Group) Co., Ltd. | 2018/8/26 | 2,000 | 2018/8/9 | 200 | Joint liability guarantee | 2018/8/16-2019/5/30 | No | No |
| Hunan, S.F. Express (Group) Co., Ltd. | 2018/8/26 | 2,000 | 2018/8/9 | 400 | Joint liability guarantee | 2018/8/16-2019/6/30 | No | No |
| Hubei S.F. Express Co., Ltd. | 2018/8/26 | 1,800 | 2018/8/13 | 3.88 | Joint liability guarantee | 2018/8/16-2019/7/31 | No | No |
| Shenzhen Sf Fix Technology Co., Ltd. | 2018/8/26 | 23,000 | 2018/8/16 | 100 | Joint liability guarantee | 2018/8/16-2019/4/30 | No | No |
| Xiamen S.F. Express Co., Ltd. | 2018/8/26 | 1,000 | 2018/8/16 | 60 | Joint liability guarantee | 2018/8/22-2019/5/31 | No | No |
| Hebei S.F. Express Co., Ltd. | 2018/8/26 | 1,600 | 2018/8/16 | 35 | Joint liability guarantee | 2018/8/22-2019/6/30 | No | No |
| Qingdao S.F. Express Co., Ltd. | 2018/8/26 | 1,300 | 2018/8/16 | 40 | Joint liability guarantee | 2018/8/23-2019/6/30 | No | No |
| Shenzhen Sf Fix Technology Co., Ltd. | 2018/8/26 | 23,000 | 2018/8/16 | 20 | Joint liability guarantee | 2018/8/23-2019/7/31 | No | No |

| Subsidiary's guarantees to subsidiaries (Cont'd) | | | | | | | | |
|---|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|----------------------|-----------|--------------------------------|
| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
| Ningbo Shunfeng Express Co., Ltd. | 2018/8/26 | 3,300 | 2018/8/16 | 30 | Joint liability guarantee | 2018/8/23-2019/7/31 | No | No |
| Foshan S.F. Express Co., Ltd. | 2018/8/26 | 1,400 | 2018/8/22 | 123.91 | Joint liability guarantee | 2018/8/23-2019/12/31 | No | No |
| Zhejiang Shunlu Logistics Co., Ltd. | 2018/8/26 | 4,000 | 2018/8/22 | 1,500 | Joint liability guarantee | 2018/8/28-2019/9/30 | No | No |
| Shenzhen Sf Fix Technology Co., Ltd. | 2018/8/26 | 23,000 | 2018/8/23 | 1,600 | Joint liability guarantee | 2018/8/28-2019/10/31 | No | No |
| Tianjin S.F. Express Co., Ltd. | 2018/8/26 | 1,400 | 2018/8/23 | 106.05 | Joint liability guarantee | 2018/8/28-2019/10/31 | No | No |
| S.F. Express Co., Ltd. | 2018/8/26 | 30,000 | 2018/8/23 | 10 | Joint liability guarantee | 2018/8/28-2019/6/15 | No | No |
| Shenzhen Shunlu Air Freight Forwarding Co., Ltd. | 2018/8/26 | 3,000 | 2018/8/23 | 1,850 | Joint liability guarantee | 2018/8/28-2019/7/31 | No | No |
| Anhui S.F. Express Co., Ltd. | 2018/8/26 | 900 | 2018/8/28 | 5 | Joint liability guarantee | 2018/8/28-2019/8/9 | No | No |
| Shenzhen Shuncheng Supply Chain Service Co., Ltd. | 2018/8/26 | 20,000 | 2018/8/28 | 6.6 | Joint liability guarantee | 2018/8/28-2019/2/18 | No | No |
| Shunfeng Express Co., Ltd. Guangxi | 2018/8/26 | 1,000 | 2018/8/28 | 6.01 | Joint liability guarantee | 2018/8/30-2019/6/30 | No | No |
| Yunnan S.F. Express Co., Ltd. | 2018/8/26 | 800 | 2018/8/28 | 11.29 | Joint liability guarantee | 2018/8/31-2019/9/30 | No | No |
| Xi'an S.F. Express Co., Ltd. | 2018/8/26 | 1,500 | 2018/8/28 | 52.12 | Joint liability guarantee | 2018/8/14-2019/8/13 | No | No |
| Jinhua S.F. Express Co., Ltd. | 2018/8/26 | 200 | 2018/8/28 | 83.68 | Joint liability guarantee | 2018/8/8-2019/8/8 | No | No |
| S.F. Express Co., Ltd. | 2018/8/26 | 30,000 | 2018/8/28 | 1,000 | Joint liability guarantee | 2018/8/8-2019/8/8 | No | No |
| Hubei S.F. Express Co., Ltd. | 2018/8/26 | 1,800 | 2018/8/30 | 55.33 | Joint liability guarantee | 2018/9/6-2019/5/31 | No | No |
| S.F. Transportation (Changzhou) Co., Ltd. | 2018/8/26 | 300 | 2018/8/31 | 118.3 | Joint liability guarantee | 2018/9/6-2019/10/31 | No | No |
| Sf Airlines Company Limited | 2018/8/26 | 58,000 | 2018/8/14 | 25.53 | Joint liability guarantee | 2018/9/12-2019/9/14 | No | No |
| Guang Zhou S.F. Express Co., Ltd. | 2018/8/26 | 8,000 | 2018/8/8 | 200 | Joint liability guarantee | 2018/9/13-2019/7/31 | No | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|---|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|----------------------|-----------|--------------------------------|
| Guang Zhou S.F. Express Co., Ltd. | 2018/8/26 | 8,000 | 2018/8/8 | 1,500 | Joint liability guarantee | 2018/9/13-2019/7/31 | No | No |
| Jiangxi S.F. Express Co., Ltd. | 2018/8/26 | 1,300 | 2018/9/6 | 89.1 | Joint liability guarantee | 2018/9/13-2019/1/31 | No | No |
| Hunan S.F. Express (Group) Co., Ltd. | 2018/8/26 | 2,000 | 2018/9/6 | 90.7 | Joint liability guarantee | 2018/9/18-2019/6/30 | No | No |
| S.F. Express Co., Ltd. | 2018/8/26 | 30,000 | 2018/9/12 | 75.88 | Joint liability guarantee | 2018/9/18-2019/8/31 | No | No |
| S.F. Express (Dong Guan) Limited | 2018/8/26 | 8,500 | 2018/9/13 | 149.62 | Joint liability guarantee | 2018/9/20-2019/9/7 | No | No |
| S.F. Express Group (Shanghai) Co., Ltd. | 2018/8/26 | 2,000 | 2018/9/13 | 60 | Joint liability guarantee | 2018/9/20-2019/9/14 | No | No |
| Shenzhen Shunlu Air Freight Forwarding Co., Ltd. | 2018/8/26 | 3,000 | 2018/9/13 | 200 | Joint liability guarantee | 2018/9/19-2019/9/30 | No | No |
| Jiangsu S.F. Express Co., Ltd. | 2018/8/26 | 500 | 2018/9/18 | 10 | Joint liability guarantee | 2018/9/18-2019/6/27 | No | No |
| Ganzhou S.F. Express Co., Ltd. | 2018/8/26 | 100 | 2018/9/18 | 25 | Joint liability guarantee | 2018/9/19-2019/9/30 | No | No |
| S.F. Express (Shenyang) Co., Ltd. | 2018/8/26 | 2,300 | 2018/9/20 | 100 | Joint liability guarantee | 2018/9/13-2020/7/14 | No | No |
| Jiangxi S.F. Express Co., Ltd. | 2018/8/26 | 1,300 | 2018/9/20 | 15 | Joint liability guarantee | 2018/9/14-2020/9/30 | No | No |
| Shenzhen Shuncheng Supply Chain Service Co., Ltd. | 2018/8/26 | 20,000 | 2018/9/19 | 25.04 | Joint liability guarantee | 2018/9/25-2019/10/10 | No | No |
| Wuxi S.F. Express Co., Ltd. | 2018/8/26 | 1,000 | 2018/9/18 | 73.08 | Joint liability guarantee | 2018/9/17-2019/4/30 | No | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2018/8/26 | 6,000 | 2018/9/19 | 527.59 | Joint liability guarantee | 2018/8/3-2019/4/30 | No | No |
| Zhejiang Shun Feng Express Co., Ltd. | 2018/8/26 | 3,900 | 2018/9/20 | 7 | Joint liability guarantee | 2018/9/18-2019/9/1 | No | No |
| S.F. Express (Hong Kong) Limited | 2018/8/26 | 1,500 | 2018/9/13 | 16.76 | Joint liability guarantee | 2018/9/29-2019/1/31 | No | No |
| S.F. Express (Hong Kong) Limited | 2018/8/26 | 1,500 | 2018/9/14 | 46.42 | Joint liability guarantee | 2018/9/29-2019/4/30 | No | No |
| Sf Airlines Company Limited | 2018/8/26 | 58,000 | 2018/9/25 | 2,756.1 | Joint liability guarantee | 2018/9/28-2019/2/23 | No | No |

| Subsidiary's guarantees to subsidiaries (Cont'd) | | | | | | | | |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
| Chengdu Taishun Logistics Co., Ltd. | 2018/8/26 | 2,000 | 2018/9/17 | 100 | Joint liability guarantee | 2018/9/28-2019/2/28 | No | No |
| Zhejiang Shunlu Logistics Co., Ltd. | 2018/8/26 | 4,000 | 2018/8/3 | 10 | Joint liability guarantee | 2018/10/15-2019/10/31 | No | No |
| Sf Airlines Company Limited | 2018/8/26 | 58,000 | 2018/9/18 | 12.4 | Joint liability guarantee | 2018/10/17-2019/9/30 | No | No |
| Shenzhen Shunlu Logistics Co., Ltd. | 2018/8/26 | 1,000 | 2018/9/29 | 338.32 | Joint liability guarantee | 2018/10/17-2019/9/24 | No | No |
| Sf Airlines Company Limited | 2018/8/26 | 58,000 | 2018/9/29 | 2 | Joint liability guarantee | 2018/10/22-2019/9/30 | No | No |
| Suzhou Industrial Park S.F. Express Co., Ltd. | 2018/8/26 | 1,000 | 2018/9/28 | 205.17 | Joint liability guarantee | 2018/10/22-2019/9/30 | No | No |
| Xunchuan Investment Co., Ltd. | 2018/8/26 | 26,000 | 2018/9/28 | 11,216.74 | Joint liability guarantee | 2018/10/22-2019/9/22 | No | No |
| Xunchuan Investment Co., Ltd. | 2018/8/26 | 26,000 | 2018/12/17 | 1,376.92 | Joint liability guarantee | 2018/12/17-2019/4/30 | No | No |
| S.F. Express Co., Ltd. | 2018/8/26 | 30,000 | 2018/10/15 | 2,208 | Joint liability guarantee | 2018/10/9-2019/10/7 | No | No |
| Zhejiang Shunlu Logistics Co., Ltd. | 2018/8/26 | 4,000 | 2018/10/17 | 80 | Joint liability guarantee | 2018/10/15-2019/10/15 | No | No |
| Anhui S.F. Express Co., Ltd. | 2018/8/26 | 900 | 2018/10/17 | 5 | Joint liability guarantee | 2018/10/1-2019/9/30 | No | No |
| SF Express Chongqing CO.LTD | 2018/8/26 | 1,700 | 2018/10/22 | 246.15 | Joint liability guarantee | 2018/10/10-2021/7/30 | No | No |
| Shandong S.F. Express Co., Ltd. | 2018/8/26 | 1,300 | 2018/10/22 | 48.04 | Joint liability guarantee | 2018/11/4-2019/10/26 | No | No |
| Beijing S.F. Express Co., Ltd. | 2018/8/26 | 5,000 | 2018/10/22 | 464.88 | Joint liability guarantee | 2018/11/4-2019/4/30 | No | No |
| S.F. Express Co., Ltd. | 2018/8/26 | 30,000 | 2018/10/9 | 300 | Joint liability guarantee | 2018/11/2-2019/11/2 | No | No |
| S.F. Express Co., Ltd. | 2018/8/26 | 30,000 | 2018/10/15 | 30 | Joint liability guarantee | 2018/11/12-2019/10/31 | No | No |
| Sf Airlines Company Limited | 2018/8/26 | 58,000 | 2018/10/1 | 20.9 | Joint liability guarantee | 2018/11/15-2019/11/30 | No | No |
| S.F. Express (Hong Kong) Limited | 2018/8/26 | 1,500 | 2018/10/10 | 29.6 | Joint liability guarantee | 2018/11/15-2019/10/31 | No | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|---|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Beijing Shuncheng Logistics Co., Ltd. | 2018/8/26 | 6,000 | 2018/11/4 | 563.53 | Joint liability guarantee | 2018/11/19-2019/12/7 | No | No |
| Yancheng S.F. Express Co., Ltd. | 2018/8/26 | 100 | 2018/11/4 | 5 | Joint liability guarantee | 2018/11/19-2019/11/28 | No | No |
| Sf Data Service (Wuhan) Co., Ltd. | 2018/8/26 | 500 | 2018/11/2 | 77.76 | Joint liability guarantee | 2018/11/19-2019/11/30 | No | No |
| Beijing S.F. Express Co., Ltd. | 2018/8/26 | 5,000 | 2018/11/12 | 19.5 | Joint liability guarantee | 2018/11/21-2019/11/31 | No | No |
| Quanzhou Shunlu Logistics Co., Ltd. | 2018/8/26 | 1,500 | 2018/11/15 | 75.88 | Joint liability guarantee | 2018/11/23-2019/11/5 | No | No |
| Quanzhou Shunlu Logistics Co., Ltd. | 2018/8/26 | 1,500 | 2018/11/15 | 26.36 | Joint liability guarantee | 2018/11/23-2019/10/31 | No | No |
| Zhejiang Shun Feng Express Co., Ltd. | 2018/8/26 | 3,900 | 2018/11/19 | 250 | Joint liability guarantee | 2018/11/23-2019/11/30 | No | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2018/8/26 | 6,000 | 2018/11/19 | 100 | Joint liability guarantee | 2018/11/23-2019/8/31 | No | No |
| S.F. Express (Tianjin) Co., Ltd. | 2018/8/26 | 1,000 | 2018/11/19 | 72.06 | Joint liability guarantee | 2018/11/22-2019/9/30 | No | No |
| Shandong S.F. Express Co., Ltd. | 2018/8/26 | 1,300 | 2018/11/19 | 5 | Joint liability guarantee | 2018/11/22-2019/11/30 | No | No |
| Xi'an S.F. Express Co., Ltd. | 2018/8/26 | 1,500 | 2018/11/21 | 9.42 | Joint liability guarantee | 2018/11/2-2020/2/28 | No | No |
| Yunnan S.F. Express Co., Ltd. | 2018/8/26 | 800 | 2018/11/23 | 10 | Joint liability guarantee | 2018/11/15-2019/10/15 | No | No |
| S.F. Express Group (Shanghai) Co., Ltd. | 2018/8/26 | 2,000 | 2018/11/23 | 200 | Joint liability guarantee | 2018/11/15-2019/8/31 | No | No |
| Qingdao S.F. Express Co., Ltd. | 2018/8/26 | 1,300 | 2018/11/23 | 260 | Joint liability guarantee | 2018/11/26-2020/8/12 | No | No |
| Sichuan S.F. Express Co., Ltd. | 2018/8/26 | 1,800 | 2018/11/23 | 56.69 | Joint liability guarantee | 2018/11/2-2020/10/4 | No | No |
| Shenzhen Shuncheng Supply Chain Service Co., Ltd. | 2018/8/26 | 20,000 | 2018/11/22 | 7.88 | Joint liability guarantee | 2018/11/22-2019/9/30 | No | No |
| Anhui S.F. Express Co., Ltd. | 2018/8/26 | 900 | 2018/11/22 | 23.64 | Joint liability guarantee | 2018/11/22-2019/11/30 | No | No |
| SF Express Chongqing CO.LTD | 2018/8/26 | 1,700 | 2018/11/2 | 20.81 | Joint liability guarantee | 2018/11/2-2020/2/28 | No | No |

Subsidiary's guarantees to subsidiaries (Cont'd)

| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
|--|---------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|-----------------------|-----------|--------------------------------|
| Suzhou Industrial Park S.F. Express Co., Ltd. | 2018/8/26 | 1,000 | 2018/11/15 | 19.25 | Joint liability guarantee | 2018/11/15-2019/10/15 | No | No |
| Suzhou Industrial Park S.F. Express Co., Ltd. | 2018/8/26 | 1,000 | 2018/11/15 | 22.62 | Joint liability guarantee | 2018/11/15-2019/8/31 | No | No |
| S.F. Express (Hong Kong) Limited | 2018/8/26 | 1,500 | 2018/11/26 | 12.71 | Joint liability guarantee | 2018/11/26-2020/8/12 | No | No |
| S.F. Express (Hong Kong) Limited | 2018/8/26 | 1,500 | 2018/11/2 | 10.34 | Joint liability guarantee | 2018/11/2-2020/10/4 | No | No |
| Gz Sf Pharmaceutical Supply Chain Co., Ltd. | 2018/8/26 | 1,000 | 2018/12/6 | 20 | Joint liability guarantee | 2018/12/6-2019/9/30 | No | No |
| Suzhou Industrial Park S.F. Express Co., Ltd. | 2018/8/26 | 1,000 | 2018/12/6 | 15 | Joint liability guarantee | 2018/12/6-2019/4/30 | No | No |
| Heilongjiang S.F. Express Co., Ltd. | 2018/8/26 | 1,600 | 2018/12/6 | 100 | Joint liability guarantee | 2018/12/6-2019/11/28 | No | No |
| Liaoning Shunlu Logistics Co., Ltd. | 2018/8/26 | 1,000 | 2018/12/6 | 420 | Joint liability guarantee | 2018/12/6-2019/10/31 | No | No |
| Beijing Shuncheng Logistics Co., Ltd. | 2018/8/26 | 6,000 | 2018/12/17 | 527.59 | Joint liability guarantee | 2018/12/17-2019/9/30 | No | No |
| Zhejiang Shun Feng Express Co., Ltd. | 2018/8/26 | 3,900 | 2018/12/17 | 1,000 | Joint liability guarantee | 2018/12/17-2019/6/30 | No | No |
| Jiangsu Huihai Logistics Co., Ltd. | 2018/8/26 | 200 | 2018/12/17 | 20 | Joint liability guarantee | 2018/12/17-2019/10/14 | No | No |
| S.F. Express (Shenyang) Co., Ltd. | 2018/8/26 | 2,300 | 2018/12/5 | 107.75 | Joint liability guarantee | 2018/12/5-2019/11/30 | No | No |
| S.F. Express (Dong Guan) Limited | 2018/8/26 | 8,500 | 2018/12/19 | 993.23 | Joint liability guarantee | 2018/12/19-2019/11/20 | No | No |
| Anhui S.F. Express Co., Ltd. | 2018/8/26 | 900 | 2018/12/25 | 59.72 | Joint liability guarantee | 2018/12/25-2019/12/31 | No | No |
| S.F. Express Co., Ltd. | 2018/8/26 | 30,000 | 2018/12/25 | 233.15 | Joint liability guarantee | 2018/12/25-2019/11/30 | No | No |
| Shuncheng Financial Lease (Shenzhen) Co., Ltd. | | | 2018/2/9 | 70,000 | Joint liability guarantee | 2018/2/9-2019/1/11 | No | No |
| Shuncheng Financial Lease (Shenzhen) Co., Ltd. | | | 2018/2/9 | 70,000 | Joint liability guarantee | 2018/2/9-2019/2/11 | No | No |
| Shanghai Fengtaiyuanxing Property Management Co., Ltd. | 2018/8/26 | 10,000 | 2018/9/1 | 4,578.29 | Joint liability guarantee | 2018/09/01-2021/08/31 | No | No |
| Chengdu Shunyifeng Pharmaceutical Co., Ltd. | 2018/8/26 | 500 | 2018/12/25 | 5 | Joint liability guarantee | 2018/12/25-2019/3/31 | No | No |

| Subsidiary's guarantees to subsidiaries (Cont'd) | | | | | | | | |
|--|---------------------------------------|---------------------------|---------------------------|---|-------------------|---------------------|-----------|--------------------------------|
| Guarantee party | Disclosure date of Quota announcement | Maximum guaranteed amount | Actual date of occurrence | Actual guaranteed amount | Type of guarantee | Period of guarantee | Executed? | Guarantee for a related party? |
| Total maximum guaranteed amount approved for subsidiaries during the reporting period (C1) | | | 2,000,000 | Total actual guaranteed amount for subsidiaries during the reporting period (C2) | | | | 352,550.53 |
| Total maximum guaranteed amount approved for the subsidiaries at the end of the reporting period (C3) | | | 2,287,799.02 | Total actual guarantee balance for subsidiaries at the end of the reporting period (C4) | | | | 436,508.08 |
| Total guaranteed amount provided by the Company | | | | | | | | |
| Total maximum guaranteed amount approved during the reporting period (B1+C1) | | | 2,344,230 | Total actual guaranteed amount during the reporting period (B2+C2) | | | | 696,780.53 |
| Total maximum guaranteed amount approved at the end of the reporting period (B3+C3) | | | 2,632,029.02 | Total actual guarantee balance at the end of the reporting period (B4+C4) | | | | 780,738.08 |
| Total guaranteed amount (B4+C4) to net assets of the Company | | | | | | | | 21.35% |
| Of which: | | | | | | | | |
| guaranteed amount 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) | | | | | | | | 202,770.83 |
| Total guaranteed amount over 50% of net assets (F) | | | | | | | | 0 |
| Total amount of the above three guarantees (D+E+F) | | | | | | | | 0 |
| 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 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 approval and disclosure procedures of 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

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 | 707,000.00 | 56,000.00 | 0 |
| Brokerage wealth management products | Self-owned fund | 50,000.00 | 0 | 0 |
| Bank wealth management products | Raised funds | 127,000.00 | 0 | 0 |
| Brokerage wealth management products | Raised funds | 189,000.00 | 0 | 0 |
| Total | | — | 56,000.00 | 0 |

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 |
|---|------------------------------------|-------------------|----------------------------|
| 20,190 | Self-owned fund | 43,475 | 2,810 |

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 and provided eligible employees with a total amount of no more than RMB700 million loans for two years, 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. As of the end of the reporting period, the unexpired balance of the employee welfare loan was RMB434.75 million.

During the reporting period, the Company acquired Lefeng Factoring. 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 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.

XVIII. Social Responsibilities

1. Performance of Social Responsibilities

For details on the Company's performance of social responsibilities, refer to the Corporate *Social Responsibility Report of S.F. Holding Co., Ltd.* announced by the Company on www.cninfo.com on March 16, 2019.

2. Targeted Poverty Alleviation Program

Applicable Not applicable

During the reporting period, the Company did not carry out any Targeted Poverty Alleviation Program and there is no follow-up plan. 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 16, 2019.

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. During the reporting period, the Company and its subsidiaries strictly implemented national laws and regulations on environmental protection, and were not subject to administrative penalties from the Ministry of Ecology and Environment for violating relevant laws and regulations.

XIX. Other Major Issues

Applicable Not applicable

1. The Hubei International Logistics Hub Project was approved by the State Council and the Central Military Commission.

On December 13, 2017, the Company's wholly-owned subsidiary Taisen Holding and the Hubei Provincial People's Government signed the "Cooperation Agreement for the Hubei International Logistics Hub Project." On February 23, 2018, the State Council and the Central Military Commission issued its "Approval from the State Council and Central Military Commission of the Construction of the Hubei Ezhou Civil Airport" (State Letter 2018 No.26), which officially replied to the Hubei Provincial People's Government's "Request to Establish the Ezhou Civil Airport Project for the Hubei International Logistics Hub Project" (Hubei Official Letter 2017 No.37). As of the disclosure date of this report, the project has obtained the approvals of the Approval of the National Development and Reform Commission regarding the Feasibility Study Report on the Construction of the New Ezhou Civil Airport Project in Hubei (Development and Reform Basis [2019] No. 53), the Approval of Civil Aviation Administration regarding the Overall Plan for the Ezhou Civil Airport in Hubei (Civil Aviation Letter [2018] No. 1170) and the "Approval reply on the Preliminary Design and Budgetary Estimates of the Civil Airport in Ezhou, Hubei, from CCAC Central and Southern Regional Administration and Hubei Provincial Development and Reform Commission" (CAAC CSRA[2018] No.59) and the airport project was able to commence construction formally. For details, please refer to the announcement of the Company disclosed on <http://www.cninfo.com.cn> (2018-011, 2019-016, 2019-031).

2. The Company's subsidiary was awarded the first domestic drone operating license by the Civil Aviation Administration of China.

On March 27, 2018, the Company's subsidiary Jiangxi Fengyu Shuntu Technology Co., Ltd. was awarded the first domestic drone operating (pilot) license by the CAAC's East China Regional Administration. Since the launch of SF's logistics drone delivery pilot in June 2017, it has successfully completed the preparation, start-up, implementation, and validation stages for a pilot, becoming the first logistics drone operating company approved by the CAAC. As the first company in China to obtain the drone operating (pilot) license from the CAAC, the company is the first to obtain such a license in China, and according to license regulations, SF's logistics drone is allowed to operate in the pilot area approved by the CAAC to carry out logistics deliveries. This means that SF's logistics drone can be the first to be commercialized and have first-mover advantage. For details, please refer to the Announcement (2018-029) disclosed by the Company on [CNINFO \(http://www.cninfo.com.cn\)](http://www.cninfo.com.cn).

3. Acquisition of 100% Equity Interest in DHL Supply Chain (Hong Kong) Co., Ltd. and DHL Logistics (Beijing) Co.,.

On October 26, 2018, the Company's subsidiary SF Holding Limited signed the *Master Share Sale and Purchase Agreement* with DPDHL's subsidiary DEUTSCHE POST BETEILIGUNGEN HOLDING GMBH (hereinafter referred to as "DP Holding"), OCEAN OVERSEAS HOLDINGS LIMITED (hereinafter referred to as "Ocean Holding") and DHL GLOBAL FORWARDING (HONG KONG) LTD. (hereinafter referred to as "DHL Freight"). Pursuant to which, the parties agreed that SF Holding Limited shall acquire 100% equity interest in DHL SUPPLY CHAIN (HONG KONG) LIMITED held by DP Holding and Ocean Holding and 100% equity interest in DHL Logistics (Beijing) Co., Ltd held by DHL Freight by way of cash. As at the disclosure date of this report, the transaction has been completed. For details, please refer to the Announcement (2018-094、2019-013、2019-023) disclosed by the Company on [CNINFO \(http://www.cninfo.com.cn\)](http://www.cninfo.com.cn).

4. Announcement on the Commencement of Asset Securitization and Related Party Transactions.

On August 22, 2018, the Company held the 16th meeting of the 4th session of Board of Directors and the 14th meeting of the 4th session of the Board of Supervisors respectively, reviewed and approved the Proposal on Commencement of Asset Securitization and Related Transactions, and agreed that the Company, with The Logistics Industrial Park (物流产业园) held by its wholly-owned subsidiary 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) as the principal, to establish a special asset-backed plan and raise funds by means of the issuance of asset-backed securities under the plan. The special asset-backed plan has obtained the No Objection Letter Regarding the Huatai Asset Management "Huatai Jiayue-Shunfeng Industrial Park Phase I Asset-Backed Special Plan" in line with the Conditions for Listing on the Shenzhen Stock Exchange (Shenzhen Letter [2018] No. 666) 《关于华泰资管“华泰佳越-顺丰产业园一期资产支持专项计划”符合深交所挂牌条件的无异议函》(深证函[2018]666号), issued by the Shenzhen Stock Exchange. On December 1, 2018, the documents related to the first tranche of the special asset-backed plan have been signed. For details, please refer to the Announcement (2018-079, 2018-102) disclosed by the Company on [CNINFO \(http://www.cninfo.com.cn\)](http://www.cninfo.com.cn).

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

On April 26, 2018, the Company's subsidiary S.F. Investment signed the Limited Partnership Agreement in respect of the Suzhou Danqing Phase II Pharmaceutical Innovation Industry Investment Partnership (Limited Partnership) 《苏州丹青二期医药创新产业投资合伙企业(有限合伙)有限合伙协议》 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, accounting for 8.92% of the total capital contributions. On November 1, 2018, the investment fund completed the private equity investment fund filing procedures with the China Securities Investment Fund Industry Association in accordance with the laws and regulations such as the Securities Investment Fund Law (证券投资基金法) and the Interim Measures for the Supervision and Administration of Private Equity Funds (私募投资基金监督管理暂行办法) and obtained the Certificate of Filing of Private Equity Investment Funds (私募投资基金备案证明). For details, please refer to the Announcement (2018-042,

2018-096) disclosed by the Company on CNINFO (<http://www.cninfo.com.cn>).

On August 3, 2018, the Company's subsidiary Bright Hazel Limited (BVI) signed the Foundation Capital IX, L.P. Subscription Agreement And Investor Questionnaire and participated in the investment of Foundation Capital IX, L.P. (hereinafter referred to as "the Fund") for the proposed subscription of the fund units for USD10 million by self-owned funds, accounting for 2.67% of the target size of the Fund. On August 17, 2018, the Company received a formal notice from the general partners of the investment fund stating that the general partners of the investment fund had accepted the subscription of the investment fund by Bright Hazel Limited (亮榛有限公司) and completed the execution of subscription and partnership agreement on August 15, 2018. For details, please refer to the Announcement (2018-065, 2018-070) disclosed by the Company on CNINFO (<http://www.cninfo.com.cn>).

Index of key disclosures are as follows:

| Announcement Title | Disclosure Date | Website |
|--|--------------------|---|
| Progress of Hubei International Logistics Hub Project (2018-011) | February 26, 2018 | http://www.cninfo.com.cn |
| Issuance of the First Domestic Drone Operating License from the Civil Aviation Administration of China (2018-029) | March 28, 2018 | http://www.cninfo.com.cn |
| The Announcement on Participation of Wholly-Owned Subsidiaries in Investment in Equity Investment Funds (2018-042) | April 27, 2018 | http://www.cninfo.com.cn |
| The Announcement on Participation of Wholly-Owned Subsidiaries in the Establishment of Big Data Joint Ventures (2018-043) | April 27, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Progress of the Issuance of Overseas US Dollar Bonds by Overseas Wholly-owned Subsidiaries (2018-060) | July 21, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Completion of Issuance of Overseas US Dollar Bonds by Overseas Wholly-owned Subsidiaries (2018-062) | July 28, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Public Issuance Results of Corporate Bonds (First Tranche), for Qualified Investors by Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a Wholly-Owned Subsidiary of the Company (2018-064) | August 3, 2018 | http://www.cninfo.com.cn |
| The Announcement on Participation of Wholly-Owned Subsidiaries in Investments in Overseas Investment Funds (2018-065) | August 7, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Progress of Participation in the Establishment of Big Data Joint Ventures by Wholly-Owned Subsidiaries (2018-066) | August 7, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Progress of Participation in the Investment of Overseas Investment Funds by Wholly-Owned Subsidiaries (2018-070) | August 18, 2018 | http://www.cninfo.com.cn |
| The Announcement on Commencement of Asset Securitization and Related Transactions (2018-079) | August 24, 2018 | http://www.cninfo.com.cn |
| The Announcement on Adjusting the Validity Period and Authorization Period of the Public Issuance of Corporate Bonds and Other Debt Financing Products of Subsidiaries (2018-080) | August 24, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Results of the Issuance of the 2018 First and Second Tranche of the Super Short-term Financing Bonds of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. (2018-083) | September 18, 2018 | http://www.cninfo.com.cn |

| Announcement Title | Disclosure Date | Website |
|---|--------------------|---|
| The Announcement on the Results of the Issuance of the 2018 First Tranche of the Medium Term Notes of Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a wholly-owned subsidiary (2018-085) | September 20, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Public Issuance Results of Corporate Bonds (Second Tranche) by Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a wholly-owned subsidiary, for Qualified Investors (2018-088) | October 24, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Acquisition of 100% Equity Interest in DHL Supply Chain (Hong Kong) Co., Ltd. and DHL Logistics (Beijing) Co., Ltd. (2018-094) | October 27, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Progress of Participation in Investment in Equity Investment Funds by Wholly-Owned Subsidiaries (2018-096) | November 3, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Results of the Issuance of the 2018 Third Tranche of the Super Short-Term Financing Bonds of Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a wholly-owned subsidiary (2018-098) | November 23, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Progress of Asset Securitization and Related Transactions (2018-102) | December 4, 2018 | http://www.cninfo.com.cn |
| The Announcement on the Establishment of the No. 1 Asset-Backed Special Plan for the First Phase of Huatai Jiayue- SF Industrial Park (2018-102) | December 12, 2018 | http://www.cninfo.com.cn |
| Announcement on the Issuance of Debt Financing Products at Home and Abroad by Wholly-owned Subsidiaries (2019-006) | January 4, 2019 | http://www.cninfo.com.cn |
| Announcement on the Progress of the Acquisition of 100% Equity Interests 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 the Acquisition of 100% Equity Interests in DHL Supply Chain (Hong Kong) Limited and DHL Logistics (Beijing) Co., Ltd. (2019-023) | February 19, 2019 | http://www.cninfo.com.cn |
| Progress of Hubei International Logistics Hub Project (2019-031) | March 2, 2019 | http://www.cninfo.com.cn |

XX. Significant events of subsidiaries

Applicable Not applicable

06

Share Changes & Shareholder Details



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 | 4,268,174,825 | 96.76% | 7,788,643 | - | - | -980,167,723 | -972,379,080 | 3,295,795,745 | 74.59% |
| 1. Shares held by state-owned legal person | 334,838,739 | 7.59% | - | - | - | -228,183,719 | -228,183,719 | 106,655,020 | 2.41% |
| 2. Other shares held by domestic capital | 3,933,336,086 | 89.17% | 7,627,524 | - | - | -751,984,004 | -744,356,480 | 3,188,979,606 | 72.17% |
| Of which: Other shares held by domestic legal person | 3,842,684,445 | 87.12% | - | - | - | -748,108,826 | -748,108,826 | 3,094,575,619 | 70.03% |
| Other shares held by domestic natural person | 90,651,641 | 2.06% | 7,627,524 | - | - | -3,875,178 | 3,752,346 | 94,403,987 | 2.14% |
| 3. Shares held by overseas capital | - | 0.00% | 161,119 | - | - | - | 161,119 | 161,119 | 0.00% |
| Of which: Other shares held by overseas legal person | - | 0.00% | - | - | - | - | - | - | 0.00% |
| Other shares held by overseas natural person | - | 0.00% | 161,119 | - | - | - | 161,119 | 161,119 | 0.00% |
| II. Unrestricted sales of shares | 142,840,699 | 3.24% | - | - | - | 980,130,814 | 980,130,814 | 1,122,971,513 | 25.41% |
| 1. RMB-denominated ordinary shares | 142,840,699 | 3.24% | - | - | - | 980,130,814 | 980,130,814 | 1,122,971,513 | 25.41% |
| III. Total number of shares | 4,411,015,524 | 100.00% | 7,788,643 | - | - | -36,909 | 7,751,734 | 4,418,767,258 | 100.00% |

Reasons of share changes

Applicable Not applicable

During the reporting period, the Company implemented its restricted stock incentive plan for 2017, which granted 2,556,661 restricted shares to 777 employees at a price of RMB29.32 per share. The restricted shares were listed on January 11, 2018. The Company also implemented its restricted stock incentive plan for 2018, which granted 5,231,982 restricted shares to 1,139 employees at a price of RMB24.33 per share. The restricted shares were listed on July 9, 2018.

During the reporting period, some employees resigned, they no longer fulfilled the conditions of the plan. The Company repurchased and cancelled a total of 36,909 restricted shares that had been granted to those employees. The aforementioned share repurchases and cancellation completed on August 16, 2018.

In summary, the total number of shares of the Company changed from 4,411,015,524 shares to 4,418,767,258 shares.

Approval of share changes

Applicable Not applicable

Transfer of share ownership

Applicable Not applicable

Effects of changes in shares on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company, and other financial indexes over the last year and the last reporting period

Applicable Not applicable

During the reporting period, the Company implemented restricted stock incentive plan, share capital increased by 7,751,734 shares, which diluted the basic earnings per share and diluted earnings per share for the current period, and the net assets per share attributable to common shareholders of the Company.

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

Applicable Not applicable

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) | 392,253,457 | 235,352,074 | - | 156,901,383 | Commitment for issuing restricted shares for purchasing assets during major asset restructuring | On January 23, 2018, 117,676,037 restricted shares were relieved. On March 21, 2018, 117,676,037 restricted shares were relieved. Until the fulfillment of the 2018 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), 156,901,383 restricted shares can be relieved. |
| Shenzhen Zhaoguang Investment Co., Ltd. | 266,637,546 | 159,982,526 | - | 106,655,020 | Commitment for issuing restricted shares for purchasing assets during major asset restructuring | On January 23, 2018, 79,991,263 restricted shares were relieved. On March 21, 2018, 79,991,263 restricted shares were relieved. Until the fulfillment of the 2018 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), 106,655,020 restricted shares can be relieved. |
| Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership) | 266,637,546 | 159,982,526 | - | 106,655,020 | Commitment for issuing restricted shares for purchasing assets during major asset restructuring | On January 23, 2018, 79,991,263 restricted shares were relieved. On March 21, 2018, 79,991,263 restricted shares were relieved. Until the fulfillment of the 2018 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), 106,655,020 restricted shares can be relieved. |
| Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership) | 266,637,546 | 159,982,526 | - | 106,655,020 | Commitment for issuing restricted shares for purchasing assets during major asset restructuring | On January 23, 2018, 79,991,263 restricted shares were relieved. On March 21, 2018, 79,991,263 restricted shares were relieved. Until the fulfillment of the 2018 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), 106,655,020 restricted shares can be relieved. |

| 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 |
|---|--|---|---|--|---|--|
| Liu Jilu | 75,123,253 | - | - | 75,123,253 | restricted shares for senior managers | - |
| Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership) | 53,327,509 | 31,996,504 | - | 21,331,005 | Commitment for issuing restricted shares for purchasing assets during major asset restructuring | On January 23, 2018, 15,998,252 restricted shares were relieved. On March 21, 2018, 15,998,252 restricted shares were relieved. Until the fulfillment of the 2018 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), 21,331,005 restricted shares can be relieved. |
| Liu Lingyun | 6,697,352 | 2,240,410 | - | 4,456,942 | restricted shares for IPO | On June 29, 2018, 2,240,410 restricted shares for senior managers can be relieved. |
| Gong Weiping | 2,654,828 | 614,188 | - | 2,040,640 | restricted shares for IPO | On June 29, 2018, 614,188 restricted shares for senior managers can be relieved. |
| Huang Xuechun | 2,383,321 | 648,297 | - | 1,735,024 | restricted shares for IPO | On June 29, 2018, 648,297 restricted shares for senior managers can be relieved. |
| Others | 233,895,328 | 229,331,763 | 7,751,734 | 12,315,299 | - | - |
| Total | 4,268,174,825 | 980,130,814 | 7,751,734 | 3,295,795,745 | - | - |

II. Issuance and Listing of Securities

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

Applicable Not applicable

| Shares and derivative securities | Shares and derivative securities | Issuance price (or interest rate) | Number of issued shares | Listing date | Number of shares permitted for listing transactions | Transaction termination date |
|----------------------------------|----------------------------------|-----------------------------------|-------------------------|------------------|---|------------------------------|
| Shares | | | | | | |
| RMB-denominated ordinary shares | January 11, 2018 | 29.32 RMB/share | 2,556,661 | January 11, 2018 | 2,556,661 | - |
| RMB-denominated ordinary shares | July 9, 2018 | 24.33 RMB/share | 5,231,982 | July 9, 2018 | 5,231,982 | - |

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

During the reporting period, the Company implemented its restricted stock incentive plan for 2017, which granted 2,556,661 restricted shares to 777 employees at a price of RMB29.32 per share. The restricted shares were listed on January 11, 2018.

During the reporting period, the Company implemented its restricted stock incentive plan for 2018, which granted 5,231,982 restricted shares to 1,139 employees at a price of RMB24.33 per share. The restricted shares were listed on July 9, 2018.

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 implemented its restricted stock incentive plan for 2017, which granted 2,556,661 restricted shares to 777 employees at a price of RMB29.32 per share. The restricted shares were listed on January 11, 2018. The Company also implemented its restricted stock incentive plan for 2018, which granted 5,231,982 restricted shares to 1,139 employees at a price of RMB24.33 per share. The restricted shares were listed on July 9, 2018.

Because some employees resigned during the reporting period, they no longer fulfilled the conditions of the plan. The Company repurchased and cancelled a total of 36,909 restricted shares that had been granted to those employees. The aforementioned share repurchases and cancellation completed on August 16, 2018.

In summary, the total number of shares of the Company changed from 4,411,015,524 shares to 4,418,767,258 shares.

3. Existing shares held by internal employees of the Company

□ Applicable √ Not applicable

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 | 59,682 | Total number of shareholders on the end of last month before the disclosure date of the annual report | 57,853 | Total number of preferred shareholders with voting rights restored (if any) | - | Total number of preferred stockholders with voting rights restored 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 | 61.15% | 2,701,927,139 | - | 2,701,927,139 | - | Pledged 630,000,000 |
| Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership) | Domestic non-state-owned legal person | 8.43% | 372,639,433 | -19,614,024 | 156,901,383 | 215,738,050 | Pledged 326,049,874 |
| Shenzhen Zhaoguang Investment Co., Ltd. | State-owned legal person | 6.03% | 266,637,546 | - | 106,655,020 | 159,982,526 | - |
| Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership) | Domestic non-state-owned legal person | 5.65% | 249,573,960 | -17,063,586 | 106,655,020 | 142,918,940 | - |
| Jiajiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership) | Domestic non-state-owned legal person | 5.49% | 242,809,789 | -23,827,757 | 106,655,020 | 136,154,769 | - |
| Liu Jilu | Domestic natural person | 2.04% | 90,079,128 | -10,085,210 | 75,123,253 | 14,955,875 | - |
| Zhongyuan Asset Management Co., Ltd. | State-owned legal person | 1.53% | 67,601,193 | -600,000 | - | 67,601,193 | Pledged 67,601,193 |
| Suzhou Guyu Qichuang Equity Investment Partnership (Limited Partnership) | Domestic non-state-owned legal person | 1.21% | 53,327,509 | - | 21,331,005 | 31,996,504 | - |
| Issuance No. 1 – Capital Trust | Other | 0.52% | 22,790,565 | - | - | 22,790,565 | - |
| National Social Security Fund Combination 503 | Other | 0.51% | 22,424,731 | -2,332,301 | - | 22,424,731 | - |
| Chang'an International Trust Co., Ltd. – Chang'an Trust – Mingsheng Targeted Additional Shares Strategic investor or general legal person becomes the top 10 shareholder due to the placement of new shares | 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. | | | | | | |

| 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) | 215,738,050 | RMB-denominated ordinary shares | 215,738,050 |
| Shenzhen Zhaoguang Investment Co., Ltd. | 159,982,526 | RMB-denominated ordinary shares | 159,982,526 |
| Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership) | 142,918,940 | RMB-denominated ordinary shares | 142,918,940 |
| Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership) | 136,154,769 | RMB-denominated ordinary shares | 136,154,769 |
| Zhongyuan Asset Management Co., Ltd. | 67,601,193 | RMB-denominated ordinary shares | 67,601,193 |
| Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership) | 31,996,504 | RMB-denominated ordinary shares | 31,996,504 |
| Chang'an International Trust Co., Ltd. – Chang'an Trust – Mingsheng Targeted Additional Shares Issuance No. 1 – Capital Trust | 22,790,565 | RMB-denominated ordinary shares | 22,790,565 |
| National Social Security Fund Combination 503 | 22,424,731 | RMB-denominated ordinary shares | 22,424,731 |
| Guoshou Shangxin Yiyuan Investment Company (Limited Partnership) | 16,097,316 | RMB-denominated ordinary shares | 16,097,316 |
| Hong Kong Securities Clearing Company Ltd. | 15,603,799 | RMB-denominated ordinary shares | 15,603,799 |
| 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 | | |

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.

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 | Unified Social Credit 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.

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 with 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

Preferred Shares

Applicable Not applicable

No such cases in the reporting period.



08

Directors, Supervisors, Senior Management, and Employees



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 | 49 | December 28, 2016 | Present | - | - | - | - | - |
| Lin Zheyang | Vice chairman, deputy general manager | Current | Male | 55 | December 28, 2016 | Present | - | - | - | - | - |
| Zhang Yichen | Director | Current | Male | 56 | December 28, 2016 | Present | - | - | - | - | - |
| Zhang Rui | Director | Resigned | Male | 54 | December 28, 2016 | March 6, 2019 | - | - | - | - | - |
| Liu Chengwei | Director | Current | Male | 49 | December 28, 2016 | Present | - | - | - | - | - |
| Lo Sai Lai | Director | Current | Male | 57 | December 28, 2016 | Present | - | - | - | - | - |
| Lo Sai Lai | Deputy general manager | Resigned | Male | 57 | December 28, 2016 | March 14, 2019 | - | - | - | - | - |
| Du Haoyang | Director, deputy general manager | Current | Male | 48 | December 28, 2016 | Present | - | - | - | - | - |
| NG Wai Ting | Director, deputy general manager, financial head | Current | Female | 48 | December 28, 2016 | Present | - | - | - | - | - |
| Zhou Zhonghui | Independent director | Current | Male | 72 | December 28, 2016 | Present | - | - | - | - | - |
| Chow Wing Kin Anthony | Independent director | Current | Male | 69 | December 28, 2016 | Present | - | - | - | - | - |
| Jin Li | Independent director | Current | Male | 49 | December 28, 2016 | Present | - | - | - | - | - |
| Dicky Peter Yip | Independent director | Current | Male | 72 | February 15, 2017 | Present | - | - | - | - | - |
| Chen Qiming | Chairman of the Supervisory Committee | Current | Male | 53 | December 26, 2016 | Present | - | - | - | - | - |
| Sang Li | Supervisor | Current | Male | 47 | December 26, 2016 | Present | - | - | - | - | - |
| Guan Li | Supervisor | Current | Male | 40 | December 28, 2016 | Present | - | - | - | - | - |
| Yang Tao | Supervisor | Current | Male | 49 | February 15, 2017 | Present | - | - | - | - | - |

| 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) |
|-------------|--|---------------|--------|-----|-------------------|----------------|--|--|--|--|--|
| Liu Jilu | Supervisor | Current | Male | 72 | December 28, 2016 | Present | 100,164,338 | - | -10,085,210 | - | 90,079,128 |
| Li Sheng | Deputy general manager | Current | Male | 53 | December 28, 2016 | Present | - | - | - | - | - |
| Xu Zhijun | Deputy general manager | Current | Male | 43 | December 28, 2016 | Present | - | - | - | - | - |
| Leong Chong | Deputy general manager | Current | Male | 54 | December 28, 2016 | March 14, 2019 | - | - | - | - | - |
| Gan Ling | Deputy general manager, secretary to the Board | Current | Female | 45 | December 28, 2016 | Present | - | - | - | - | - |
| Total | - | - | - | - | - | - | 100,164,338 | - | -10,085,210 | - | 90,079,128 |

II. Changes of Directors, Supervisors, and Senior Executives

Applicable Not applicable

The Company's directors, supervisors and senior management personnel did not change during the reporting period.

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

Chairman

Mr. WANG Wei, born in 1970, a Chinese national, is the founder and actual controller of S.F. He has served as the Chairman and General Manager of the Company since December 28, 2016.

Deputy Chairman

Mr. LIN Zheyang, 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 Guyu Qiuchuang Management Co., Ltd. From 2013 to 2016, he served as Deputy Chairman of

Shenzhen S.F. Taisen Holding (Group) Co., Ltd. He has served as the Deputy Chairman and Deputy General Manager of the Company since December 28, 2016.

Director

Mr. Zhang Yichen, born in 1963, is a permanent resident of the 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. He has served as a Director of the Company since December 28, 2016.

Mr. Liu Chengwei was born in 1970 and is 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 2016 to the present, 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. He has served as a Director of the Company since December 28, 2016.

Mr. Lo Sai Lai, born in 1962, is a permanent resident of the Hong Kong Special Administrative Region of China. 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. Since April 2016, he serves as the Vice President of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. and Chief Information Officer of the Group. He has served as the Director of the Company since December 28, 2016.

Mr. Du Haoyang was born in 1971 and is a Chinese national. He is a Master of International Trade from the School of Economics of Xiamen University, an EMBA from Peking University, a lawyer, and a senior logistics specialist. From 1997 to 2004, he was the Director of the Foreign Investment Department of the Ministry of Commerce. From 2003 to 2004, he was the China Business Consultant of the Hong Kong Trade Development Council. From 2004 to 2016, he was the General Manager of the S.F. Shandong District, the General Manager of the Shenzhen District, the Head of the President Office and Enterprise Development Office, Group Vice President and President of S.F. Express East China Region, Senior Vice President of the Group, and Chief Operating Officer of the Group. 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 a Deputy General Manager of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. He has served as the Director and Deputy General Manager of the Company since December 28, 2016.

Ms. NG Wai Ting, born in 1971, is 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 28, 2016, she has been the Director, Deputy General Manager and Chief Financial Officer of the Company.

Mr. Zhou Zhonghui was born on August 30, 1947 and is 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 currently an Independent Non-executive Director of China Pacific Insurance (Group) Co., Ltd. (Stock Code: 601601) listed on the SSE, and an Independent Non-executive Director of Shanghai Fudan Zhangjiang Biopharmaceutical Co., Ltd. (Stock Code: 01349) listed on the Hong Kong Stock Exchange. 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. He has served as an Independent Director of the Company since December 28, 2016.

Mr. Chow Wing Kin Anthony, born in 1950, is 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 34 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, an Independent Non-executive Director of the Hong Kong Railway Company Limited, Kingmaker Footwear Holdings Limited and WeBank Co., Ltd. He was a Non-executive Director of Asia United Infrastructure Construction Holdings Limited (formerly China Urban Construction Group Co., Ltd.) until October 11, 2016. He served as an Independent Non-executive Director of Futian Industrial (Group) Co., Ltd. (until June 24, 2016). 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. He has served as an Independent Director of the Company since December 28, 2016.

Mr. Jin Li was born in 1970 and is a Chinese national. He received a PhD from the Massachusetts Institute of Technology in 2001. 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. He has served as an Independent Director of Yingda Trust. He has served as an Independent Director of the Company since December 28, 2016.

Mr. Dicky Peter Yip, born in 1947, is 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 China Ping An Insurance (Group) Co., Ltd., Sun Hung Kai Properties Development Co., Ltd., and South China Group Holdings Co., Ltd. (formerly South China (China) Co., Ltd.). 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. He has served as an Independent Director of the Company since February 15, 2017.

Board of Supervisors

Chairman of the Board of Supervisors

Mr. Chen Qiming was born in 1966 and is a Chinese national. He graduated from the Department of Chinese, Southwest Normal University. He got the Bachelor of Arts, and completed a remote MBA course from Peking University in 2002. He is an economist. From 1991 to 1995, he served as education officer of China Zhenhua Group Corporation. From 1995 to 1997, he served as the Deputy Director of Academic Affairs of South China Cadre Training Center of Foxconn Enterprise Group. From 1997 to 2003, he served as the Training Director and vice president of the Konka Institute of Konka Group. From 2003 to 2004, he served as the Training Director of Sany Heavy Industry Training Center. From 2004 to 2016, he served as the Training Director of the Training Department of Shenzhen

S.F. Taisen Holding (Group) Co., Ltd., General Manager of Hubei District, Group Vice President and Executive President of SF University, and President of Corporate Human Resources Division. Since December 28, 2016, he has been serving as Employee Representative Supervisor and Chairman of the Board of Supervisors of the Company.

Supervisor

Mr. Sang Li was born in 1972 and is a Chinese national. He graduated from Xiamen University and is a master of business administration. From 2005 to 2006, he served as the General Manager of Hunan S.F. Express Co., Ltd. From 2006 to 2009, he served as the General Manager of Guang Zhou S.F. Express Co., Ltd. From 2010 to 2013, he served as President of Corporate General Affairs Division of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. Since 2014, he has served as the Vice President of E-commerce Industrial Park Business Unit of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. and Head of President's Executive Office. Since December 28, 2016, he has been serving as the Employee Representative Supervisor of the Company.

Mr. Guan Li, born in 1979, is a Chinese national. He graduated from the National University of Singapore and has a master's degree in high-performance computer engineering systems. From 2002 to 2005, he served as a consultant of Integrated Decision Systems Consultancy Pte. Ltd. From 2005 to 2007, he served as a consultant of Beijing Jingwei Yide Technology Co., Ltd. From 2007 to 2018, he served as the Strategic Planning Senior Manager of Corporate Development Office, Corporate Development Director, Vice President of Strategic Management Team, Innovation Management Vice President and Head of Change Management Department of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. He is currently assistant COO of Express business group of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. Since December 28, 2016, he has been serving as the Non-employee Representative Supervisor of the Company.

Mr. Yang Tao, born in 1970, is a Chinese national and has no permanent residency abroad. He has a college degree. From 2004 to present, he has served as Finance Senior Manager, Regional General Manager, Financial Officer, Audit and Supervision Director, President of Central China Region of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. Currently, he serves as the Vice President of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. and Operations Center Head of Industrial Part. Since February 15, 2017, he has been serving as the Non-employee Representative Supervisor of the Company.

Mr. Liu Jilu was born in January 1947 and 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 28, 2016, he has been serving as the Non-employee Representative Supervisor of the Company.

Senior Executives

For the work experience, positions, and other posts held concurrently by Mr. Wang Wei, Mr. Lin Zheyang, Mr. Du Haoyang, 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 Wal-Mart executive in 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 a Deputy General Manager of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. He has served as the Deputy General Manager of the Company since December 28, 2016.

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. He has served as the Deputy General Manager of the Company since December 28, 2016.

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. From 2011 to 2015, she served as a director of Chongqing Pharmaceutical (Group) Co., Ltd., director of Chengshang Group Co., Ltd., as well as director of Bohai Logistics Holding Co., Ltd.. She has served as a member of the appeal review committee of the Shenzhen Stock Exchange since 2017. Since December 28, 2016, she has served as the Deputy General Manager of the Company and Secretary of the Board of Directors.

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 | November 5, 1997 | Present | No |
| Wang Wei | S.F. Holding (Group) Commerce Co., Ltd. | Chairman | January 12, 2016 | Present | No |
| Wang Wei | Shenzhen Shunshang Investment Co., Ltd. | Executive director | July 26, 2016 | Present | No |
| Wang Wei | Shenzhen S.F. Electronic Commerce Co., Ltd. | Executive director | January 7, 2016 | Present | No |
| Wang Wei | E-commerce Beijing S.F. Co., Ltd. | Executive director | January 15, 2016 | Present | No |
| Wang Wei | Shenzhen S.F. Commerce Co., Ltd. | Executive director | January 7, 2016 | Present | No |
| Lin Zheyang | S.F. Holding (Group) Commerce Co., Ltd. | Deputy Chairman | November 9, 2015 | Present | No |
| Zhang Yichen | S.F. Holding (Group) Commerce Co., Ltd. | Director | January 12, 2016 | Present | No |
| Liu Chengwei | S.F. Holding (Group) Commerce Co., Ltd. | Director | September 30, 2017 | Present | No |
| Du Haoyang | S.F. Holding (Group) Commerce Co., Ltd. | Director | November 9, 2015 | Present | No |
| NG Wai Ting | S.F. Holding (Group) Commerce Co., Ltd. | Director | November 9, 2015 | Present | No |
| Sang Li | Shaoxing Shunxiaofeng Commerce Co., Ltd. | General Manager | June 17, 2014 | Present | No |
| Sang Li | Jinhua S.F. Commerce Co., Ltd. | General Manager | September 13, 2016 | Present | No |
| Sang Li | Quzhou S.F. Commerce Co., Ltd. | General Manager | September 23, 2014 | Present | No |
| Sang Li | Suzhou Industrial Park Shunhengshun Commerce Co., Ltd. | General Manager | July 31, 2014 | Present | No |
| Sang Li | Lianyungang Shunxiaofeng Commerce Co., Ltd. | General Manager | September 16, 2014 | Present | No |
| Sang Li | Xuzhou Shunxiaofeng Commerce Co., Ltd. | General Manager | September 16, 2014 | Present | No |
| Sang Li | Suqian Shunxiaofeng Commerce Co., Ltd. | General Manager | September 5, 2014 | Present | No |
| Sang Li | Huai'an Shunxiaofeng Commerce Co., Ltd. | General Manager | September 3, 2014 | Present | No |
| Sang Li | Inner Mongolia S.F. Commerce Co., Ltd. | General Manager | February 21, 2014 | Present | No |
| Sang Li | Shandong Shunxiaofeng Commerce Co., Ltd. | General Manager | April 3, 2014 | Present | No |
| Sang Li | Hainan S.F. Commerce Co., Ltd. | General Manager | March 17, 2014 | Present | No |
| Sang Li | Shaanxi Shunyifeng Commerce Co., Ltd. | General Manager | February 15, 2014 | Present | No |
| Sang Li | Gansu S.F. Commerce Co., Ltd. | General Manager | March 31, 2014 | Present | No |
| Sang Li | Shanxi Shunxiaofeng Commerce Co., Ltd. | General Manager | March 17, 2014 | Present | No |
| Liu Jilu | Ma'an Shan Shuntai Rare Earth & New Materials Co., Ltd. | Director and General Manager | August 25, 2016 | Present | Yes |
| 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 | July 9, 2014 | Present | No |
| Wang Wei | Shenzhen Zhongshunyi Financial Services Co., Ltd. | Director | April 16, 2015 | Present | No |
| Wang Wei | Shenzhen SF Lottery (Shenzhen) Technology Development Co., Ltd. | Chairman | June 16, 2016 | Present | No |
| Wang Wei | Guangdong Shucheng Technology Co., Ltd. | Director | August 3, 2018 | Present | No |
| Wang Wei | ZBHA (Group) Co., Ltd. | Director | August 30, 2018 | Present | No |
| Lin Zheyang | Gu Yu Qiu Chuang Management Co., Ltd. | Executive director | January 12, 2011 | Present | No |
| Lin Zheyang | Beijing Xinyue Fangde Investment Management Co., Ltd. | Executive director | March 27, 2015 | Present | No |
| Lin Zheyang | Shenzhen Zhongshunyi Financial Services Co., Ltd. | Director and Deputy General Manager | April 16, 2015 | Present | No |
| Lin Zheyang | Suzhou Jade Equity Investment Management Co., Ltd. | Executive director | September 16, 2013 | Present | No |
| Lin Zheyang | Suzhou Ruihuang Equity Investment Management Partnership (Limited Partnership) | Executive partner | March 15, 2014 | Present | No |
| Lin Zheyang | Suzhou Windbell Equity Investment Management Partnership (Limited Partnership) | Executive partner | August 22, 2013 | Present | No |
| Lin Zheyang | Jade Investment Management (Beijing) Co., Ltd. | Executive director | October 19, 2011 | Present | No |
| Lin Zheyang | Shenzhen SF Lottery (Shenzhen) Technology Development Co., Ltd. | Director | June 19, 2016 | Present | No |
| Lin Zheyang | Beijing LiDar360 Technology Co., Ltd. | Director | May 5, 2016 | Present | No |
| Lin Zheyang | Suzhou Gu Yu Qiu Chuang Investment Partnership (Limited Partnership) | Representative of executive partner | August 30, 2013 | Present | No |
| Lin Zheyang | Ningbo Meishan Bonded Port Area Tongfeng Investment Management Co., Ltd. | Chairman | April 17, 2018 | Present | No |
| Zhang Yichen | Best Castle Limited | Director | November 15, 2007 | Present | No |
| Zhang Yichen | CC (2015B) GP Ltd. | Director | April 24, 2015 | Present | No |
| Zhang Yichen | CCAIM Holdings Limited | Director | November 30, 2007 | Present | No |
| Zhang Yichen | CCHL Management Holding Ltd. | Director | January 27, 2016 | Present | No |
| Zhang Yichen | CCP Holdings Ltd. | Director | June 8, 2010 | Present | No |
| Zhang Yichen | CCVP (HK) Limited | Director | January 17, 2012 | Present | No |
| Zhang Yichen | CCVP Advisory Ltd. | Director | January 17, 2012 | Present | No |
| Zhang Yichen | CMC Football Holdings Limited | Director | December 15, 2015 | Present | No |
| Zhang Yichen | CCVP GP Ltd. | Director | January 17, 2012 | Present | No |
| Zhang Yichen | China Universal Leasing Company Limited | Director | June 18, 2012 | Present | No |
| Zhang Yichen | China Venture Capital and Private Equity Association Limited | Director | February 18, 2008 | Present | No |
| Zhang Yichen | CITIC Capital Business Advisory Limited | Director | July 5, 2005 | Present | No |
| Zhang Yichen | CITIC Capital Asset Management Limited | Chairman of the Board of Directors | December 30, 2004 | Present | No |
| Zhang Yichen | CITIC Capital China Mezzanine Fund Limited | Chairman of the Board of Directors | December 23, 2005 | Present | No |

| Name | Name of the shareholder entity | Position in shareholder entity | Start date | End date | Receives payment from the shareholder entity? |
|--------------|--|------------------------------------|--------------------|-----------------|---|
| Zhang Yichen | CITIC Capital Construction Machinery Investments Limited | Director | June 30, 2008 | Present | No |
| Zhang Yichen | CITIC Capital Finance Limited | Director | February 1, 2006 | Present | No |
| Zhang Yichen | CITIC Capital Financial Holding Limited | Director | August 31, 2007 | Present | No |
| Zhang Yichen | CITIC Capital Global Services Holdings Limited | Director | July 31, 2007 | Present | No |
| Zhang Yichen | CITIC Capital Guaranty Investments Ltd. | Director | February 26, 2010 | Present | No |
| Zhang Yichen | CITIC Capital Hoisting Machinery Investments Limited | Director | June 30, 2008 | Present | No |
| Zhang Yichen | CITIC Capital Holdings Limited | Chairman of the Board of Directors | May 27, 2002 | Present | No |
| Zhang Yichen | CITIC Capital Iceland Investment Limited | Director | January 21, 2005 | Present | No |
| Zhang Yichen | CITIC Capital Investment Consulting Limited | Director | November 21, 2007 | Present | No |
| Zhang Yichen | CITIC Capital Investment Holdings Limited | Director | June 6, 2003 | Present | No |
| Zhang Yichen | CITIC Capital MB (HK) Limited | Director | June 30, 2006 | Present | No |
| Zhang Yichen | CITIC Capital MB Investment Limited | Director | December 19, 2005 | Present | No |
| Zhang Yichen | CITIC Capital Ming Kang Healthcare Investment Holdings Limited | Director | April 23, 2007 | Present | No |
| Zhang Yichen | CITIC Capital Partners Group Ltd. | Director | December 19, 2005 | Present | No |
| Zhang Yichen | CITIC Capital Partners Holdings Ltd. | Director | December 19, 2005 | Present | No |
| Zhang Yichen | CITIC Capital Partners Limited | Chairman of the Board of Directors | January 3, 2003 | Present | No |
| Zhang Yichen | CITIC Capital Silk Road GP Ltd. | Director | February 1, 2016 | Present | No |
| Zhang Yichen | CITIC Capital Special Investment Holdings Limited | Director | August 5, 2011 | Present | No |
| Zhang Yichen | CITIC Kazyna GP Ltd. | Director | October 29, 2008 | Present | No |
| Zhang Yichen | CITIC Kazyna Investment Advisor (Hong Kong) Limited | Director | May 26, 2010 | Present | No |
| Zhang Yichen | CITIC Kazyna Manager Ltd. | Director | October 29, 2008 | Present | No |
| Zhang Yichen | CKIF CITIC Capital Carry GP Ltd. | Director | August 24, 2012 | Present | No |
| Zhang Yichen | CP Management Holdings Limited | Director | April 8, 2009 | Present | No |
| Zhang Yichen | Dalton Foundation Limited | Director | September 22, 2014 | Present | No |
| Zhang Yichen | Excel Wisdom Holding Limited | Director | June 20, 2012 | Present | No |
| Zhang Yichen | Famous Gain International Limited | Director | November 21, 2007 | August 10, 2018 | No |
| Zhang Yichen | Fazio Limited | Director | August 4, 2003 | August 10, 2018 | No |
| Zhang Yichen | Fuwa Heavy Industry Co., Ltd. | Deputy Chairman | January 7, 2008 | Present | No |
| Zhang Yichen | Harbin Pharmaceutical Group Holding Company Ltd. | Director | August 1, 2005 | Present | No |
| Zhang Yichen | Ming Kang Healthcare Investment Limited | Director | May 8, 2007 | Present | No |
| Zhang Yichen | Multifield International Limited | Director | April 26, 2005 | Present | No |
| Zhang Yichen | Mutual Glory International Limited | Director | February 17, 2015 | Present | No |
| Zhang Yichen | Peace Investment Limited | Director | August 10, 2011 | Present | No |
| Zhang Yichen | Perfect Business Limited | Director | November 21, 2007 | Present | No |
| Zhang Yichen | Perfect Move Investments Limited | Director | November 15, 2007 | Present | No |
| Zhang Yichen | Pioneer Way Investments Limited | Director | October 9, 2006 | Present | No |

| Name | Name of the shareholder entity | Position in shareholder entity | Start date | End date | Receives payment from the shareholder entity? |
|--------------|---|-------------------------------------|-------------------|----------|---|
| Zhang Yichen | Prosper Glory Investments Limited | Director | February 12, 2007 | Present | No |
| Zhang Yichen | Seagull Holdings Cayman Limited | Director | May 7, 2015 | Present | No |
| Zhang Yichen | Sina Corporation | Director | May 1, 2002 | Present | No |
| Zhang Yichen | Skipper Holdings Limited | Director | January 15, 2014 | Present | No |
| Zhang Yichen | Smart Goal Limited | Director | January 27, 2016 | Present | No |
| Zhang Yichen | Sun Success International Limited | Director | January 7, 2003 | Present | No |
| Zhang Yichen | Super Sun Profits Limited | Director | October 4, 2005 | Present | No |
| Zhang Yichen | Treasure Land Holdings Limited | Director | January 27, 2016 | Present | No |
| Zhang Yichen | Universal Medical Financial & Technical Advisory Services Company Limited | Director | June 19, 2012 | Present | No |
| Zhang Yichen | World Profit International Capital Limited | Director | February 19, 2010 | Present | No |
| Zhang Yichen | Benyuan Investment Advisory (Beijing) Co., Ltd. | Director | March 28, 2012 | Present | No |
| Zhang Yichen | Harbin Management Advisory Limited | Director | October 28, 2005 | Present | No |
| Zhang Yichen | Jiaqiang (Shanghai) Consulting Co., Ltd. | Director | May 7, 2003 | Present | No |
| Zhang Yichen | Kaixin Venture Capital Management (Beijing) Co., Ltd. | Director | August 1, 2008 | Present | No |
| Zhang Yichen | Kaixin Venture Capital Co., Ltd. | Director | August 1, 2008 | Present | No |
| Zhang Yichen | Shanghai Stefford Real Estate Co., Ltd. | Director | June 5, 2015 | Present | No |
| Zhang Yichen | Shanghai Xinming Investment Consulting Co., Ltd. | Director | November 6, 2007 | Present | No |
| Zhang Yichen | CITIC Fengyue (Dalian) Co., Ltd. | Director | August 13, 2008 | Present | No |
| Zhang Yichen | CITIC Capital (Tianjin) Equity Investment Partnership (Limited Partnership) | Representative of executive partner | July 15, 2009 | Present | No |
| Zhang Yichen | CITIC Capital (Tianjin) Investment Management Partnership (Limited Partnership) | Representative of executive partner | July 15, 2009 | Present | No |
| Zhang Yichen | CITIC Capital (China) Investment Co., Ltd. | Director | April 22, 2008 | Present | No |
| Zhang Yichen | CITIC Capital Cultural Tourism (Chengdu) Co., Ltd. | Chairman | March 8, 2016 | Present | No |
| Zhang Yichen | Fast Food Holdings Limited | Director | December 9, 2016 | Present | No |
| Zhang Yichen | RCIF Asset Management Limited | Director | November 8, 2016 | Present | No |
| Zhang Yichen | RCIF Partners GP Limited | Director | November 8, 2016 | Present | No |
| Zhang Yichen | Shenhua Group Co., Ltd. | Director | August 1, 2013 | Present | No |
| Zhang Yichen | CITIC Capital Equity Investment (Tianjin) Co., Ltd. | Chairman | December 14, 2010 | Present | No |
| Zhang Yichen | CITIC Capital Alternative Investment Management Limited | Director | November 30, 2007 | Present | No |
| Zhang Yichen | CCHL Management Holding II Ltd. | Director | March 15, 2017 | Present | No |
| Zhang Yichen | CITIC Capital Charitable Foundation Limited | Director | May 26, 2011 | Present | No |
| Zhang Yichen | CITIC Capital Special Situations Advisory Limited | Director | May 8, 2017 | Present | No |
| Zhang Yichen | CITIC Capital Special Situations GP Limited | Director | May 8, 2017 | Present | No |
| Zhang Yichen | CITIC Capital Special Situations Holdings Limited | Director | May 5, 2017 | Present | No |
| Zhang Yichen | CITIC Capital Special Situations Management Limited | Director | May 8, 2017 | Present | No |
| Zhang Yichen | Grand Foods Holdings Limited | Chairman | July 31, 2017 | Present | No |
| Zhang Yichen | Pleasant Retail Properties (HK) Limited | Director | September 1, 2017 | Present | No |

| Name | Name of the shareholder entity | Position in shareholder entity | Start date | End date | Receives payment from the shareholder entity? |
|--------------|---|--|------------------|----------|---|
| Zhang Yichen | Stockbridge Capital Group, LLC | Director | January 1, 2017 | Present | No |
| Zhang Yichen | Ultra Brilliant Advisory Limited | Director | May 8, 2017 | Present | No |
| Zhang Yichen | CITIC Capital (Ningbo) Investment Management Co., Ltd. | Chairman | May 3, 2017 | Present | No |
| Zhang Yichen | CC (2018A) GP Limited | Director | July 16 2018 | Present | No |
| Zhang Yichen | CITIC (Shenzhen) Innovative Equity Investment Management Co., Ltd. | Chairman | October 24, 2018 | Present | No |
| Liu Chengwei | Suzhou Oriza Holdings Co., Ltd. | President and Deputy Chairman | March 22, 2016 | Present | Yes |
| Liu Chengwei | China-Singapore Suzhou Industrial Park Ventures Co., Ltd. | Chairman and General Manager | May 3, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Shahu Financial Services Co., Ltd. | Executive director | May 3, 2016 | Present | No |
| Liu Chengwei | Cowin Venture Capital Co., Ltd. | Executive director and General Manager | April 22, 2016 | Present | No |
| Liu Chengwei | Suzhou Industry Zone Yuandian Venture Capital Co., Ltd. | Executive director and General Manager | April 22, 2016 | Present | No |
| Liu Chengwei | Oriza Equity Investment Fund Management Co., Ltd. | Chairman and General Manager | April 22, 2016 | Present | No |
| Liu Chengwei | China Development KeyWin Equity Investment Fund Management Co., Ltd. | Director | April 22, 2016 | Present | No |
| Liu Chengwei | SINO-IC Capital LTD. | Director | April 22, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Oriza Chenkun Equity Investment Fund Management Center (Limited Partnership) | Representative of executive partner | April 22, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Oriza Yuandian Venture Capital Management Co., Ltd. | Chairman | April 22, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Oriza Chongyuan Equity Investment Fund Management Co., Ltd. | Chairman | April 22, 2016 | Present | No |
| Liu Chengwei | Suzhou Oriza Kaifeng Venture Capital Management Co., Ltd. | Chairman | April 22, 2016 | Present | No |
| Liu Chengwei | Huayi Venture Capital Management (Suzhou) Co., Ltd. | Chairman | April 27, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Guochuang Venture Capital Co., Ltd. | Director and General Manager | April 27, 2016 | Present | No |
| Liu Chengwei | Suzhou Yuanfeng Venture Capital Co., Ltd. | Chairman | April 27, 2016 | Present | No |
| Liu Chengwei | Suzhou Derui Hengfeng Venture Capital Co., Ltd. | Chairman | April 27, 2016 | Present | No |
| Liu Chengwei | Cowin Aggressive Venture Capital | Director | April 27, 2016 | Present | No |
| Liu Chengwei | Guochuang Oriza Venture Capital (Limited Partnership) | Representative of executive partner | April 27, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Chongyuan Shunfeng Equity Investment Management Center (Limited Partnership) | Representative of executive partner | April 27, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership) | Representative of executive partner | April 27, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Oriza Chongyuan M&A Equity Investment Fund Partnership (Limited Partnership) | Representative of executive partner | April 27, 2016 | Present | No |

| Name | Name of the shareholder entity | Position in shareholder entity | Start date | End date | Receives payment from the shareholder entity? |
|---------------|---|-------------------------------------|--------------------|----------|---|
| Liu Chengwei | Suzhou Industrial Park Chongyuan Qijia Equity Investment Company (Limited Partnership) | Representative of executive partner | April 27, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Chongyuan M&A Equity Investment Management Center (Limited Partnership) | Representative of executive partner | April 27, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Oriza Bingsheng Equity Investment Fund Partnership (Limited Partnership) | Representative of executive partner | April 27, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Guochuang Oriza Phase II Venture Capital Co., Ltd. | Executive director | April 27, 2016 | Present | No |
| Liu Chengwei | Infiniti – China-Singapore Venture Capital Firm | Joint Management Committee member | April 27, 2016 | Present | No |
| Liu Chengwei | Suzhou Hewen Investment Management Co., Ltd. | Chairman | May 11, 2016 | Present | No |
| Liu Chengwei | Suzhou Hewen Investment Partnership (Limited Partnership) | Representative of executive partner | May 11, 2016 | Present | No |
| Liu Chengwei | Chinese Culture Limited Liability Company | Director | May 11, 2016 | Present | No |
| Liu Chengwei | CMC Holdings Limited | Director | May 11, 2016 | Present | No |
| Liu Chengwei | Huayuan Management Consulting (Hong Kong) Co., Ltd. | Executive director | August 29, 2016 | Present | No |
| Liu Chengwei | Oriza Management Consulting (Hong Kong) Co., Ltd. | Executive director | October 18, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Oriza Chongyuan Youyun Equity Investment Management Center (Limited Partnership) | Representative of executive partner | December 28, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Oriza Chongyuan Youyun Venture Capital Enterprise (Limited Partnership) | Representative of executive partner | December 28, 2016 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Oriza Runxin Equity Investment Management Co., Ltd. | Executive director | July 22, 2017 | Present | No |
| Liu Chengwei | Suzhou Infinity Innovation Nanotechnology Co., Ltd. | Director | July 26, 2017 | Present | No |
| Liu Chengwei | Tongcheng Holdings Co., Ltd. | Director | November 1, 2017 | Present | No |
| Liu Chengwei | Suzhou Industrial Park Yuanhe Emerging Industry Investment Management Co., Ltd. | Executive director | September 27, 2017 | Present | No |
| Liu Chengwei | Yuanhe Houwang (Suzhou) Investment Management Co., Ltd. | Chairman | September 22, 2017 | Present | No |
| Liu Chengwei | Yuanhe Huachuang (Suzhou) Investment Management Co., Ltd. | Chairman | January 10, 2018 | Present | No |
| Lo Sai Lai | Jolokia Partner Limited | Director | May 12, 2012 | Present | No |
| Lo Sai Lai | Jolokia Holding Limited | Director | April 10, 2013 | Present | No |
| Du Haoyang | SF Charity Foundation | Deputy managing director | October 26, 2016 | Present | No |
| Du Haoyang | Shanghai Geling Information Technology Co., Ltd. | Director | November 24, 2016 | Present | No |
| NG Wai Ting | SF Charity Foundation | Director | October 26, 2016 | Present | No |
| Zhou Zhonghui | China Pacific Insurance (Group) Co., Ltd. | Independent non-executive director | July 1, 2013 | Present | Yes |
| Zhou Zhonghui | Shanghai Fudan Zhangjiang Biopharmaceutical Co., Ltd. | Independent non-executive director | May 1, 2013 | Present | Yes |

| Name | Name of the shareholder entity | Position in shareholder entity | Start date | End date | Receives payment from the shareholder entity? |
|--|--|------------------------------------|--------------------|----------|---|
| Zhou Zhonghui | COSCO SHIPPING Holdings Co., Ltd. | Independent non-executive director | May 28, 2017 | Present | Yes |
| Chow Wing Kin Anthony | Global Chairman of Guantao Law Firm (Hong Kong) | Senior consultant | February 1, 2016 | Present | Yes |
| Chow Wing Kin Anthony | Kingmaker Footwear Holdings Limited | Non-executive director | June 10, 1994 | Present | Yes |
| Chow Wing Kin Anthony | Hong Kong Railway Company Limited | Independent non-executive director | May 18, 2016 | Present | Yes |
| Chow Wing Kin Anthony | WeBank Co., Ltd. | Independent non-executive director | December 16, 2014 | Present | Yes |
| Chow Wing Kin Anthony | Hong Kong Jockey Club | Chairman of the board | August 30, 2018 | Present | No |
| Chow Wing Kin Anthony | Riding For The Disabled Association Limited | Director and Chairman | December 3, 2018 | Present | No |
| Jin Li | CITIC aiBank Corporation Limited | Independent Director | September 5, 2017 | Present | Yes |
| Dicky Peter Yip | Ping An Insurance (Group) Company of China, Ltd. | Independent non-executive director | June 17, 2013 | Present | Yes |
| Dicky Peter Yip | South China Holdings Limited | Independent non-executive director | December 10, 2012 | Present | Yes |
| Dicky Peter Yip | Sun Hung Kai Properties Development Co., Ltd. | Independent non-executive director | September 28, 2004 | Present | Yes |
| Chen Qiming | Guangdong SF Charity Foundation | Managing director | March 10, 2015 | Present | No |
| Sang Li | SF Charity Foundation | Director | October 26, 2016 | Present | No |
| Yang Tao | SF Charity Foundation | Director | October 26, 2016 | Present | No |
| Yang Tao | Hubei International Aviation Industry New City Development Co., Ltd. | Director | December 8, 2016 | Present | No |
| Li Sheng | SF Charity Foundation | Director | October 26, 2016 | Present | No |
| Xu Zhijun | CR-SF International Express Co., Ltd. | Deputy chairman | June 28, 2018 | Present | No |
| Gan Ling | Sunrise Capital Feeder Fund Ltd. | Director | April 16, 2015 | Present | No |
| Gan Ling | Kaipa Investments Limited | Director | October 22, 2015 | Present | No |
| Notes to posts held at other companies | 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

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 | 49 | Current | 112.20 | No |
| Lin Zheyang | Deputy Chairman and Deputy General Manager | Male | 55 | Current | 144.82 | Yes |
| Zhang Yichen | Director | Male | 56 | Current | - | Yes |
| Zhang Rui | Director | Male | 54 | Current | - | Yes |
| Liu Chengwei | Director | Male | 49 | Current | - | Yes |
| Lo Sai Lai | Director and Deputy General Manager | Male | 57 | Current | 1090.04 | No |
| Du Haoyang | Director and Deputy General Manager | Male | 48 | Current | 339.16 | No |
| NG Wai Ting | Director, Deputy General Manager, CFO | Female | 48 | Current | 468.35 | No |
| Zhou Zhonghui | Independent Director | Male | 72 | Current | 38 | Yes |
| Chow Wing Kin Anthony | Independent Director | Male | 69 | Current | 38 | Yes |
| Jin Li | Independent Director | Male | 49 | Current | 38 | Yes |
| Dicky Peter Yip | Independent Director | Male | 72 | Current | 38 | Yes |
| Chen Qiming | Supervisor | Male | 53 | Current | 277.01 | No |
| Sang Li | Supervisor | Male | 47 | Current | 215.16 | No |
| Guan Li | Supervisor | Male | 40 | Current | 319.38 | No |
| Yang Tao | Supervisor | Male | 49 | Current | 211.16 | No |

| Name | Position | Gender | Age | Current/ Former | Total Before-tax Remuneration Gained from the Company | Whether Gained Remuneration from the Related Parties of the Company |
|-------------|--|--------|-----|--------------------|--|--|
| Li Jilu | Supervisor | Male | 72 | Current | - | Yes |
| Li Sheng | Deputy General Manager | Male | 53 | Current | 589.85 | No |
| Xu Zhijun | Deputy General Manager | Male | 43 | Current | 318.12 | No |
| Leong Chong | Deputy General Manager | Male | 54 | Current | 451.45 | No |
| Gan Ling | Deputy General Manager, Board Secretary | Female | 45 | Current | 228.84 | No |
| Total | - | - | - | - | 4,917.54 | - |

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

Applicable Not applicable

V. Employees of the Company

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

| | |
|---|---------|
| Number employees of the parent company (person) | - |
| Number employees of major subsidiaries (person) | 135,294 |
| Total number of employees (person) | 135,294 |
| Total number of employees receiving a salary during the reporting period (person) | 135,294 |

Role type

| Category | Number (person) |
|------------------------|-----------------|
| Operations personnel | 91,561 |
| Professional personnel | 25,244 |
| Management personnel | 18,489 |
| Total | 135,294 |

Educational background

| Category | Number (person) |
|-----------------------|-----------------|
| Doctorate | 60 |
| Master's degree | 2,284 |
| Bachelor's degree | 20,483 |
| Associate's degree | 31,209 |
| High school and below | 81,258 |
| Total | 135,294 |

2. Remuneration policy

SF adheres to the remuneration concept of high performance and high reward and takes value creation as the incentive orientation. For employees with a high performance and a high value contribution, the Company provides a diversified and 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 and performance, which reflects the differences and stimulates the performance. Through a performance-oriented 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 can 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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Corporate Governance



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.

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

| Session | Type | Proportion of participating investors | Convening date | Disclosure date | Disclosure index |
|---|-------------------------------|---------------------------------------|--------------------|--------------------|--|
| 2018 First Extraordinary General Meeting | Extraordinary General Meeting | 85.7793% | January 12, 2018 | January 13, 2018 | For details, refer to the Announcement on Resolutions of the First Extraordinary General Meeting 2018 (2018-002) disclosed on www.cninfo.com.cn . |
| 2017 Annual General Meeting | Annual General Meeting | 91.5585% | April 3, 2018 | April 4, 2018 | For details, refer to the Announcement on Resolutions of the Annual General Meeting of 2017(2018-030) disclosed on www.cninfo.com.cn . |
| 2018 Second Extraordinary General Meeting | Extraordinary General Meeting | 85.5155% | May 17, 2018 | May 18, 2018 | For details, refer to the Announcement on Resolutions of the Second Extraordinary General Meeting of 2018 (2018-045) disclosed on www.cninfo.com.cn . |
| 2018 Third Extraordinary General Meeting | Extraordinary General Meeting | 84.1323% | September 11, 2018 | September 12, 2018 | For details, refer to the Announcement on Resolutions of the Third Extraordinary General Meeting of 2018 (2018-082) disclosed on www.cninfo.com.cn . |

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

Applicable Not applicable

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) | Non-attendance in person for two consecutive times | Attendance in shareholders' meeting |
| Zhou Zhonghui | 6 | 2 | 4 | – | – | No | 3 |
| Chow Wing Kin Anthony | 6 | 1 | 5 | – | – | No | 1 |
| Jin Li | 6 | 1 | 5 | – | – | No | – |
| Dicky Peter Yip | 6 | 2 | 4 | – | – | No | 4 |

Note to non-attendance in person for two consecutive times

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's 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 *2018 Independent Directors' Debriefing Report* published on www.cninfo.com on the same day as this Annual Report.

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

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

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.

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 16, 2019 |
| 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 | <p>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.</p> <p>Significant Deficiency: A deficiency, or a combination of deficiencies, fail 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.</p> <p>Control Deficiency: Other internal control deficiencies that do not meet the standards of material weakness or significant deficiency.</p> | <p>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 decision-making 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.</p> <p>Significant Deficiency: A deficiency, or a combination of deficiencies, fail 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.</p> <p>Control Deficiency: Other internal control deficiencies that do not meet the standards of material weakness or significant deficiency.</p> |
| Quantitative criteria | <p>Material Weakness: A deficiency, or a combination of deficiencies probable result 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.</p> <p>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.</p> <p>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.</p> | <p>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.</p> <p>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.</p> <p>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.</p> |
| Number of material weaknesses in the financial report (number) | | - |
| Number of material weaknesses of the non financial report (number) | | - |
| Number of Significant deficiencies in the financial report (number) | | - |
| Number of Significant deficiencies of the non financial report (number) | | - |

X. Audit report or authentication report on internal controls

Report of Independent Registered Public Accounting Firm

| 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, 2018, 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 16, 2019 |
| Disclosure index of the Audit Report on Internal Controls | http://www.cninfo.com.cn/ |
| Type of Audit Report on Internal Controls | Unqualified auditor's report |
| Is there a material weakness in the non-financial report | No |

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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Corporate Bonds

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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Financial Statements



| | |
|----------------------------------|---|
| Type of Audit Opinion | Standard Unqualified Opinion |
| Audit Report Signing Date | March 14, 2019 |
| Audit Organization Name | PricewaterhouseCoopers Zhong Tian LLP |
| Audit Report No. | PricewaterhouseCoopers Zhongtian (2019) No. 10050 |
| Certified Public Accountant Name | Chen Anqiang, Liu Jingping |

Auditor's Report

PwC ZT Shen Zi (2019) 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. (hereinafter "S.F. Holding"), which comprise:

- the consolidated and company balance sheets as at 31 December 2018;
- 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
- the 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 2018, 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 Matters

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 recognition of goodwill
- Accounting treatment of asset securitisation
- Recognition of revenue from express & logistics

| Key Audit Matters | How our audit addressed the Key Audit Matter |
|---|--|
| <p>(1) Evaluation of fair value of the identifiable net assets relating to the acquisition and recognition of goodwill (Note 2(31)(a)(v) and Note 5(1)(c))</p> <p>On 31 July 2018 (the “acquisition date”), S.F. Holding completed the acquisition of 75% equity of HAVI Logistics Services (Hong Kong) Ltd. (hereinafter “Havi Hong Kong”) at a consideration of approximately RMB937 million, and thus included Havi Hong Kong and its subsidiaries in the scope of consolidation. As at the acquisition date, S.F. Holding recognised Havi Hong Kong’s identifiable net assets at fair value, and the fair value of identifiable net assets exceeded Havi Hong Kong’s carrying amount by approximately RMB611 million, mainly including the recognition of intangible assets (trademark rights and customer relationships) and the appreciation of land use rights and warehouses. The difference of approximately RMB351 million between the consideration and the fair value of identifiable net assets was recognised as goodwill.</p> <p>The management has engaged an independent valuer to assist in the identification and valuation of the fair value of intangible assets, land use rights and warehouses. The identification and valuation involves selection of valuation methods and forecast of future cash flows, including significant estimates and judgements on key assumptions including revenue growth rate, profit margin, assets contribution rate, franchise rate, the remaining useful life of the identified intangible assets, discount rate, the unit price of replacement cost, etc.</p> <p>The valuation of the fair value of identifiable net assets involves significant estimates and judgements from the management, in particular, the identification of intangible assets and the evaluation of their fair values, thereby affecting the recognition of goodwill. Therefore, we considered this matter as a key audit matter.</p> | <p>In response to the key audit matter, we performed procedures as follows:</p> <ul style="list-style-type: none"> • Discussed with the management and understood the purpose of the transaction and the pricing basis; • Obtained the agreements on acquiring the equity of Havi Hong Kong, valuation report, the Articles of Association and composition of the Board and other supporting documents, and examined the transaction details; • Understood, evaluated and tested the internal controls relating to the business combination made by management; • Assessed the professional competency, competence and objectivity of the independent valuer; • Performed the following procedures with the assistance of our internal evaluating experts: <ol style="list-style-type: none"> (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 and related announcements, related analysis reports on the open market and the financial information of Havi Hong Kong, etc.; (4) We obtained an understanding of future business development plan developed by the management, to evaluate the commercial reasonableness of goodwill recognition; (5) Checked the information of lands covered in the evaluation of land use rights against the information such as land use right certificates, market prices of similar assets, etc., and assessed the appropriateness of the adjustment for difference based on market price; (6) We evaluated the reasonableness of the unit price of replacement cost by referring to the construction cost of comparable buildings available in the market and considering the physical condition of buildings; (7) Based on the interview with the management and by reference to historical operating data of Havi Hong Kong, analysis on the development trend of comparable industries, risk factors of comparable companies, etc., we evaluated the appropriateness of key assumptions (mainly including revenue growth rate, profit margin, assets contribution rate, franchise rate, the remaining useful life of the identified intangible assets, discount rate, etc.) applied by the management in evaluating the fair value of intangible assets and the reasonableness of management’s forecast of Havi Hong Kong’s future cash flows, and considered the potential impact on the valuation in case of reasonable changes in the key assumptions. <p>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 and goodwill recognition, were properly supported by the audit evidences we obtained.</p> |

| Key Audit Matters | How our audit addressed the Key Audit Matter |
|---|--|
| <p>(2) Accounting treatment of asset securitisation (Note 2(31)(b)(ii), Note 5(3)(a))</p> <p>In December 2018, S.F. Holding issued asset-backed securities through the asset-backed special scheme (hereinafter referred to as the "Special Scheme") set up by Huatai Securities (Shanghai) Asset Management Co., Ltd. by using two 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 received 100% equity of two companies held by the Special Scheme at a consideration of 100% equity it held in the two logistics industrial parks subsidiaries, totalling RMB1.105 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 entrusted with the daily operation management of the transferred logistics industrial parks, and was entitled with certain rights and obligations to the Special Scheme.</p> <p>After considering related facts and circumstances, the management concluded that S.F. Holding did not have control over the Special Scheme, and the two logistics industrial parks subsidiaries transferred were no longer included in the consolidation scope. Therefore, the excess of the consideration of the equity replacement over the carrying amount of net assets of the subsidiaries transferred, approximately RMB0.808 billion, was recognised as investment income by S.F. Holding.</p> <p>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.</p> | <p>In response to the key audit matter, we performed procedures as follows:</p> <ul style="list-style-type: none"> • Discussed with the management about the purpose and scheme of the transaction, and understood, evaluated and tested the internal controls relating to the transaction; • Learned about 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 and 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: <ol style="list-style-type: none"> (1) We assessed whether S.F. Holding has dominant right over related activities of the Special Scheme, by considering the following factors: <ul style="list-style-type: none"> – 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. <ul style="list-style-type: none"> • Checked the accounting treatment of investment income. <p>Based on the above audit procedures performed, the accounting judgement that S.F. Holding did not have control over the Special Scheme and the accounting treatment of the related asset securitisation transaction were properly supported by the audit evidences we obtained.</p> |

| Key Audit Matters | How our audit addressed the Key Audit Matter |
|--|---|
| <p>(3) Recognition of revenue from express & logistics (Note 2(26)(a), Note 4(42))</p> <p>Revenue from express & logistics represents the major operating revenue of S.F. Holding and its subsidiaries (“S.F. Group”) with the characteristics of small bills and large volume. For the year ended 31 December 2018, S.F. Group made revenue from express & logistics of RMB89,677 million, accounting for 98.70% of revenue from main operations. S.F. Group’s revenue from express & logistics is recognised when the service is completed and the right to collect payment is obtained.</p> <p>S.F. Group tracks the rendering of express & logistics service on a constant and real-time basis to determine revenue recognition from express & logistics via application of its information systems. Therefore, revenue recognition largely relies on the effectiveness of design and operation of the internal control relating to information systems.</p> <p>As there is higher inherent risk of revenue recognition in light of the large volume of express & logistic operations and the involvement of information systems, we considered the recognition of revenue from express & logistics as a key audit matter.</p> | <p>In response to the key audit matter, we performed procedures as follows:</p> <ul style="list-style-type: none"> • Understood the mode and procedure of S.F. Group’s express & logistics business, obtained contract terms relating to revenue, and evaluated the accounting policy of revenue recognition adopted by S.F. Group in accordance with the Accounting Standards for Business Enterprises; • Understood, evaluated and tested S.F. Group’s internal controls relating to recognition of revenue from express & logistics, including general controls and application controls on the information systems relating to revenue from express & logistics. Understanding, evaluation and testing of general controls and application controls on the information systems relating to revenue from express & logistics were executed with the assistance of information system audit experts. • With respect to the revenue from express & logistics that cash had been received, we applied computer-aided audit techniques, with the aid of information system audit experts, to agree the transaction to cash receipt records, whereby we checked, on a sampling basis, the information in waybills and receiving notes against the information of revenue recognised and recorded in the system; • With respect to the revenue from express & logistics that cash had not been received, we checked, on a sampling basis, the supporting documents such as waybills and customer receiving records, and executed the procedure of confirmation, on a sampling basis, on the information in waybills which resulted in the year-end balance of accounts receivable. <p>Based on the above audit procedures performed, the recognition of revenue from express & logistics conformed to S.F. Group’s accounting policy of revenue recognition.</p> |

Other Information

Management of S.F. Holding is responsible for the other information. The other information comprises all of the information included in 2018 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.

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.

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

14 March 2019

Signing CPA _____
Chen Anqiang (Engagement Partner)

Signing CPA _____
Liu Jingping

S.F. HOLDING CO., LTD.
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018
(All amounts are stated in RMB Yuan unless otherwise stated)

| ASSETS | Note | 31 December 2018 | 31 December 2017 | 1 January 2017 |
|---|-------|--------------------------|--------------------------|--------------------------|
| | | Consolidated | Consolidated (Restated) | Consolidated (Restated) |
| Current assets | | | | |
| Cash at bank and on hand | 4(1) | 16,131,119,850.56 | 17,385,932,183.01 | 7,192,035,886.89 |
| Financial assets at fair value through profit or loss | 4(2) | 14,441,978.09 | 17,819,393.35 | 33,803,417.04 |
| Notes and accounts receivables | 4(3) | 7,373,836,495.23 | 5,816,034,396.37 | 4,556,849,208.01 |
| Advances to suppliers | 4(5) | 2,516,851,201.35 | 1,767,981,259.52 | 1,492,309,702.31 |
| Factoring receivable | 4(6) | 447,173,258.65 | 471,875,129.25 | 576,106,016.08 |
| Loans and advances | 4(7) | 95,070,625.30 | 126,102,903.69 | 85,271,730.78 |
| Other receivables | 4(4) | 1,397,913,483.52 | 3,564,596,783.88 | 1,426,583,425.41 |
| Inventories | 4(8) | 818,050,025.02 | 446,359,026.86 | 396,013,674.76 |
| Current portion of non-current assets | | 123,197,466.26 | 277,496,202.93 | 327,794,219.79 |
| Other current assets | 4(9) | 3,003,959,574.30 | 5,037,488,652.60 | 6,830,377,976.05 |
| Total current assets | | 31,921,613,958.28 | 34,911,685,931.46 | 22,917,145,257.12 |
| Non-current assets | | | | |
| Available-for-sale financial assets | 4(10) | 3,423,527,060.27 | 1,845,921,056.19 | 722,468,311.85 |
| Long-term receivables | 4(11) | 571,493,790.74 | 296,131,604.65 | 311,285,792.81 |
| Long-term equity investments | 4(12) | 2,203,431,122.03 | 604,683,890.67 | 769,698,771.51 |
| Investment properties | 4(13) | 2,453,931,501.54 | 1,991,594,322.02 | 2,148,095,293.10 |
| Fixed assets | 4(14) | 13,966,702,267.45 | 11,895,606,968.37 | 11,678,644,622.16 |
| Construction in progress | 4(15) | 6,507,907,313.07 | 2,306,920,413.29 | 844,498,050.62 |
| Intangible assets | 4(16) | 6,662,097,473.89 | 5,267,337,859.79 | 4,477,327,706.74 |
| Capitalised development expenditures | 4(17) | 585,212,743.77 | 176,108,933.72 | 244,416,675.37 |
| Goodwill | 4(18) | 590,365,319.20 | 62,867,146.03 | 58,030,760.81 |
| Long-term prepaid expenses | 4(19) | 1,645,861,187.53 | 1,330,080,234.29 | 1,271,129,829.62 |
| Deferred tax assets | 4(35) | 584,462,905.44 | 414,917,181.74 | 430,781,564.09 |
| Other non-current assets | 4(20) | 497,962,173.43 | 143,213,350.40 | 197,826,373.91 |
| Total non-current assets | | 39,692,954,858.36 | 26,335,382,961.16 | 23,154,203,752.59 |
| TOTAL ASSETS | | 71,614,568,816.64 | 61,247,068,892.62 | 46,071,349,009.71 |

S.F. HOLDING CO., LTD.
CONSOLIDATED BALANCE SHEET (CONT'D)
AS AT 31 DECEMBER 2018

(All amounts are stated in RMB Yuan unless otherwise stated)

| LIABILITIES AND EQUITY | Note | 31 December 2018 | 31 December 2017 | 1 January 2017 |
|---|-------|--------------------------|--------------------------|--------------------------|
| | | Consolidated | Consolidated (Restated) | Consolidated (Restated) |
| Current liabilities | | | | |
| Short-term borrowings | 4(22) | 8,585,129,399.63 | 4,619,193,530.69 | 5,646,278,976.31 |
| Financial liabilities at fair value through profit or loss | | – | 784,639.53 | 1,209,158.71 |
| Deposits from customers | | 10,269,542.51 | – | – |
| Notes and accounts payables | 4(23) | 7,887,342,829.83 | 6,906,891,118.52 | 5,199,484,082.97 |
| Advances from customers | 4(24) | 467,611,291.44 | 368,193,717.29 | 288,038,742.43 |
| Employee benefits payable | 4(25) | 2,967,467,562.41 | 2,728,981,462.52 | 2,144,571,865.34 |
| Taxes payable | 4(26) | 639,295,980.99 | 869,007,099.45 | 429,001,903.15 |
| Other payables | 4(27) | 4,539,637,152.31 | 5,826,678,536.46 | 4,398,586,079.31 |
| Current portion of non-current liabilities | 4(28) | 273,222,821.65 | 3,237,710,410.86 | 1,316,624,380.74 |
| Other current liabilities | 4(29) | 999,378,905.37 | – | 8,763.78 |
| Total current liabilities | | 26,369,355,486.14 | 24,557,440,515.32 | 19,423,803,952.74 |
| Non-current liabilities | | | | |
| Long-term borrowings | 4(30) | 998,287,835.19 | 2,721,404,281.28 | 5,211,013,384.37 |
| Debentures payable | 4(31) | 6,405,035,926.40 | 529,406,177.70 | – |
| Long-term payables | 4(32) | 83,655,025.08 | 20,559,600.00 | 27,000,000.00 |
| Long-term employee benefits payable | 4(33) | 142,715,259.71 | 172,816,975.41 | 235,428,483.27 |
| Deferred income | 4(34) | 152,944,183.19 | 133,652,387.03 | 111,667,389.34 |
| Deferred tax liabilities | 4(35) | 537,090,946.18 | 170,934,714.41 | 45,267,778.02 |
| Provisions | | 11,540,645.33 | 10,669,991.98 | 11,047,033.68 |
| Total non-current liabilities | | 8,331,269,821.08 | 3,759,444,127.81 | 5,641,424,068.68 |
| Total liabilities | | 34,700,625,307.22 | 28,316,884,643.13 | 25,065,228,021.42 |
| Equity | | | | |
| Share capital | 4(36) | 4,418,767,258.00 | 4,411,015,524.00 | 4,183,678,213.00 |
| Capital reserve | 4(37) | 16,069,619,165.67 | 16,086,543,402.55 | 8,689,118,482.47 |
| Less: Treasury stock | 4(38) | (200,928,467.28) | – | – |
| Other comprehensive income | 4(58) | 527,184,297.85 | 219,830,232.83 | 266,682,686.93 |
| General risk reserve | | 185,084,995.61 | 95,759,396.32 | – |
| Surplus reserve | 4(40) | 601,132,890.32 | 586,501,527.41 | 272,113,202.75 |
| Retained earnings | 4(41) | 14,960,151,735.98 | 11,478,728,731.98 | 7,549,631,887.85 |
| Total equity attributable to shareholders of the Company | | 36,561,011,876.15 | 32,878,378,815.09 | 20,961,224,473.00 |
| Minority interests | 4(57) | 352,931,633.27 | 51,805,434.40 | 44,896,515.29 |
| Total equity | | 36,913,943,509.42 | 32,930,184,249.49 | 21,006,120,988.29 |
| TOTAL LIABILITIES AND EQUITY | | 71,614,568,816.64 | 61,247,068,892.62 | 46,071,349,009.71 |

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

S.F. HOLDING CO., LTD.
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

(All amounts are stated in RMB Yuan unless otherwise stated)

| ASSETS | Note | 31 December 2018 | 31 December 2017 | 1 January 2017 |
|--------------------------------------|-------|--------------------------|------------------------------------|------------------------------------|
| | | Company | Company (Restated) (Note 2(32)) | Company (Restated) (Note 2(32)) |
| Current assets | | | | |
| Cash at bank and on hand | 16(1) | 1,136,288,489.11 | 1,047,126,220.39 | 60,156,545.77 |
| Advances to suppliers | | 993,616.34 | 1,391,886.80 | – |
| Other receivables | 16(2) | 9,542,466,126.10 | 7,339,674,588.51 | 813,179,087.61 |
| Other current assets | 16(3) | 255,389.87 | 2,996,914,406.42 | – |
| Total current assets | | 10,680,003,621.42 | 11,385,107,102.12 | 873,335,633.38 |
| Non-current assets | | | | |
| Long-term equity investments | 16(4) | 43,337,179,817.15 | 43,300,422,777.89 | 43,300,000,000.00 |
| Intangible assets | | 1,608,738.18 | – | – |
| Capitalised development expenditures | | 94,339.62 | – | – |
| Long-term prepaid expenses | | 110,446.38 | – | – |
| Total non-current assets | | 43,338,993,341.33 | 43,300,422,777.89 | 43,300,000,000.00 |
| TOTAL ASSETS | | 54,018,996,962.75 | 54,685,529,880.01 | 44,173,335,633.38 |

S.F. HOLDING CO., LTD.
COMPANY BALANCE SHEET (CONT'D)
AS AT 31 DECEMBER 2018
 (All amounts are stated in RMB Yuan unless otherwise stated)

| LIABILITIES AND EQUITY | Note | 31 December 2018 | 31 December 2017 | 1 January 2017 |
|-------------------------------------|-------|-------------------|------------------------------------|------------------------------------|
| | | Company | Company (Restated) (Note 2(32)) | Company (Restated) (Note 2(32)) |
| Current liabilities | | | | |
| Short-term borrowings | | – | – | 20,000,000.00 |
| Advances from customers | | – | 74,961,331.87 | – |
| Employee benefits payable | | 603,945.97 | 1,102,875.47 | – |
| Taxes payable | | 8,856,532.95 | 11,497,752.19 | 47,528,429.77 |
| Other payables | 16(5) | 204,690,875.26 | 5,471,842.46 | 5,807,203.61 |
| Total current liabilities | | 214,151,354.18 | 93,033,801.99 | 73,335,633.38 |
| Total liabilities | | 214,151,354.18 | 93,033,801.99 | 73,335,633.38 |
| Equity | | | | |
| Share capital | | 4,418,767,258.00 | 4,411,015,524.00 | 4,183,678,213.00 |
| Capital reserve | | 46,760,852,084.19 | 46,530,971,136.14 | 38,991,327,794.39 |
| Less: Treasury stock | | (200,928,467.28) | – | – |
| Surplus reserve | | 448,087,890.01 | 433,456,527.10 | 119,068,202.44 |
| Retained earnings | | 2,378,066,843.65 | 3,217,052,890.78 | 805,925,790.17 |
| Total equity | | 53,804,845,608.57 | 54,592,496,078.02 | 44,100,000,000.00 |
| TOTAL LIABILITIES AND EQUITY | | 54,018,996,962.75 | 54,685,529,880.01 | 44,173,335,633.38 |

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

S.F. HOLDING CO., LTD.
CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(All amounts are stated in RMB Yuan unless otherwise stated)

| Item | Note | 2018 | 2017 | 2018 | 2017 |
|--|--------------|---------------------|-------------------------|-----------------|------------------|
| | | Consolidated | Consolidated (Restated) | Company | Company |
| 1. Revenue | 4(42) | 90,942,694,239.83 | 71,272,633,122.78 | – | – |
| Less: Cost of revenue | 4(42) | (74,642,182,863.72) | (56,905,095,641.71) | – | – |
| Taxes and surcharges | 4(43) | (222,303,431.60) | (200,862,719.74) | (34,488.41) | – |
| Selling and distribution expenses | 4(44) | (1,825,817,910.47) | (1,387,089,130.69) | – | – |
| General and administrative expenses | 4(45) | (8,414,153,879.90) | (6,750,951,976.31) | (9,168,832.03) | (29,900,194.97) |
| Research and development expenses | 4(46) | (984,314,148.53) | (648,931,086.39) | – | – |
| Financial (costs)/income | 4(47) | (286,745,488.76) | (259,041,319.62) | 33,529,866.32 | 19,495,143.76 |
| Including: Interest expenses | | (644,167,308.71) | (561,346,225.08) | (4,576.72) | – |
| Interest income | | 397,343,661.05 | 357,130,263.32 | 25,977,337.51 | 19,386,531.49 |
| Asset impairment losses | 4(49) | (103,540,525.99) | (71,531,964.03) | – | – |
| Add: Other income | 4(50) | 212,969,288.91 | 167,927,780.90 | – | – |
| Investment income | 4(51), 16(6) | 1,166,485,997.95 | 1,265,159,439.73 | 171,104,727.65 | 3,172,377,179.03 |
| Including: Investment losses from associates and joint ventures | | (37,319,918.07) | (125,212,855.06) | – | – |
| Losses arising from changes in fair value | 4(52) | (5,784,709.35) | (3,198,658.84) | – | – |
| Losses on disposals of assets | 4(53) | (19,187,676.04) | (17,614,424.18) | – | – |
| 2. Operating profit | | 5,818,118,892.33 | 6,461,403,421.90 | 195,431,273.53 | 3,161,972,127.82 |
| Add: Non-operating income | 4(54)(a) | 148,049,933.34 | 127,970,568.99 | – | – |
| Less: Non-operating expenses | 4(54)(b) | (98,620,082.51) | (75,928,870.42) | – | – |
| 3. Total profit | | 5,867,548,743.16 | 6,513,445,120.47 | 195,431,273.53 | 3,161,972,127.82 |
| Less: Income tax expenses | 4(55) | (1,403,280,110.74) | (1,758,154,333.91) | (49,117,644.41) | (18,088,881.25) |
| 4. Net profit | | 4,464,268,632.42 | 4,755,290,786.56 | 146,313,629.12 | 3,143,883,246.57 |
| Including: Net (loss)/profit of the acquiree in a business combination involving enterprises under 5(2) common control before the combination date | | (42,905,613.61) | 3,442,180.30 | Not applicable | Not applicable |
| Classified by continuity of operations: | | | | | |
| Net profit from continuing operations | | 4,464,268,632.42 | 4,755,290,786.56 | 146,313,629.12 | 3,143,883,246.57 |
| Net profit from discontinued operations | | – | – | – | – |
| Classified by ownership of the equity: | | | | | |
| Attributable to shareholders of the Company | | 4,556,048,279.54 | 4,774,131,883.45 | 146,313,629.12 | 3,143,883,246.57 |
| Minority interests | | (91,779,647.12) | (18,841,096.89) | – | – |

S.F. HOLDING CO., LTD.
CONSOLIDATED AND COMPANY INCOME STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2018
 (All amounts are stated in RMB Yuan unless otherwise stated)

| Item | Note | 2018 | 2017 | 2018 | 2017 |
|--|-------|------------------|-------------------------|----------------|------------------|
| | | Consolidated | Consolidated (Restated) | Company | Company |
| 5. Other comprehensive income, net of tax | | 305,674,794.42 | (47,429,834.51) | - | - |
| Attributable to shareholders of the Company, net of tax | 4(58) | 307,354,065.02 | (46,852,454.10) | - | - |
| Other comprehensive income items which will be reclassified subsequently to profit or loss | 4(58) | 307,354,065.02 | (46,852,454.10) | - | - |
| Gains or losses arising from changes in fair value of available-for-sale financial assets | 4(58) | 133,486,505.05 | 198,190,912.33 | - | - |
| Exchange differences on translation of foreign currency financial statements | 4(58) | 173,867,559.97 | (245,043,366.43) | - | - |
| Attributable to minority shareholders, net of tax | 4(58) | (1,679,270.60) | (577,380.41) | - | - |
| 6. Total comprehensive income | | 4,769,943,426.84 | 4,707,860,952.05 | 146,313,629.12 | 3,143,883,246.57 |
| Attributable to shareholders of the Company | | 4,863,402,344.56 | 4,727,279,429.35 | 146,313,629.12 | 3,143,883,246.57 |
| Attributable to minority interests | | (93,458,917.72) | (19,418,477.30) | - | - |
| 7. Earnings per share | | | | | |
| Basic earnings per share (RMB Yuan) | 4(56) | 1.03 | 1.12 | Not applicable | Not applicable |
| Diluted earnings per share (RMB Yuan) | 4(56) | 1.03 | 1.12 | 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

S.F. HOLDING CO., LTD.
CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(All amounts are stated in RMB Yuan unless otherwise stated)

| Item | Note | 2018 | 2017 | 2018 | 2017 |
|---|----------|----------------------|-------------------------|--------------------|---------------------|
| | | Consolidated | Consolidated (Restated) | Company | Company |
| 1. Cash flows from operating activities | | | | | |
| Cash received from sales of goods or rendering of services | | 95,673,571,670.43 | 73,814,759,708.45 | - | - |
| Net decrease in loans to customers | | 514,356,995.71 | 7,017,981.33 | - | - |
| Net decrease in balances with central bank | | 403,534,840.61 | - | - | - |
| Net increase in deposits from customers and from banks and other financial institutions | | 10,269,542.51 | - | - | - |
| Refund of taxes and levies | | 26,010,511.60 | 40,728,319.57 | - | - |
| Cash received relating to other operating activities | 4(59)(a) | 56,013,113,951.61 | 49,409,597,197.09 | 25,238,029.18 | 187,390,841.86 |
| Sub-total of operating cash inflows | | 152,640,857,512.47 | 123,272,103,206.44 | 25,238,029.18 | 187,390,841.86 |
| Cash paid for purchases of goods and services | | (58,276,487,912.25) | (42,563,819,458.55) | - | - |
| Net increase in balances with central bank | | - | (1,054,229,776.45) | - | - |
| Cash paid to and on behalf of employees | | (20,374,401,450.08) | (16,115,050,928.83) | (2,960,000.00) | (1,189,942.98) |
| Payments of taxes and levies | | (3,061,313,112.79) | (2,628,538,899.69) | (52,342,163.01) | (57,610,452.27) |
| Cash paid relating to other operating activities | 4(59)(b) | (65,503,769,245.24) | (54,576,531,619.13) | (9,032,441.98) | (186,782,587.66) |
| Sub-total of operating cash outflows | | (147,215,971,720.36) | (116,938,170,682.65) | (64,334,604.99) | (245,582,982.91) |
| Net cash flows from/(used in) operating activities | 4(60)(a) | 5,424,885,792.11 | 6,333,932,523.79 | (39,096,575.81) | (58,192,141.05) |
| 2. Cash flows used in investing activities | | | | | |
| Cash received from disposals of investments | | 1,676,632,010.64 | 2,145,142,924.84 | - | - |
| Cash received from returns on investments | | 365,345,564.04 | 300,302,800.12 | 1,201,349,883.05 | 839,947,224.49 |
| Net cash received from acquisitions of subsidiaries | 4(60)(c) | 213,361,241.25 | - | - | - |
| Cash received from disposals of fixed assets and other long-term assets | | 24,460,209.41 | 4,103,082.69 | - | - |
| Net cash received from disposals of subsidiaries | | - | 2,039,754.82 | - | - |
| Cash received relating to other investing activities | 4(59)(c) | 44,627,517,778.79 | 46,229,952,880.37 | 9,186,352,615.74 | 9,955,000,000.00 |
| Sub-total of investing cash inflows | | 46,907,316,804.13 | 48,681,541,442.84 | 10,387,702,498.79 | 10,794,947,224.49 |
| Cash paid to acquire fixed assets and other long-term assets | | (11,638,211,200.07) | (5,658,751,504.42) | (100,000.00) | - |
| Cash paid to acquire investments | | (3,021,686,093.97) | (3,182,950,366.21) | - | - |
| Net cash paid to acquire subsidiaries | 4(60)(c) | - | (5,737,633.77) | - | - |
| Net cash paid for disposals of subsidiaries | | (6,967,591.87) | - | - | - |
| Cash paid relating to other investing activities | 4(59)(d) | (41,569,033,887.78) | (43,464,370,278.74) | (9,422,083,188.99) | (17,143,016,446.65) |
| Sub-total of investing cash outflows | | (56,235,898,773.69) | (52,311,809,783.14) | (9,422,183,188.99) | (17,143,016,446.65) |
| Net cash flows (used in)/from investing activities | | (9,328,581,969.56) | (3,630,268,340.30) | 965,519,309.80 | (6,348,069,222.16) |

S.F. HOLDING CO., LTD.
CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2018
 (All amounts are stated in RMB Yuan unless otherwise stated)

| Item | Note | 2018 | 2017 | 2018 | 2017 |
|---|----------|---------------------|-------------------------|------------------|------------------|
| | | Consolidated | Consolidated (Restated) | Company | Company |
| 3. Cash flows from financing activities | | | | | |
| Cash received from capital contributions | | 140,902,497.46 | 7,920,448,816.96 | 127,294,205.35 | 7,906,961,305.96 |
| Including: Cash received from capital contributions by minority interests of subsidiaries | | 13,608,292.11 | 13,487,511.00 | – | – |
| Cash received from borrowings | | 19,394,404,056.67 | 6,577,563,774.56 | – | – |
| Cash received relating to other financing activities | 4(59)(e) | 1,153,776,296.12 | 5,604,548,535.88 | – | – |
| Sub-total of financing cash inflows | | 20,689,082,850.25 | 20,102,561,127.40 | 127,294,205.35 | 7,906,961,305.96 |
| Cash repayments of borrowings | | (12,976,249,182.96) | (7,367,953,084.85) | – | (20,000,000.00) |
| Cash payments for interest expenses and distribution of dividends or profits | | (1,524,968,120.09) | (847,209,773.45) | (970,985,880.70) | (418,377,666.33) |
| Cash payments relating to other financing activities | 4(59)(f) | (3,214,943,802.05) | (5,073,907,921.10) | (1,497,591.96) | (74,195,355.90) |
| Sub-total of financing cash outflows | | (17,716,161,105.10) | (13,289,070,779.40) | (972,483,472.66) | (512,573,022.23) |
| Net cash flows from/(used in) financing activities | | 2,972,921,745.15 | 6,813,490,348.00 | (845,189,267.31) | 7,394,388,283.73 |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents | | 80,516,310.83 | (13,928,415.13) | 7,928,802.04 | (46,225.44) |
| 5. Net (decrease)/increase in cash and cash equivalents | 4(60)(a) | (850,258,121.47) | 9,503,226,116.36 | 89,162,268.72 | 988,080,695.08 |
| Add: Cash and cash equivalents at the beginning of the year | | 16,149,528,832.48 | 6,646,302,716.12 | 1,046,986,313.39 | 58,905,618.31 |
| 6. Cash and cash equivalents at the end of the year | 4(60)(b) | 15,299,270,711.01 | 16,149,528,832.48 | 1,136,148,582.11 | 1,046,986,313.39 |

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

S.F. HOLDING CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
 (All amounts are stated in RMB Yuan unless otherwise stated)

| | Note | Equity attributable to shareholders of the parent company | | | | | | | Minority interests | Total equity |
|--|-------|---|-------------------|----------------------------|----------------------|-----------------|-----------------|-------------------|--------------------|-------------------|
| | | Share capital | Capital reserve | Other comprehensive income | General risk reserve | Special reserve | Surplus reserve | Retained earnings | | |
| Balance at 31 December 2016 | | 4,183,678,213.00 | 8,236,698,341.64 | 266,682,686.93 | - | - | 272,113,202.75 | 7,552,595,222.64 | 44,896,515.29 | 20,556,664,182.25 |
| Business combinations involving enterprises under common control | 5(2) | - | 452,420,140.83 | - | - | - | - | (2,963,334.79) | - | 449,456,806.04 |
| Balance at 1 January 2017 (Restated) | | 4,183,678,213.00 | 8,689,118,482.47 | 266,682,686.93 | - | - | 272,113,202.75 | 7,549,631,887.85 | 44,896,515.29 | 21,006,120,988.29 |
| Movements for the year ended 31 December 2017 | | | | | | | | | | |
| Total comprehensive income | | | | | | | | | | |
| Net profit | | - | - | - | - | - | - | 4,774,131,883.45 | (18,841,096.89) | 4,755,290,786.56 |
| Other comprehensive income | | - | - | (46,852,454.10) | - | - | - | - | (577,380.41) | (47,429,834.51) |
| Total comprehensive income for the year | | - | - | (46,852,454.10) | - | - | - | 4,774,131,883.45 | (19,418,477.30) | 4,707,860,952.05 |
| Capital contribution and withdrawal by shareholders | | | | | | | | | | |
| Ordinary shares invested by shareholders | 1(3) | 227,337,311.00 | 7,604,681,212.80 | - | - | - | - | - | 16,787,511.00 | 7,848,806,034.80 |
| Share-based payment included in equity | 9(1) | - | 419,902.42 | - | - | - | - | - | 4,395,989.30 | 4,815,891.72 |
| Others | | - | (69,796,629.58) | - | - | - | - | - | 5,143,896.11 | (64,652,733.47) |
| Business combinations involving enterprises under common control | | - | (238,827,469.31) | - | - | - | - | (16,519,497.04) | - | (255,346,966.35) |
| Profit distribution | | | | | | | | | | |
| Appropriation to general risk reserve | 4(41) | - | - | - | 95,759,396.32 | - | - | (95,759,396.32) | - | - |
| Appropriation to surplus reserve | 4(40) | - | - | - | - | - | 314,388,324.66 | (314,388,324.66) | - | - |
| Distribution to shareholders | 4(41) | - | - | - | - | - | - | (418,367,821.30) | - | (418,367,821.30) |
| Other movements in capital reserve | 4(37) | - | 100,947,903.75 | - | - | - | - | - | - | 100,947,903.75 |
| Safety reserve | | | | | | | | | | |
| Appropriation | 4(39) | - | - | - | - | 4,203,637.41 | - | - | - | 4,203,637.41 |
| Utilisation | 4(39) | - | - | - | - | (4,203,637.41) | - | - | - | (4,203,637.41) |
| Balance at 31 December 2017 (Restated) | | 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 |

S.F. HOLDING CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2018
 (All amounts are stated in RMB Yuan unless otherwise stated)

| | Note | Equity attributable to shareholders of the parent company | | | | | | | | Minority interests | Total equity |
|--|-------|---|-------------------|----------------------|----------------------------|----------------------|-----------------|-----------------|-------------------|--------------------|-------------------|
| | | Share capital | Capital reserve | Less: Treasury stock | Other comprehensive income | General risk reserve | Special reserve | Surplus reserve | Retained earnings | | |
| Balance at 31 December 2017 (Restated) | | 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 |
| Movements for the year ended 31 December 2018 | | | | | | | | | | | |
| Total comprehensive income | | | | | | | | | | | |
| Net profit | | - | - | - | - | - | - | - | 4,556,048,279.54 | (91,779,647.12) | 4,464,268,632.42 |
| 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 | - | - | - | 4,556,048,279.54 | (93,458,917.72) | 4,769,943,426.84 |
| Capital contribution and withdrawal by shareholders | | | | | | | | | | | |
| Share-based payment in capital contribution by shareholders | 4(38) | 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(37) | - | (5,286,136.37) | - | - | - | - | - | - | 10,896,643.31 | 5,610,506.94 |
| Business combinations involving enterprises not under common control | | - | - | - | - | - | - | - | - | 382,342,236.87 | 382,342,236.87 |
| Business combinations involving enterprises under common control | | | | | | | | | | | |
| Consideration for business combinations | | - | (351,722,107.88) | - | - | - | - | - | - | - | (351,722,107.88) |
| Other changes in equity | | - | 62,103,415.01 | - | - | - | - | - | - | - | 62,103,415.01 |
| Profit distribution | | | | | | | | | | | |
| Appropriation to general risk reserve | 4(41) | - | - | - | - | 89,325,599.29 | - | - | (89,325,599.29) | - | - |
| Appropriation to surplus reserve | 4(40) | - | - | - | - | - | - | 14,631,362.91 | (14,631,362.91) | - | - |
| Distribution to shareholders | 4(41) | - | - | 244,898.06 | - | - | - | - | (970,668,313.34) | - | (970,423,415.28) |
| Other movements in capital reserve | 4(37) | - | 44,409,010.58 | - | - | - | - | - | - | - | 44,409,010.58 |
| Safety reserve | | | | | | | | | | | |
| Appropriation | 4(39) | - | - | - | - | - | 5,455,815.41 | - | - | - | 5,455,815.41 |
| Utilisation | 4(39) | - | - | - | - | - | (5,455,815.41) | - | - | - | (5,455,815.41) |
| Balance at 31 December 2018 | | 4,418,767,258.00 | 16,069,619,165.67 | (200,928,467.28) | 527,184,297.85 | 185,084,995.61 | - | 601,132,890.32 | 14,960,151,735.98 | 352,931,633.27 | 36,913,943,509.42 |

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

S.F. HOLDING CO., LTD.
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
 (All amounts are stated in RMB Yuan unless otherwise stated)

| | Note | Share capital | Capital reserve | Less: Treasury stock | Surplus reserve | Retained earnings | Total equity |
|---|-------|------------------|-------------------|----------------------|-----------------|-------------------|-------------------|
| Balance at 1 January 2017 | | 4,183,678,213.00 | 38,991,327,794.39 | - | 119,068,202.44 | 805,925,790.17 | 44,100,000,000.00 |
| Movements for the year ended 31 December 2017 | | | | | | | |
| Total comprehensive income | | | | | | | |
| Net profit | | - | - | - | - | 3,143,883,246.57 | 3,143,883,246.57 |
| Capital contribution and withdrawal by shareholders | | | | | | | |
| Ordinary shares invested by shareholders | 1(3) | 227,337,311.00 | 7,604,681,212.80 | - | - | - | 7,832,018,523.80 |
| Share-based payment included in equity | 9(2) | - | 419,902.42 | - | - | - | 419,902.42 |
| Others | | - | (65,457,773.47) | - | - | - | (65,457,773.47) |
| Profit distribution | | | | | | | |
| Appropriation to surplus reserve | | - | - | - | 314,388,324.66 | (314,388,324.66) | - |
| Distribution to shareholders | | - | - | - | - | (418,367,821.30) | (418,367,821.30) |
| Balance at 31 December 2017 | | 4,411,015,524.00 | 46,530,971,136.14 | - | 433,456,527.10 | 3,217,052,890.78 | 54,592,496,078.02 |
| 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 capital contribution by shareholders | 4(38) | 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 | | - | - | - | 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 |

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

S.F. HOLDING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts are stated in RMB Yuan unless otherwise stated)

1 General information and historical development

S.F. Holding Co., Ltd. (formerly "Maanshan 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 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 Holding (Group) Co., Ltd. (formerly "S.F. Holding (Group) Co., Ltd.", hereinafter "Taisen Holding") respectively held by Shenzhen Mingde Holding Development Co., Ltd. (hereinafter "Mingde Holding"), Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership) (hereinafter "Shunda Fengrun"), Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership) (hereinafter "Jiaqiang Shunfeng"), Shenzhen Zhaoguang Investment Co., Ltd. (hereinafter "Zhaoguang Investment"), Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership) (hereinafter "Oriza Shunfeng"), Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership) (hereinafter "Guyu Qiuchuang") and Ningbo Shunxin Fenghe Investment Management Partnership (Limited Partnership) (hereinafter "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 (hereinafter "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. 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.

(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 Holding, Shunda Feng Run, Jiaqiang Shunfeng, Zhaoguang Investment, Oriza Shunfeng and other shareholders held 61.25%, 8.89%, 6.04%, 6.04% and 11.74% of the equities in the Company respectively.

Afterwards, the Company executed several restricted shares incentive plans (Note 9(2)(a)). Therefore, total share capital of the Company as at 31 December 2018 was changed to 4,418,767,258 shares and such change was verified by PricewaterhouseCoopers Zhong Tian LLP.

The approved business scope of the Company and its subsidiaries (hereinafter "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, real estate development and operation and building construction engineering.

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 2018, Mingde Holding 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 14 March 2019.

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 criterion for impairment of available-for-sale equity instruments (Note 2(9)), the provision for bad debts of loans and receivables (Note 2(10)), valuation of inventories (Note 2(11)), measurement model of investment properties (Note 2(13)), depreciation of fixed assets and amortisation of intangible assets (Note 2(14), (17)), criterion for capitalisation of capitalised development expenditures (Note 2(18)), timing of revenue recognition (Note 2(26)), etc.

Details of the Group's critical judgements used in determining significant accounting policies are set forth in Note 2(31).

(1) Basis of preparation

The financial statements are prepared in accordance with the Accounting Standard 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 collectively referred to as “the Accounting Standards for Business Enterprises” or “CAS”) 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 2018 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and company financial position as at 31 December 2018 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 Yuan.

(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.

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 assets

(i) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. During the reporting period, the Group held financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in the short term.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables mainly include various receivables, factoring receivable, loans and advances, etc.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets in the balance sheet if management intends to dispose of them within one year (inclusive) after the balance sheet date.

(ii) Recognition and measurement

Financial assets are recognised at fair value in the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initially recognised amounts.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and their fair value cannot be reliably measured. Loans and receivables are subsequently measured at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Interests and cash dividends received during the period in which such financial assets are held, as well as gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

Gains or losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets denominated in foreign currencies. When such financial assets are derecognised, the cumulative gains or losses previously recognised directly into equity are recycled into profit or loss for the current period. Interest on available-for-sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

(iii) Impairment of financial assets

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment loss is provided for.

The objective evidence that a financial asset is impaired refers to events occurred after the initial recognition of the financial assets, which has an effect on the estimated cash flows of the financial assets and the effect can be reliably measured by the Group.

The objective evidence that an available-for-sale investment in equity instruments is impaired includes the situation where the fair value of the investment in equity instruments drops significantly or not temporarily. The Group assesses each available-for-sale investment in equity instruments separately at each balance sheet date. If the fair value of such investment in equity instruments as at the balance sheet date is lower than its initial investment cost to the extent of over 50% (inclusive) or for a duration of over 1 year (inclusive), it is indicated that the investment in equity instruments is impaired; if the fair value of such investment in equity instruments as at the balance sheet date is lower than its initial investment cost to the extent of over 20% (inclusive) but below 50%, the Group will take other relevant factors such as price volatility into considerations to judge the impairment of such investment in equity instruments.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of the impairment loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset is recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

When an impairment loss on available-for-sale financial assets measured at fair value has occurred, the cumulative loss arising from the decline in fair value that has been recognised directly in equity is removed from equity and recognised as impairment loss. For an investment in a debt instrument classified as available-for-sale on which the impairment loss has been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which the impairment loss has been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

If an impairment loss on an available-for-sale financial asset measured at cost occurs, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognised in profit or loss for the current year. The previously recognised impairment loss will not be reversed in subsequent periods.

(iv) Derecognition of financial assets

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.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group mainly comprise other financial liabilities, including payables, borrowings, deposits from customers, debentures payable, etc.

Payables, including accounts payable, notes payable and other payables, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and debentures payable are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities no more than one year (inclusive) are classified as current liabilities. Other financial

liabilities with maturities over one year but are due within one year (inclusive) at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss for the current year.

(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. When performing the valuation, the Group adopted applicable valuation techniques with adequate available data and other information supportable in the circumstances, and selected inputs that have consistent characteristics with assets and liabilities in the transactions which are also considered by other market participants, and gave priority to the use of relevant observable inputs. When relevant observable inputs were not available or feasible to obtain, unobservable inputs were adopted.

(10) Loans and receivables

Loans and receivables include notes and accounts receivables, other receivables, factoring receivable, loans and advances, and long-term receivables, etc. Accounts receivable arising from sales of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

(a) Receivables

Receivables with bad debt provision provided on individual basis

Whether the individual amount is significant or not, if there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for impairment of that receivable is made on individual basis.

Receivables with bad debt provision provided on grouping basis

Receivables that the related provision for bad debts is not provided on individual basis are classified into the following groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

| | |
|---|--|
| Related party grouping | Due to extremely low historical loss ratio, the proportion of provision is set as 0% |
| Interest-free loans to employees grouping | Due to extremely low actual loss ratio, the proportion of provision is set as 0% |
| Other groupings | The proportion of provision is set as 0.5% |

(b) Factoring receivable, loans and advances, long-term receivables (finance lease receivables)

The provision for bad debts of factoring receivable, loans and advances and long-term receivables (finance lease receivables) is made based on the risk characteristics and status of ending balances as follows:

The Group assesses the factoring receivable, loans and advances and long-term receivables (finance lease receivables) at each balance sheet date. If there is objective evidence that it is impaired, the amount of the impairment loss is provided for at the difference between its carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). Balances for which related provision for bad debts is not provided on individual basis are classified into several groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of loans with similar credit risk characteristics, taking into consideration of the current circumstances.

(11) 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. Properties under development refer to properties that are still under construction and for the purpose of sale.

(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.

(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.

(12) 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.

(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(20)).

(13) 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 – 50 years | 5% | 9.50% – 1.90% |
| Land use rights | 20 – 50 years | 0% | 2.52% – 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.

(14) 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.

(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 – 50 years | 5% | 9.50% – 1.90% |
| Motor vehicles (excluding electromobiles) | 4 years | 5% | 23.75% |
| Motor vehicles (electromobiles) | 2 years | 5% | 47.50% |
| Machinery and equipment (excluding automatic sorting equipment imported from abroad) | 10 years | 5% | 9.50% |
| Machinery and equipment (automatic sorting equipment imported from abroad) | 15 years | 5% | 6.33% |
| Computers and electronic equipment | 3 years | 5% | 31.67% |
| Aircraft and engine bodies | 10 years | 5% | 9.50% |
| Replacement parts for overhaul of aircraft fuselage | 1.5 – 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 | 5 years | 5% | 19.00% |

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(20)).

(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(29)(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.

(15) 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(20)).

(16) 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.

(17) 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 5 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(20)).

(18) 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;
- 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.

(19) 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 12 years) and are presented at actual expenditure net of accumulated amortisation.

(20) 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 groups 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 group 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 group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group 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.

(21) 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 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.

(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 paid 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.

(22) Dividend distribution

Cash dividends are recognised as liabilities in the period in which the dividends are approved by the shareholders' meeting.

(23) 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 current liabilities.

(24) 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 payment

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.

(25) Factoring

The factoring business of the Group includes factoring with recourse and factoring without 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. Under factoring without recourse, the customer transfers the creditor's rights of accounts receivable to the Group, and the Group waives the right of recourse to the customer and bears the risk of the debtor's failure or incapability to make repayment, unless the recoverability issue arises from disputes with regard to the commercial contract. The Group's factoring business is accounted for with factoring receivable based on the amount paid for the creditor's rights of accounts receivable (Note 2(10)).

(26) 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 services 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; and revenue from express delivery agency services. 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 completed 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.

(27) 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.

(28) 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 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 taxes 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.

(29) 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 lessee)

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 lessor)

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.

(30) 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.

(31) 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

The key assumptions of critical accounting estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(i) 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.

(ii) Provision for bad debts of loans and receivables

As described in Note 2(10), receivables (including notes and accounts receivables, other receivables and long-term receivables), factoring receivable and loans and advances are assessed for impairment at the end of each period. Judgements and assessments are made by management taking the customer's credit status, credit history, operating status as well as collaterals and the guarantee ability of the guarantee into consideration. 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.

(iii) Risk of impairment on long-term assets

As described in Note 2(20), 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; and whether with impairment indication, goodwill are tested for impairment annually at least.

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.

(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 by valuation techniques. Valuation techniques primarily refer to market approach and income approach, 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)(c), key

assumptions used in the assessment of the fair value of intangible assets include revenue growth rate, profit margin, assets contribution rate, franchise 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.

(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.

(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 (hereinafter referred to as the "Special Scheme") entity as stated in Note 5(3)(a), 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.

(32) Changes in significant accounting policies

In 2018, the Ministry of Finance released the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for 2018 (Cai Kuai [2018] No. 15) and its interpretation. The financial statements for the year ended 31 December 2018 are prepared in accordance with the above circular, comparative financial statements are adjusted accordingly, and the impacts are as follows:

(a) The impacts on the balance sheets and the income statements are as follows:

| Nature and reasons of the changes in accounting policies | Line items affected | Amounts affected (increase/(decrease)) | | | |
|---|--------------------------------|--|-----------------------------|--------------------------|------------------------|
| | | 31 December 2017 Consolidated | 1 January 2017 Consolidated | 31 December 2017 Company | 1 January 2017 Company |
| Notes receivable and accounts receivable were grouped as notes and accounts receivables. | Accounts receivable | (5,806,861,292.43) | (4,552,442,510.77) | - | - |
| | Notes receivable | (9,173,103.94) | (4,406,697.24) | - | - |
| | Notes and accounts receivables | 5,816,034,396.37 | 4,556,849,208.01 | - | - |
| Interest receivable and dividends receivable and other receivables were grouped as other receivables. | Interest receivable | (70,843,075.81) | (27,483,200.32) | (31,852,751.65) | - |
| | Dividends receivable | - | - | (3,089,805,390.21) | (800,000,000.00) |
| | Other receivables | 70,843,075.81 | 27,483,200.32 | 3,121,658,141.86 | 800,000,000.00 |
| Notes payable and accounts payable were grouped as notes and accounts payables. | Accounts payable | (6,906,891,118.52) | (5,199,484,082.97) | - | - |
| | Notes and accounts payables | 6,906,891,118.52 | 5,199,484,082.97 | - | - |
| Interest payable, dividends payable and other payables were grouped as other payables. | Interest payable | (68,437,030.55) | (22,981,417.43) | - | (24,165.67) |
| | Other payables | 68,437,030.55 | 22,981,417.43 | - | 24,165.67 |

| Nature and reasons of the changes in accounting policies | Line items affected | Amounts affected (increase/(decrease)) |
|---|-------------------------------------|--|
| | | 2017 Consolidated |
| Research and development expenses disclosed in the face of the income statement which were originally include in general and administrative expenses. | Research and development expenses | 648,931,086.39 |
| | General and administrative expenses | (648,931,086.39) |

(b) The impact on the consolidated cash flow statement is as follows:

The Group re-classifies government grants received in connection with assets from cash received in relation to other investing activities to cash received in relation to other operating activities. The affected amount for 2017 was RMB50,974,576.19.

3 Taxation

The main categories and tax rates 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 income in the following month after the assets are put into use, instead of 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% |

(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% up to 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% |

(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% |

(d) In accordance with the first article in the *Circular of Taxation on Relevant Issues Concerning Preferential Policies on Enterprise Income Tax for Small Enterprises with Low Profits* (Cai Shui [2014] No. 34) jointly issued by the Ministry of Finance and the State Administration of Taxation, the taxable income of the Company's subsidiaries as below is recognised at 50% of income and they are subject to enterprise income tax at the rate of 20%:

| Name of subsidiary | Local statutory tax rate | Preferential tax rate |
|---|--------------------------|-----------------------|
| Weifang Fengtai E-Commerce Industrial Park Management Ltd. | 25% | 20% |
| Guizhou Shunlu Logistics Co., Ltd. | 25% | 20% |
| Zhengzhou Shuncheng Logistics Co., Ltd. | 25% | 20% |
| Shenyang Fengtai E-Commerce Industrial Park Management Ltd. | 25% | 20% |
| Shanghai Fengtai Yuanxing Property Management Service Co., Ltd. | 25% | 20% |
| Ezhou Shunlu Logistics Co., Ltd. | 25% | 20% |
| Ezhou Fengtai Qisheng Logistics Development Co., Ltd. | 25% | 20% |
| Ezhou Fengyutai Helin Logistics Development Co., Ltd. | 25% | 20% |

(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 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 2018.

| Name of subsidiary | Local statutory tax rate | Preferential tax rate |
|--------------------------------|--------------------------|-----------------------|
| S.F. Hengtong Pay Co., Ltd. | 25% | 15% |
| Beijing Deda Logistics Limited | 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%, 23.4%, 20% 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) Value-added tax ("VAT")

According to different businesses, VAT rates applicable to subsidiaries of the Group include 17%, 16%, 11%, 10% and 6%. Applicable tax rates for different business types are as follows:

| Business type | Applicable VAT rates |
|--------------------------------|---|
| Sales of goods (i) | 17% (before 1 May 2018), 16% (after 1 May 2018) |
| Transportation service (i) | 11% (before 1 May 2018), 10% (after 1 May 2018) |
| Logistics supporting service | 6% |
| R&D and technical service | 6% |
| Information technology service | 6% |
| Property leases (i) | 11% (before 1 May 2018), 10% (after 1 May 2018) |

(i) Pursuant to the *Circular on Adjusting Value-added Tax Rates* (Cai Shui [2018] No. 32), the VAT taxable sales or goods import, which were originally subject to the tax rates of 17% and 11%, are subject to 16% and 10% respectively upon adjustment. The aforesaid circular has been effective since 1 May 2018.

4 Notes to the consolidated financial statements

(1) Cash at bank and on hand

| | 31 December 2018 | 31 December 2017 |
|---|-------------------|-------------------|
| Cash on hand | 1,333,057.53 | 325,311.33 |
| Cash at bank (a) | 15,181,387,817.87 | 16,053,746,498.87 |
| Balances with central bank from Group Finance Company | 886,346,294.94 | 1,287,049,930.36 |
| Including: Balances with central bank – statutory reserve (b) | 873,705,941.98 | 1,277,240,782.59 |
| Balances with central bank – excess reserve (c) | 12,640,352.96 | 9,809,147.77 |
| Other cash balances (a) | 62,052,680.22 | 44,810,442.45 |
| | 16,131,119,850.56 | 17,385,932,183.01 |
| Including: Total overseas deposits | 1,539,296,677.54 | 784,369,015.82 |

(a) As at 31 December 2018, term deposit amounting to RMB30,000,000.00 (31 December 2017: RMB30,000,000.00) was pledged as collateral for long-term borrowings amounting to RMB86,400,000.00 (31 December 2017: RMB96,000,000.00)(Note 4(30) (a)); RMB139,907.00 (31 December 2017: RMB1,959,907.00) which was included in other cash balances represented guarantee deposits with banks for letter of guarantee. All of these cash balances were restricted cash.

(b) On 18 September 2016, Taisen Holding incorporated S.F. Holding Group Finance Co., Ltd. (hereinafter “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 7% 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) Financial assets at fair value through profit or loss

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Investments in equity instrument held for trading (a) | 13,715,336.78 | 16,232,692.66 |
| Forward interest rate swap contracts | 726,641.31 | 1,586,700.69 |
| | 14,441,978.09 | 17,819,393.35 |

(a) The fair value of the investments in equity instrument held for trading is determined at the closing prices of Shenzhen Stock Exchange on the last trading day of the year.

(3) Notes and accounts receivables

| | 31 December 2018 | 31 December 2017 |
|-------------------------|------------------|------------------|
| Notes receivable | 20,958,746.36 | 9,173,103.94 |
| Accounts receivable (a) | 7,352,877,748.87 | 5,806,861,292.43 |
| | 7,373,836,495.23 | 5,816,034,396.37 |

(a) Accounts receivable

| | 31 December 2018 | 31 December 2017 |
|-------------------------------|------------------|------------------|
| Accounts receivable | 7,432,334,261.92 | 5,878,776,001.54 |
| Less: Provision for bad debts | (79,456,513.05) | (71,914,709.11) |
| | 7,352,877,748.87 | 5,806,861,292.43 |

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.

(i) The ageing of accounts receivable is analysed below:

| | 31 December 2018 | 31 December 2017 |
|---------------------------|------------------|------------------|
| Within 1 year (inclusive) | 7,359,283,705.95 | 5,837,881,787.23 |
| 1 – 2 years (inclusive) | 53,918,666.20 | 21,816,111.28 |
| 2 – 3 years (inclusive) | 19,131,889.77 | 19,078,103.03 |
| | 7,432,334,261.92 | 5,878,776,001.54 |

As at 31 December 2018 and 31 December 2017, the Group had no significant accounts receivable that were overdue but not impaired on individual basis.

(ii) Accounts receivable are analysed by category as follows:

| | 31 December 2018 | | | |
|---|------------------|--------------------|-------------------------|------------|
| | Ending balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Percentage |
| Provision for bad debts on individual basis | | | | |
| Receivables from related parties (Note 8(4)(a)) | 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 (Note 8(4)(a)) | 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) | 1.07% |

| | 31 December 2017 | | | |
|---|------------------|--------------------|-------------------------|------------|
| | Ending balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Percentage |
| Provision for bad debts on individual basis | | | | |
| Receivables from related parties (Note 8(4)(a)) | 12,825,061.28 | 0.22% | (12,825,061.28) | 100.00% |
| Receivables from non-related parties | 24,142,937.61 | 0.41% | (24,142,937.61) | 100.00% |
| Provision for bad debts on grouping basis | | | | |
| Receivables from related parties (Note 8(4)(a)) | 101,681,918.04 | 1.73% | – | – |
| Receivables from non-related parties | 5,740,126,084.61 | 97.64% | (34,946,710.22) | 0.61% |
| | 5,878,776,001.54 | 100.00% | (71,914,709.11) | 1.22% |

Where the provision for bad debts is made against the accounts receivable on grouping basis, no provision for bad debts is made for related party group, and provision for bad debts is made using percentage of outstanding balance for non-related party group (Note 2(10)(a)).

(iii) For the year ended 31 December 2018, the provision for bad debts made by the Group amounted to RMB27,927,530.22, and there was no reversal of provision for bad debts (Note 4(21)).

(iv) Accounts receivable written off actually in the current year amounted to RMB20,385,726.28 and no accounts receivable with amounts that are individually significant were written off.

(v) As at 31 December 2018, the Group's accounts receivable that were individually material with provision for bad debts made on the individual basis amounted to RMB13,261,064.53 (31 December 2017: RMB12,825,061.28).

(vi) The Group's accounts receivable comprise the accounts receivable from the customers under monthly settlement. As at 31 December 2018, the five largest accounts receivable aggregated by debtor were summarised and analysed as follows:

| | 31 December 2018 | | |
|---|------------------|-----------------------------------|--------------------|
| | Amount | Amount of provision for bad debts | % of total balance |
| Sum of the five largest accounts receivable | 714,614,462.70 | (2,990,862.86) | 9.61% |

(4) Other receivables

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Current accounts receivable from related parties (Note 8(4)(c)) | 188,372,946.30 | 1,066,962,740.54 |
| Guarantees and deposits | 567,057,200.70 | 331,342,769.16 |
| Cash on delivery service | 180,008,388.19 | 282,767,969.67 |
| Employee borrowings and advances | 117,914,472.13 | 104,762,069.94 |
| Social insurance premium prepaid | 17,332,616.45 | 11,666,434.10 |
| Interest receivable | 47,810,100.13 | 69,739,455.66 |
| Entrusted loans receivable (i) | 27,000,000.00 | 1,086,996,666.66 |
| Factoring received on behalf of other parties (i) | – | 303,171,558.40 |
| Wealth management funds received on behalf of other parties (i) | – | 105,263,280.61 |
| Others | 265,275,452.25 | 213,314,132.92 |
| | 1,410,771,176.15 | 3,575,987,077.66 |
| Less: Provision for bad debts | (12,857,692.63) | (11,390,293.78) |
| | 1,397,913,483.52 | 3,564,596,783.88 |

(i) As stated in Note 5(2), in 2018, the Group purchased 100% equity of Shenzhen Hengyi Logistics Service Co., Ltd. (“Hengyi Logistics”), Shenzhen Shuncheng Lefeng Factoring Co., Ltd. (“Lefeng Factoring”), Luxuriant View Limited and Shenzhen Shunheng Rongfeng Investment Co., Ltd. (“Rongfeng Investment”) from Mingde Holding. As at 31 December 2018 and 2017, entrusted loans receivable, factoring received on behalf of other parties and wealth management funds received on behalf of other parties were mainly from the above four companies.

(a) The ageing of other receivables is analysed as follows:

| | 31 December 2018 | 31 December 2017 |
|---------------------------|------------------|------------------|
| Within 1 year (inclusive) | 1,065,321,416.55 | 3,329,367,606.08 |
| 1 – 2 years (inclusive) | 136,307,658.64 | 148,737,665.49 |
| Over 2 years | 209,142,100.96 | 97,881,806.09 |
| | 1,410,771,176.15 | 3,575,987,077.66 |

As at 31 December 2018 and 2017, the Group had no significant other receivables that were overdue but not impaired on individual basis.

(b) Other receivables are analysed by category as follows:

| | 31 December 2018 | | | |
|---|------------------|--------------------|-------------------------|------------|
| | Ending balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Percentage |
| 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 | 1.92% | (8,100,000.00) | 30.00% |
| Provision for bad debts on grouping basis | | | | |
| Receivables from related parties | 188,121,320.70 | 13.33% | – | – |
| Receivables from non-related parties | 1,195,398,229.85 | 84.73% | (4,506,067.03) | 0.38% |
| | 1,410,771,176.15 | 100.00% | (12,857,692.63) | 0.91% |

| | 31 December 2017 | | | |
|---|------------------|--------------------|-------------------------|------------|
| | Ending balance | | Provision for bad debts | |
| | Amount | % of total balance | Amount | Percentage |
| Provision for bad debts on individual basis | | | | |
| Receivables from related parties | 255,259.87 | 0.01% | (255,259.87) | 100.00% |
| Provision for bad debts on grouping basis | | | | |
| Receivables from related parties | 1,066,707,480.67 | 29.83% | – | – |
| Receivables from non-related parties | 2,509,024,337.12 | 70.16% | (11,135,033.91) | 0.44% |
| | 3,575,987,077.66 | 100.00% | (11,390,293.78) | 0.32% |

(c) For the year ended 31 December 2018, the Group's provision for bad debts amounted to RMB18,351,994.21, balances written-off amounted to RMB16,884,595.36, and there was no provision for bad debts being reversed (Note 4(21)).

(d) As at 31 December 2018, the Group had no other receivables of which the amounts were individually material and related provision for bad debts was provided on individual basis, and no other receivables that were individually material were written off.

(e) As at 31 December 2018, the five largest other receivables aggregated by debtor were summarised and analysed as follows:

| | Nature of business | Ageing | 31 December 2018 | | |
|---|-------------------------------|----------------|------------------|-----------------------------------|--------------------|
| | | | Amount | Amount of provision for bad debts | % of total balance |
| Shenzhen Hive Box Technology Co., Ltd. ("Hive Box Technology") (Note 8(4)(c)) | Agency collection and payment | Within 1 year | 125,183,355.20 | – | 8.87% |
| McDonald's (China) Co., Ltd. ("McDonald's (China)") and its subsidiaries (Note 8(4)(c)) | Agency collection and payment | Within 1 year | 53,253,508.22 | – | 3.77% |
| Guangdong Baolichi Vehicle Sales Co., Ltd. | Deposit and security deposit | Within 2 years | 42,500,000.00 | (212,500.00) | 3.01% |
| Taiwan S.F. Express Holdings Co., Ltd. | Agency collection and payment | Within 2 years | 33,650,371.02 | (168,251.86) | 2.39% |
| China Beijing Equity Exchange Co., Ltd. | Deposit and security deposit | Within 1 year | 22,970,000.00 | – | 1.63% |
| | | | 277,557,234.44 | (380,751.86) | 19.67% |

(5) Advances to suppliers

(a) The ageing of advances to suppliers is analysed as follows:

| Ageing | 31 December 2018 | | 31 December 2017 | |
|---------------------------|------------------|--------------------|------------------|--------------------|
| | Amount | % of total balance | Amount | % of total balance |
| Within 1 year (inclusive) | 2,465,558,542.39 | 97.96% | 1,727,007,879.33 | 97.68% |
| 1 – 2 years (inclusive) | 20,098,754.74 | 0.80% | 26,138,841.94 | 1.48% |
| Over 2 years | 31,193,904.22 | 1.24% | 14,834,538.25 | 0.84% |
| | 2,516,851,201.35 | 100.00% | 1,767,981,259.52 | 100.00% |

As at 31 December 2018, advances to suppliers with ageing over one year were mainly prepaid property rents and fuel cards. As relevant business transactions were not completed, the amounts were not settled yet.

(b) As at 31 December 2018, the amount of top five advances to suppliers was analysed as follows:

| | 31 December 2018 | |
|---|------------------|--------------------|
| | Amount | % of total balance |
| Sum of the top five advances to suppliers | 569,283,156.81 | 22.62% |

(6) Factoring receivable

As at 31 December 2018 and 2017, factoring receivable was mainly from Lefeng Factoring.

| | 31 December 2018 | 31 December 2017 |
|-------------------------------|------------------|------------------|
| Factoring receivable | 456,828,342.81 | 479,254,762.40 |
| Less: Provision for bad debts | (9,655,084.16) | (7,379,633.15) |
| | 447,173,258.65 | 471,875,129.25 |

Factoring receivables are disclosed by category as follows:

| | 31 December 2018 | | | |
|-------------------------|------------------|--------------------|-------------------------|----------------|
| | Amount | % of total balance | Provision for bad debts | Net amount |
| Factoring with recourse | 456,828,342.81 | 100.00% | (9,655,084.16) | 447,173,258.65 |

| | 31 December 2017 | | | |
|----------------------------|------------------|--------------------|-------------------------|----------------|
| | Amount | % of total balance | Provision for bad debts | Net amount |
| Factoring without recourse | 110,007,698.95 | 23.00% | (1,650,115.48) | 108,357,583.47 |
| Factoring with recourse | 369,247,063.45 | 77.00% | (5,729,517.67) | 363,517,545.78 |
| | 479,254,762.40 | 100.00% | (7,379,633.15) | 471,875,129.25 |

As at 31 December 2018, the Group's overdue factoring totalled RMB152,268,731.29 (2017: Nil), of which RMB123,773,314.62 was within one month and RMB28,495,416.67 was for one month to six months.

Movements in provision for bad debts are as follows:

| | 2018 | 2017 |
|-------------------------------|--------------|----------------|
| Opening balance | 7,379,633.15 | 11,245,057.12 |
| Increase in the current year | 2,275,451.01 | 652,854.13 |
| Write-off in the current year | – | (4,518,278.10) |
| Ending balance | 9,655,084.16 | 7,379,633.15 |

The provision for bad debts of the Group's factoring receivable was accrued on the grouping basis (Five-Tier Loan Classification).

(7) Loans and advances

As at 31 December 2018 and 2017, loans and advances were all from S.F. Finance (Hong Kong) Limited ("S.F. Finance"), which is a subsidiary of the Group in Hong Kong.

(a) Loans and advances by individual and enterprise

| | 31 December 2018 | 31 December 2017 |
|------------------------------|------------------|------------------|
| Personal loans | 178,001.67 | 233,277.49 |
| Enterprise loans | | |
| Non-related party loans | 106,051,349.54 | 127,191,509.56 |
| Loans and advances – total | 106,229,351.21 | 127,424,787.05 |
| Less: Loan losses provisions | (11,158,725.91) | (1,321,883.36) |
| Loans and advances – net | 95,070,625.30 | 126,102,903.69 |

(b) Loans and advances analysed by type of collateral

| | 31 December 2018 | 31 December 2017 |
|----------------------------|------------------|------------------|
| Unsecured loans | 99,024,069.54 | 120,504,149.56 |
| Guaranteed loans | 7,205,281.67 | 6,920,637.49 |
| Loans and advances – total | 106,229,351.21 | 127,424,787.05 |

(c) Overdue loans are presented by past-due ageing as follows:

| | 31 December 2018 | | | | |
|-----------------|------------------|-------------------|-------------|--------------|------------|
| | Within 3 months | 3 months – 1 year | 1 – 3 years | Over 3 years | Total |
| Unsecured loans | 436,925.53 | 226,867.83 | – | – | 663,793.36 |

| | 31 December 2017 | | | | |
|-----------------|------------------|-------------------|-------------|--------------|-------|
| | Within 3 months | 3 months – 1 year | 1 – 3 years | Over 3 years | Total |
| Unsecured loans | – | – | – | – | – |

(d) For the year ended 31 December 2018, the Group's provision for bad debts amounted to RMB9,640,877.71, and there was no balances written-off or provision for bad debts being reversed (Note 4(21)).

(e) As at 31 December 2018 and 2017, the Group made loan impairment provisions on the grouping basis (Five-Tier Loan Classification).

(f) As at 31 December 2018, the Group had no loans of which the amounts were individually material and related provision for bad debts was provided on individual basis, and no loans that were individually material were written off.

(8) Inventories

Inventories are summarised by category as follows:

| | 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 |

| | 31 December 2017 | | |
|------------------------|------------------|---|-----------------|
| | Ending balance | Provision for decline in the value of inventories | Carrying amount |
| Raw materials in stock | 329,476,828.24 | – | 329,476,828.24 |
| Aviation consumables | 73,741,005.69 | – | 73,741,005.69 |
| Low-value consumables | 41,301,646.32 | – | 41,301,646.32 |
| Finished goods | 1,839,546.61 | – | 1,839,546.61 |
| | 446,359,026.86 | – | 446,359,026.86 |

(9) Other current assets

| | 31 December 2018 | 31 December 2017 |
|-------------------------------------|------------------|------------------|
| Bank wealth management products (i) | 564,456,452.05 | 3,657,247,438.87 |
| Input VAT to be offset | 2,345,446,399.93 | 1,342,955,024.21 |
| Prepaid enterprise income tax | 87,966,412.84 | 36,349,863.14 |
| Others | 6,090,309.48 | 936,326.38 |
| | 3,003,959,574.30 | 5,037,488,652.60 |

(i) The investment cycle of bank wealth management products is generally within 1 month to 4 months.

(10) Available-for-sale financial assets

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Measured at fair value | | |
| – Available-for-sale debt instruments (a) | 183,000,000.00 | 70,885,224.84 |
| – Available-for-sale equity instruments (b) | 3,070,327,696.74 | 1,734,756,526.14 |
| Measured at cost | | |
| – Available-for-sale equity instruments (c) | 174,795,551.45 | 68,510,805.78 |
| Less: Provision for impairment | (4,596,187.92) | (12,521,692.76) |
| Current portion of available-for-sale financial assets | – | (15,709,807.81) |
| | 3,423,527,060.27 | 1,845,921,056.19 |

Related information of available-for-sale financial assets is analysed as follows:

(a) Available-for-sale debt instruments measured at fair value:

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Available-for-sale debt instruments | | |
| – Fair value | 178,403,812.08 | 58,363,532.08 |
| – Amortised cost | 183,000,000.00 | 70,885,224.84 |
| – Accumulated provision for impairment | (4,596,187.92) | (12,521,692.76) |

As at 31 December 2018, available-for-sale debt instruments measured at fair value mainly represented the equity-grade securities the Group purchased from the Special Scheme (Note 5(3)).

(b) Available-for-sale equity instruments measured at fair value:

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Available-for-sale equity instruments | | |
| – Fair value | 3,070,327,696.74 | 1,734,756,526.14 |
| – Cost | 2,718,113,957.55 | 1,495,876,215.86 |
| – Accumulated amount recognised in other comprehensive income | 352,213,739.19 | 238,880,310.28 |
| – Accumulated provision for impairment | – | – |

(c) Available-for-sale equity instruments measured at cost:

| | 31 December 2017 | Increase in the current year | Exchange differences on translation of foreign currency financial statements | 31 December 2018 |
|--|------------------|------------------------------|--|------------------|
| Available-for-sale equity instruments – cost | 68,510,805.78 | 105,617,147.20 | 667,598.47 | 174,795,551.45 |

The available-for-sale financial assets measured at cost mainly comprise the investments in unlisted equities held by the Group which are not quoted in an active market and whose fair value cannot be reliably measured as the reasonable range of fair value estimates is large and probabilities for forming these estimates cannot be reasonably determined. The Group has no plan to dispose of these investments.

(d) Relevant information of the impairment provision of available-for-sale financial assets is analysed as follows:

| | Available-for-sale debt instruments |
|------------------------------|-------------------------------------|
| 31 December 2017 | 12,521,692.76 |
| Increase in the current year | 11,482,182.39 |
| Decrease in the current year | (19,407,687.23) |
| 31 December 2018 | 4,596,187.92 |

(11) Long-term receivables

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Finance lease receivables (a) | – | 80,065,553.85 |
| Interest-free loans to employees receivable (b) | 324,736,080.74 | 216,066,050.80 |
| Deposit for house purchase | 246,757,710.00 | – |
| | 571,493,790.74 | 296,131,604.65 |

(a) Finance lease receivables

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Finance lease receivables | 73,046,804.28 | 375,330,854.56 |
| Less: Unrealised financing income | (4,121,125.88) | (27,870,300.24) |
| Amortised cost of finance lease receivables | 68,925,678.40 | 347,460,554.32 |
| Less: Current portion of finance lease receivables | (57,691,466.26) | (261,786,395.12) |
| Provision for bad debts | (11,234,212.14) | (5,608,605.35) |
| | – | 80,065,553.85 |

Finance lease receivables that should be received annually for the three consecutive fiscal years after the balance sheet date are as follows:

| | 31 December 2018 | | | 31 December 2017 | | |
|---------------|------------------|--------------------|-------------------------|------------------|--------------------|-------------------------|
| | Amount | % of total balance | Provision for bad debts | Amount | % of total balance | Provision for bad debts |
| Within 1 year | 73,046,804.28 | 100.00% | (11,234,212.14) | 280,765,614.27 | 74.80% | (3,984,344.16) |
| 1 – 2 years | – | – | – | 94,565,240.29 | 25.20% | (1,624,261.19) |
| | 73,046,804.28 | 100.00% | (11,234,212.14) | 375,330,854.56 | 100.00% | (5,608,605.35) |

(b) Interest-free loans to employees receivable

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Interest-free loans to employees receivable | 435,850,000.00 | 247,450,000.00 |
| Less: Prepaid discount interest | (45,607,919.26) | (31,383,949.20) |
| Amortised cost of interest-free loans to employees | 390,242,080.74 | 216,066,050.80 |
| Less: Current portion of interest-free loans to employees | (65,506,000.00) | – |
| Provision for bad debts | – | – |
| | 324,736,080.74 | 216,066,050.80 |

As at 31 December 2018, interest-free loans to employees receivable represented the interest-free loans to qualified employees with a term of 5 years.

(12) Long-term equity investments

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Cost: | | |
| Joint ventures | 1,326,581,550.05 | 100,294,970.45 |
| Associates | 934,446,087.67 | 536,737,898.22 |
| | 2,261,027,637.72 | 637,032,868.67 |
| Less: Provision for impairment of long-term equity investments | | |
| – Joint ventures | (28,236,883.66) | – |
| – Associates | (29,359,632.03) | (32,348,978.00) |
| | (57,596,515.69) | (32,348,978.00) |
| Joint ventures (a) | 1,298,344,666.39 | 100,294,970.45 |
| Associates (b) | 905,086,455.64 | 504,388,920.22 |
| | 2,203,431,122.03 | 604,683,890.67 |

(a) Joint ventures

| | Carrying amount as at 31 December 2017 | Movements in the current year | | | | Carrying amount as at 31 December 2018 | Balance of provision for impairment loss at the end of the year |
|--|--|-------------------------------|--|--------------------------|--|--|---|
| | | Increase in investments | Share of net profit/(loss) under equity method | Provision for impairment | Exchange differences on translation of foreign currency financial statements | | |
| Hubei International Logistics Airport Co., Ltd. | - | 920,000,000.00 | (177,756.07) | - | - | 919,822,243.93 | - |
| ZBHA Group Co., Ltd. ("ZBHA") | - | 200,000,000.00 | 7,521,652.37 | - | - | 207,521,652.37 | - |
| Hubei International Aviation Industry Metro Development Co., Ltd. | 39,816,184.58 | - | 390,729.16 | - | - | 40,206,913.74 | - |
| Zhongyunda Aviation Ground Services Co., Ltd. | - | 30,000,001.00 | 49,573.25 | - | - | 30,049,574.25 | - |
| Beijing Wulian Shuntong Technology Co., Ltd. | - | 30,000,000.00 | - | - | - | 30,000,000.00 | - |
| Shang Shun Supply Chain Management (China) Co., Ltd. | 22,062,688.77 | - | (6,218.09) | - | 1,112,093.04 | 23,168,563.72 | - |
| POST110Ü | 9,354,749.40 | - | 6,293,335.81 | - | 272,943.70 | 15,921,028.91 | - |
| Beijing Shunhetongxin Technology Co., Ltd. | - | 20,000,000.00 | (4,854,570.60) | - | - | 15,145,429.40 | - |
| Shenzhen Shenghai Information Service Co., Ltd. ("Shenghai Information") | 2,595,734.59 | 2,408,000.00 | 1,767,231.38 | - | - | 6,770,965.97 | - |
| CR-SF International Express Co., Ltd. | - | 4,500,000.00 | 358,622.97 | - | - | 4,858,622.97 | - |
| Wenzhou Fengbaoke Technology Co., Ltd. | - | 2,000,000.00 | - | - | - | 2,000,000.00 | - |
| Shanghai Geling Information Technology Co., Ltd. ("Geling Information") | 2,534,800.31 | - | (692,128.21) | - | - | 1,842,672.10 | - |
| Global Connect Holding Limited | 654,124.12 | - | 345,056.75 | - | 37,818.16 | 1,036,999.03 | - |
| Guangzhou Leshou Network Technologies Co., Ltd. ("Leshou Network") | 23,276,688.68 | 7,000,000.00 | (2,039,805.02) | (28,236,883.66) | - | - | (28,236,883.66) |
| | 100,294,970.45 | 1,215,908,001.00 | 8,955,723.70 | (28,236,883.66) | 1,422,854.90 | 1,298,344,666.39 | (28,236,883.66) |

(b) Associates

| | Carrying amount as at 31 December 2017 | Movements in the current year | | | | | Carrying amount as at 31 December 2018 | 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) | | |
| Zhejiang Galaxis Technology Co., Ltd. | 46,000,000.00 | 120,000,000.00 | - | (274,038.91) | - | - | 165,725,961.09 | - |
| Zhuhai Sui Bian Technology Co., Ltd. ("Zhuhai Sui Bian") | 171,521,842.49 | - | (13,515,734.74) | (43,301,344.30) | - | 42,753,097.90 | 157,457,861.35 | (8,031,343.63) |
| Jiangsu Chiata Foton Co., Ltd. | - | 109,999,738.54 | - | (510,283.64) | - | - | 109,489,454.90 | - |
| Beijing Dazhangfang Network Technology Co., Ltd. | - | 107,647,059.00 | - | (2,286,456.13) | - | - | 105,360,602.87 | - |
| Shenzhen Bai Mi Life Co., Ltd. | 70,051,454.18 | - | - | 12,823,270.67 | - | 10,778,744.74 | 93,653,469.59 | - |
| Feng Wang Investment Co., Ltd. | 49,870,586.30 | - | - | (287,401.28) | - | - | 49,583,185.02 | - |
| Langxing UAV System Co., Ltd. | 46,944,094.45 | - | - | (4,657,949.52) | - | - | 42,286,144.93 | - |
| Little Red Hat Issuance Co., Ltd. ("Little Red Hat") | 42,581,459.08 | - | - | (2,645,765.70) | - | - | 39,935,693.38 | - |
| Shenzhen Canbeidou Supply Chain Management Co., Ltd. | - | 32,000,000.00 | - | (796,674.00) | - | - | 31,203,326.00 | - |
| Beijing GreenValley Technology Limited | 22,253,336.27 | - | - | 49,718.87 | - | - | 22,303,055.14 | - |
| Shenzhen Zhi Hang UAV Co., Ltd. | 20,407,404.26 | - | - | (4,423,833.73) | - | 4,741,516.63 | 20,725,087.16 | - |
| Shenzhen SF Lottery (Shenzhen) Technology Development Co., Ltd. ("SF Lottery") | 21,126,302.23 | - | - | (882,369.28) | - | - | 20,243,932.95 | - |
| Guangdong Shucheng Technology Co., Ltd. | - | 11,111,112.00 | - | - | - | - | 11,111,112.00 | - |
| PT TRI ADI BERSAMA | - | 11,070,984.00 | - | - | (40,122.08) | - | 11,030,861.92 | - |
| Shenzhen Shun Jie Feng Da Express Co., Ltd. | 8,074,385.00 | - | - | 1,723,397.97 | - | - | 9,797,782.97 | (20,480,557.60) |
| Xi'an Huahan Air Passenger and Freight Service Co., Ltd. | - | 4,914,936.19 | - | - | - | - | 4,914,936.19 | - |
| Beijing Prettyfeather Brand Management Co., Ltd. | 4,933,076.25 | - | - | (381,850.54) | - | - | 4,551,225.71 | - |
| Chongqing Boqiang Logistics Co., Ltd. | - | 3,083,249.31 | - | - | - | - | 3,083,249.31 | - |
| Qingdao Dakai Cargo Agency Co., Ltd. | - | 2,128,255.53 | - | - | - | - | 2,128,255.53 | - |
| Shenzhen Xiaofeng Technology Co., Ltd. ("Xiaofeng Technology") | 624,979.71 | - | - | (123,722.08) | - | - | 501,257.63 | (847,730.80) |
| Shenzhen Fengle Property Co., Ltd. (ii) | - | 399,000.00 | (98,659.83) | (300,340.17) | - | - | - | - |
| | 504,388,920.22 | 402,354,334.57 | (13,614,394.57) | (46,275,641.77) | (40,122.08) | 58,273,359.27 | 905,086,455.64 | (29,359,632.03) |

(i) Those represent changes in equity resulting from capital injections by investors other than the Group.

(ii) In February 2018, the Group and an independent third party jointly established Shenzhen Fengle Property Co., Ltd., in which the Group held 39.9% equity, and it was accounted for as an associate; in May 2018, the Group acquired 20.1% equity from other investors; Shenzhen Fengle Property Co., Ltd. was changed from an associate to a subsidiary after the above transactions were completed (Note 5(1)).

(13) Investment properties

| | Buildings | Land use rights | Total |
|--|------------------|------------------|------------------|
| Cost | | | |
| 31 December 2017 | 1,068,872,476.86 | 1,035,300,437.52 | 2,104,172,914.38 |
| Transfer from self-used assets in the current year (Note 4(14), (15), (16)) | 710,358,776.25 | 163,296,019.40 | 873,654,795.65 |
| Increase in the current year | 43,664,746.90 | – | 43,664,746.90 |
| Transfer to self-used assets in the current year (Note 4(14), (16)) | (144,653,250.24) | (154,955,422.70) | (299,608,672.94) |
| Decrease in the current year | (167,428,936.10) | (36,418,785.15) | (203,847,721.25) |
| Effect of translation of foreign currency financial statements | 35,058,139.54 | 50,939,245.71 | 85,997,385.25 |
| 31 December 2018 | 1,545,871,953.21 | 1,058,161,494.78 | 2,604,033,447.99 |
| Accumulated depreciation | | | |
| 31 December 2017 | 60,976,096.54 | 51,602,495.82 | 112,578,592.36 |
| Transfer from self-used assets in the current year (Note 4(14), (16)) | 5,050,510.78 | 10,656,562.63 | 15,707,073.41 |
| Provision in the current year | 25,972,958.16 | 24,687,305.66 | 50,660,263.82 |
| Transfer to self-used assets in the current year (Note 4(14), (16)) | (10,519,230.62) | (11,453,495.40) | (21,972,726.02) |
| Decrease in the current year | (8,860,222.22) | (2,534,466.34) | (11,394,688.56) |
| Effect of translation of foreign currency financial statements | 2,222,576.11 | 2,300,855.33 | 4,523,431.44 |
| 31 December 2018 | 74,842,688.75 | 75,259,257.70 | 150,101,946.45 |
| Carrying amount | | | |
| 31 December 2018 | 1,471,029,264.46 | 982,902,237.08 | 2,453,931,501.54 |
| 31 December 2017 | 1,007,896,380.32 | 983,697,941.70 | 1,991,594,322.02 |

In 2018, no borrowing cost was recognised in investment properties (2017: Nil).

As at 31 December 2018, the Group was still in the process of applying for certificates of ownership for certain buildings with carrying amount of RMB600,697,558.47 (cost of RMB602,571,540.07) (31 December 2017: carrying amount of RMB14,922,550.26 and cost of RMB14,965,355.64). In addition, as at 31 December 2018, the Group was still in the process of applying for certificates of ownership for certain land use rights with carrying amount of RMB95,106,403.06 (cost of RMB102,600,875.61) (31 December 2017: Nil).

As at 31 December 2018, no investment properties (31 December 2017: investment properties with carrying amount of RMB1,537,596,994.89 and cost of RMB1,626,599,122.09) were pledged as collateral for long-term borrowings (Note 4(30)(b)).

As at 31 December 2018 and 2017, the Group assessed that no impairment loss should be recognised for investment properties.

(14) Fixed assets

| | Buildings | Motor vehicles | Computers and electronic equipment | Aircraft, engine bodies, rotables and high-value aircraft maintenance tools | Machinery and equipment | Office equipment and other equipment | Total |
|--|------------------|------------------|------------------------------------|---|-------------------------|--------------------------------------|--------------------|
| Cost | | | | | | | |
| 31 December 2017 | 3,625,296,380.06 | 4,492,856,186.14 | 2,118,222,872.20 | 4,650,492,374.93 | 1,911,781,524.94 | 2,587,556,664.87 | 19,386,206,003.14 |
| Increase arising from business combinations involving enterprises not under common control | 388,852,625.77 | 76,994,942.75 | 28,533,493.33 | - | 66,627,793.22 | 165,581,125.37 | 726,589,980.44 |
| Transfer from construction in progress (Note 4(15)) | 464,920,330.11 | 294,397,346.97 | 242,612,829.61 | 1,063,609,000.17 | 66,268,717.97 | 668,850,899.71 | 2,800,659,124.54 |
| Transfer from investment properties in the current year (Note 4(13)) | 144,653,250.24 | - | - | - | - | - | 144,653,250.24 |
| Increase in the current year | 72,344,249.71 | 933,852,917.99 | 612,546,956.99 | 144,056,211.85 | 174,808,962.04 | 156,231,322.64 | 2,093,840,621.22 |
| Transfer to investment properties in the current year (Note 4(13)) | (100,751,365.12) | - | - | - | - | - | (100,751,365.12) |
| Decrease in the current year | (711,449,926.00) | (483,713,995.88) | (166,452,726.93) | (9,565,133.78) | (15,705,941.32) | (49,859,359.77) | (1,436,747,083.68) |
| Reclassification in the current year | (26,675,739.54) | (86,396,843.97) | - | (2,388,644.97) | 115,461,228.48 | - | - |
| Effect of translation of foreign currency financial statements | 50,628,012.14 | 7,534,920.79 | 2,469,218.59 | - | 10,729,158.29 | 1,143,889.33 | 72,505,199.14 |
| 31 December 2018 | 3,907,817,817.37 | 5,235,525,474.79 | 2,837,932,643.79 | 5,846,203,808.20 | 2,329,971,443.62 | 3,529,504,542.15 | 23,686,955,729.92 |
| Accumulated depreciation | | | | | | | |
| 31 December 2017 | 382,783,172.12 | 3,053,673,866.35 | 1,273,486,851.99 | 1,383,754,989.09 | 325,357,636.44 | 1,071,542,518.78 | 7,490,599,034.77 |
| Business combinations involving enterprises not under common control | 168,564,887.59 | 41,132,714.42 | 10,720,921.12 | - | 35,415,935.57 | 49,613,298.71 | 305,447,757.41 |
| Transfer from investment properties in the current year (Note 4(13)) | 10,519,230.62 | - | - | - | - | - | 10,519,230.62 |
| Provision in the current year | 120,943,911.60 | 764,428,386.74 | 509,393,788.33 | 531,231,162.61 | 158,317,187.82 | 498,667,986.77 | 2,582,982,423.87 |
| Transfer to investment properties in the current year (Note 4(13)) | (5,050,510.78) | - | - | - | - | - | (5,050,510.78) |
| Decrease in the current year | (33,982,061.51) | (447,974,107.83) | (143,600,717.16) | (5,321,674.75) | (6,021,079.00) | (39,755,159.98) | (676,654,800.23) |
| Reclassification in the current year | (11,539,840.14) | (39,127,501.17) | - | (1,025,014.47) | 51,692,355.78 | - | - |
| Effect of translation of foreign currency financial statements | 3,251,890.35 | 5,593,159.93 | 1,818,345.03 | - | 1,035,825.44 | 711,106.06 | 12,410,326.81 |
| 31 December 2018 | 635,490,679.85 | 3,377,726,518.44 | 1,651,819,189.31 | 1,908,639,462.48 | 565,797,862.05 | 1,580,779,750.34 | 9,720,253,462.47 |
| Carrying amount | | | | | | | |
| 31 December 2018 | 3,272,327,137.52 | 1,857,798,956.35 | 1,186,113,454.48 | 3,937,564,345.72 | 1,764,173,581.57 | 1,948,724,791.81 | 13,966,702,267.45 |
| 31 December 2017 | 3,242,513,207.94 | 1,439,182,319.79 | 844,736,020.21 | 3,266,737,385.84 | 1,586,423,888.50 | 1,516,014,146.09 | 11,895,606,968.37 |

(i) For the year ended 31 December 2018, the amount of depreciation expenses charged to cost of revenue, selling and distribution expenses, general and administrative expenses and research and development expenses was RMB2,547,483,700.52 (for the year ended 31 December 2017: RMB2,345,615,320.01).

(ii) As at 31 December 2018, fixed assets with carrying amount of RMB342,796,848.43 (cost of RMB373,875,226.65) (31 December 2017: carrying amount of RMB1,358,011,244.35 and cost of RMB1,438,160,005.75) were pledged as collateral for long-term borrowings (Note 4(30)(b)).

(iii) Fixed assets with pending certificates of ownership

| | 31 December 2018 | | | |
|-----------|------------------|--------------------------|---|-----------------|
| | Cost | Accumulated depreciation | Balance of provision for impairment loss at the end of the year | Carrying amount |
| Buildings | 193,877,274.92 | (6,799,047.80) | – | 187,078,227.12 |

| | 31 December 2017 | | | |
|-----------|------------------|--------------------------|---|-----------------|
| | Cost | Accumulated depreciation | Balance of provision for impairment loss at the end of the year | Carrying amount |
| Buildings | 107,962,735.66 | (1,998,166.82) | – | 105,964,568.84 |

In addition, as at 31 December 2018, buildings with carrying amount of RMB25,189,141.24 and cost of RMB29,844,036.64 (31 December 2017: carrying amount of RMB26,596,028.77 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 2018 and 2017, the Group assessed that no impairment loss should be recognised for fixed assets.

(v) Disposals of aircraft engines, rotables and high-value aero maintenance tools

| | 2018 | | | | |
|-----------------------------------|---------------------|------------|--------------------------|---|-----------------|
| | Reason for disposal | Cost | Accumulated depreciation | Balance of provision for impairment loss at the end of the year | 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 |

| | 2017 | | | | |
|-----------------------------------|---------------------|--------------|--------------------------|---|-----------------|
| | Reason for disposal | Cost | Accumulated depreciation | Balance of provision for impairment loss at the end of the year | Carrying amount |
| Aircraft engines | Sold | 3,836,940.00 | (668,267.05) | – | 3,168,672.95 |
| Aircraft rotables | Scrapped | 911,845.46 | (254,289.52) | – | 657,555.94 |
| Aircraft rotables | Sold | 7,336.67 | (1,393.95) | – | 5,942.72 |
| High-value aero maintenance tools | Scrapped | 3,400.00 | (3,230.00) | – | 170.00 |
| | | 4,759,522.13 | (927,180.52) | – | 3,832,341.61 |

(15) Construction in progress

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Chuangzhi Tiandi Building Project | 2,807,629,439.13 | – |
| Aircraft import and refit | 943,574,638.75 | 796,506,349.37 |
| Qianhai S.F. Headquarters Office | 556,833,111.75 | 374,370,152.30 |
| Industrial Buildings in Dongguan Songshan Lake Zhigu Industrial Park | 436,199,481.00 | – |
| Intelligent Sorting Hefei Base Project | 313,838,021.65 | 175,096,569.38 |
| Tianjin Fengtai E-Commerce Industrial Park Project | 257,973,670.95 | 113,493,305.64 |
| Changsha E-Commerce Industrial Park Project | 160,636,162.09 | 18,711,354.78 |
| Dongguan Dalingshan Southern China Comprehensive Warehouse Project | 86,998,454.45 | – |
| Wuhan E-Commerce Industrial Park Project | 82,658,505.47 | 698,877.84 |
| Chongqing Fengtai E-Commerce Industrial Park Project | 68,562,581.48 | 35,533.77 |
| Beijing Daxing Distribution Hub Project | 63,049,546.34 | – |
| Foshan Guicheng Fengtai E-Commerce Industrial Park Project | 62,684,757.42 | 995,659.03 |
| Nantong Aviation Hub Project (Phase II) | 60,934,684.78 | 1,391,305.59 |
| Weihai S.F. E-Commerce Industrial Park Project | 55,326,012.10 | 88,950.19 |
| Xi'an E-Commerce Industrial Park Project | 37,491,895.04 | 35,495.28 |
| S.F. Ma'anshan Innovation Industrial Park Project | 31,343,700.01 | – |
| Shanghai Qingpu Huaxin project | – | 194,973,517.21 |
| Wuxi Fengtai E-Commerce Industrial Park Project | – | 129,335,243.67 |
| Changchun E-Commerce Industrial Park Project | – | 110,991,650.73 |
| Yancheng Smart E-Commerce Logistics Park Project | – | 107,654,654.86 |
| Yinzhou SF Express Transfer Centre | – | 102,533,432.61 |
| Wuhu Fengtai E-Commerce Industrial Park Project | – | 93,466,582.76 |
| Nanjing Medicine Warehouse Renovation Project | – | 12,916,342.38 |
| Others | 482,172,650.66 | 73,625,435.90 |
| | 6,507,907,313.07 | 2,306,920,413.29 |

As at 31 December 2018 and 2017, the Group assessed that no impairment loss should be recognised for construction in progress.

| Name of projects | Budget | 31 December 2017 | Increase in the current year | Transfer to long-term assets in the current year (iii) | Other decrease | 31 December 2018 | % 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(47)) | Capitalisation rate | Source of funds |
|--|------------------|------------------|------------------------------|--|------------------|------------------|--|---------------------|--|---|---------------------|--|
| Chuangzhi Tiandi Building Project | 2,956,187,732.13 | - | 2,807,629,439.13 | - | - | 2,807,629,439.13 | 94.97% | 94.97% | - | - | - | Self-owned funds |
| Aircraft import and refit | 1,067,441,294.81 | 796,506,349.37 | 1,226,837,492.41 | (1,063,609,000.17) | (16,160,202.86) | 943,574,638.75 | 114.93% | 100.00% | - | - | - | Self-owned funds |
| Qianhai S.F. Headquarters Office | 942,971,948.69 | 374,370,152.30 | 182,462,959.45 | - | - | 558,833,111.75 | 59.05% | 59.05% | 38,151,240.80 | 16,643,337.54 | 4.56% | Self-owned funds and loans from financial institutions |
| Industrial Buildings in Dongguan Songshan Lake Zhigu Industrial Park | 563,116,062.82 | - | 436,199,481.00 | - | - | 436,199,481.00 | 77.46% | 77.46% | - | - | - | Self-owned funds |
| Intelligent Sorting Hefei Base Project | 799,165,146.24 | 175,096,569.38 | 138,741,452.27 | - | - | 313,838,021.65 | 39.27% | 39.27% | - | - | - | Self-owned funds |
| Tianjin Fengtai E-Commerce Industrial Park Project | 733,673,807.32 | 113,493,305.64 | 144,480,365.31 | - | - | 257,973,670.95 | 35.16% | 35.16% | - | - | - | Self-owned funds |
| Changsha E-Commerce Industrial Park Project | 484,404,739.57 | 18,711,354.78 | 141,924,807.31 | - | - | 160,636,162.09 | 33.16% | 33.16% | - | - | - | Self-owned funds |
| Dongguan Dalingshan Southern China Comprehensive Warehouse Project | 242,826,394.05 | - | 86,998,454.45 | - | - | 86,998,454.45 | 35.83% | 35.83% | - | - | - | Self-owned funds |
| Wuhan E-Commerce Industrial Park Project | 777,015,001.95 | 698,877.84 | 81,959,627.63 | - | - | 82,658,505.47 | 10.64% | 10.64% | - | - | - | Self-owned funds |
| Chongqing Fengtai E-Commerce Industrial Park Project | 278,736,793.68 | 35,533.77 | 68,527,047.71 | - | - | 68,562,581.48 | 24.60% | 24.60% | - | - | - | Self-owned funds |
| Beijing Daxing Distribution Hub Project | 104,348,761.05 | - | 63,049,546.34 | - | - | 63,049,546.34 | 60.44% | 60.44% | - | - | - | Self-owned funds |
| Foshan Guicheng Fengtai E-Commerce Industrial Park Project | 375,172,922.81 | 995,659.03 | 61,689,098.39 | - | - | 62,684,757.42 | 16.71% | 16.71% | - | - | - | Self-owned funds |
| Nantong Aviation Hub Project (Phase II) | 278,264,704.32 | 1,391,305.59 | 59,543,379.19 | - | - | 60,934,684.78 | 21.90% | 21.90% | - | - | - | Self-owned funds |
| Weihai S.F. E-Commerce Industrial Park Project | 95,532,316.09 | 88,950.19 | 55,237,061.91 | - | - | 55,326,012.10 | 57.91% | 57.91% | - | - | - | Self-owned funds |
| Xi'an E-Commerce Industrial Park Project | 730,014,018.26 | 35,495.28 | 37,456,399.76 | - | - | 37,491,895.04 | 5.14% | 5.14% | - | - | - | Self-owned funds |
| S.F. Ma'anshan Innovation Industrial Park Project | 129,437,165.02 | - | 31,343,700.01 | - | - | 31,343,700.01 | 24.22% | 24.22% | - | - | - | Self-owned funds |
| Shanghai Qingpu Huaxin project | 786,928,207.94 | 194,973,517.21 | 84,955,940.37 | (279,929,457.58) | - | - | 102.35% | 100.00% | - | - | - | Self-owned funds |
| Wuxi Fengtai E-Commerce Industrial Park Project | 337,612,182.57 | 129,335,243.67 | 101,179,176.86 | (230,514,420.53) | - | - | 68.28% | 100.00% | - | - | - | Self-owned funds |
| Changchun E-Commerce Industrial Park Project | 333,263,139.60 | 110,991,650.73 | 130,727,257.30 | (241,718,908.03) | - | - | 72.53% | 100.00% | - | - | - | Self-owned funds |
| Yancheng Smart E-Commerce Logistics Park Project | 152,224,552.40 | 107,654,654.86 | 26,343,306.16 | (133,997,961.02) | - | - | 88.03% | 100.00% | - | - | - | Self-owned funds |
| Yinzhou SF Express Transfer Centre | 134,400,187.81 | 102,533,432.61 | 3,454,112.13 | (105,987,544.74) | - | - | 78.86% | 100.00% | - | - | - | Self-owned funds |
| Wuhu Fengtai E-Commerce Industrial Park Project | 166,075,501.09 | 93,466,582.76 | 77,454,570.78 | (170,921,153.54) | - | - | 102.92% | 100.00% | - | - | - | Self-owned funds |
| Nanjing Medicine Warehouse Renovation Project | 19,209,466.49 | 12,916,342.38 | 3,201,012.59 | - | (16,117,354.97) | - | 83.90% | 100.00% | - | - | - | Self-owned funds |
| Others | - | 73,625,435.90 | 1,852,599,862.38 | (1,183,588,090.06) | (260,464,557.56) | 482,172,650.66 | - | - | - | - | - | Self-owned funds |
| | | 2,306,920,413.29 | 7,903,995,550.84 | (3,410,266,535.67) | (292,742,115.39) | 6,507,907,313.07 | | | 38,151,240.80 | 16,643,337.54 | | |

(i) As at 31 December 2018, construction in progress with carrying amount of RMB229,810,226.10 (31 December 2017: Nil) was pledged as collateral for long-term borrowings (Note 4(30)(b)).

(ii) For aircraft import and refit, the percentage of project investment in budget is related to the investment for the current period; for the other projects, the percentage of project investment in budget is related to the accumulative investment.

(iii) In the current year, the construction in progress transferred to long-term assets amounted to RMB3,410,266,535.67, including RMB2,800,659,124.54 to fixed assets and RMB609,607,411.13 to investment properties.

(16) Intangible assets

| | Land use rights | Purchased software | Self-developed software | Patents | Trademarks | Customer relationships | Others | Total |
|--|------------------|--------------------|-------------------------|---------------|----------------|------------------------|---------------|------------------|
| Cost | | | | | | | | |
| 31 December 2017 | 4,550,686,217.31 | 328,530,800.27 | 992,831,550.96 | 45,482,079.50 | 29,081,082.37 | - | 13,859,625.35 | 5,960,471,355.76 |
| Increase in the current year | | | | | | | | |
| Business combinations involving enterprises not under common control | 53,648,598.41 | 35,750,491.47 | - | 4,989,934.34 | 222,000,000.00 | 556,442,044.37 | 58,782,768.38 | 931,613,836.97 |
| Transfer from investment properties (Note 4(13)) | 154,955,422.70 | - | - | - | - | - | - | 154,955,422.70 |
| Transfer from capitalised development expenditures (Note 4(17)) | - | - | 703,859,027.79 | - | - | - | - | 703,859,027.79 |
| Addition | 248,392,393.98 | 70,953,163.36 | - | 4,376,966.24 | 1,902,824.98 | - | 3,083,520.83 | 328,708,869.39 |
| Decrease in the current year | | | | | | | | |
| Transfer to investment properties in the current year (Note 4(13)) | (163,296,019.40) | - | - | - | - | - | - | (163,296,019.40) |
| Disposal | (170,580,061.85) | (26,523,767.99) | - | - | - | - | - | (197,103,829.84) |
| Effect of translation of foreign currency financial statements | 69,838,486.79 | 1,051,171.10 | - | 111,602.71 | 2,585,235.11 | 5,699,577.34 | 351,498.80 | 79,637,571.85 |
| 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 |
| Accumulated amortisation | | | | | | | | |
| 31 December 2017 | 217,949,074.72 | 213,725,951.06 | 226,849,481.37 | 22,206,991.13 | 6,932,609.45 | - | 5,469,388.24 | 693,133,495.97 |
| Increase in the current year | | | | | | | | |
| Business combinations involving enterprises not under common control | 7,954,749.75 | 7,836,021.80 | - | - | - | - | - | 15,790,771.55 |
| Transfer from investment properties (Note 4(13)) | 11,453,495.40 | - | - | - | - | - | - | 11,453,495.40 |
| Provision | 110,703,096.68 | 54,068,275.93 | 256,445,600.25 | 10,018,663.00 | 7,686,889.89 | 11,608,185.47 | 1,144,341.88 | 451,675,053.10 |
| Decrease in the current year | | | | | | | | |
| Transfer to investment properties in the current year (Note 4(13)) | (10,656,562.63) | - | - | - | - | - | - | (10,656,562.63) |
| Disposal | (10,444,559.75) | (18,062,833.75) | - | - | - | - | - | (28,507,393.50) |
| Effect of translation of foreign currency financial statements | 2,598,931.33 | 611,675.58 | - | 85,202.86 | 172,277.93 | 379,940.17 | 11,873.57 | 3,859,901.44 |
| 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 |
| Carrying amount | | | | | | | | |
| 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 |
| 31 December 2017 | 4,332,737,142.59 | 114,804,849.21 | 765,982,069.59 | 23,275,088.37 | 22,148,472.92 | - | 8,390,237.11 | 5,267,337,859.79 |

For the year ended 31 December 2018, the amortisation of intangible assets amounted to RMB451,675,053.10 (2017: RMB284,433,014.83).

(a) The Group's land use rights pledged as collateral for long-term borrowings (Note 4(30)(b)):

| | 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 |

| | 31 December 2017 | | |
|-----------------|------------------|--------------------------|------------------|
| | Cost | Accumulated amortisation | Carrying amount |
| Land use rights | 2,835,820,576.83 | (152,028,919.24) | 2,683,791,657.59 |

(b) As at 31 December 2018, the Group was still in the process of applying for certificates of ownership for land use rights with carrying amount of RMB135,510,548.64 (cost of RMB138,476,438.12) (31 December 2017: carrying amount of RMB203,832,330.28 and cost of RMB204,990,712.65).

(c) As at 31 December 2018, the intangible assets developed by the Group accounted for 18.21% (31 December 2017: 14.54%) of the carrying amount of intangible assets.

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Carrying amount of self-developed intangible assets | 1,213,395,497.13 | 765,982,069.59 |
| Carrying amount of intangible assets | 6,662,097,473.89 | 5,267,337,859.79 |
| Proportion | 18.21% | 14.54% |

(d) As at 31 December 2018 and 2017, the Group assessed that no impairment loss should be recognised for intangible assets.

(17) Capitalised development expenditures

| | 31 December 2017 | Increase in the current year | Transfer to intangible assets in the current year (Note 4(16)) | 31 December 2018 |
|--|---------------------|---------------------------------|---|---------------------|
| Unmanned Aerial Vehicle Project | 19,968,305.80 | 69,662,542.90 | (2,004,849.07) | 87,625,999.63 |
| Fengchi Project | 3,919,250.10 | 72,644,456.93 | (10,053,113.65) | 66,510,593.38 |
| CPS | 17,576,384.15 | 210,623,742.72 | (167,030,782.86) | 61,169,344.01 |
| Foundation Revolution System of Product Operation | 12,033,233.05 | 84,706,805.19 | (72,113,481.56) | 24,626,556.68 |
| Fengsheng System | 1,354,282.22 | 21,921,576.71 | (2,925,053.55) | 20,350,805.38 |
| Intra-city Express | 20,310,837.46 | 93,745,355.94 | (93,920,685.52) | 20,135,507.88 |
| Intelligent hardware R&D Project | – | 18,372,828.56 | – | 18,372,828.56 |
| Refrigerated Transport System Project | – | 28,133,376.85 | (12,823,289.43) | 15,310,087.42 |
| Warehousing Management System | 16,310,723.42 | 11,672,002.18 | (13,954,364.28) | 14,028,361.32 |
| SAP Settlement Platform System | 10,452,743.32 | 15,398,725.89 | (23,307,760.55) | 2,543,708.66 |
| International Export Management System | 6,741,142.38 | 3,912,960.10 | (9,045,265.19) | 1,608,837.29 |
| Operation and Management Platform Virtual System | 1,400,231.14 | 8,089,780.32 | (7,881,274.77) | 1,608,736.69 |
| Big Data Platform | – | 28,924,994.78 | (28,924,994.78) | – |
| CSSC Efficiency Improvement Project | 11,857,085.93 | 2,558,980.30 | (14,416,066.23) | – |
| Service Platform for Contract Customers | 9,601,076.22 | 18,193,598.99 | (27,794,675.21) | – |
| Others | 44,583,638.53 | 424,401,109.48 | (217,663,371.14) | 251,321,376.87 |
| | 176,108,933.72 | 1,112,962,837.84 | (703,859,027.79) | 585,212,743.77 |

As at 31 December 2018, the Group assessed that no impairment loss should be recognised for capitalised development expenditures.

(18) Goodwill

| | 31 December 2017 | Increase in the current year (i) | Exchange differences on translation of foreign currency financial statements | 31 December 2018 |
|--|------------------|----------------------------------|--|------------------|
| Goodwill: | | | | |
| Chengdu Shunyifeng Pharmaceutical Co., Ltd. | 2,434,509.81 | – | – | 2,434,509.81 |
| Chongqing Xuehu Express LLC | 10,555,317.54 | – | – | 10,555,317.54 |
| Guizhou Xingcheng Zhaipei Express Co., Ltd. | 10,199,760.21 | – | – | 10,199,760.21 |
| Hanxing Industrial Co., Ltd. | 1,424,568.80 | – | 72,411.15 | 1,496,979.95 |
| Xiamen Ruite Information Technology Co., Ltd. (“Xiamen Ruite”) | 56,502,329.98 | – | – | 56,502,329.98 |
| Sichuan Wulian Yida Technology Co., Ltd. and its subsidiaries (“Wulian Yida and its subsidiaries”) | 4,940,247.25 | – | – | 4,940,247.25 |
| Guangdong Shunxin Express Co., Ltd. (“Shunxin Express”) (Note 5(1)(b)) | – | 149,587,124.73 | – | 149,587,124.73 |
| Havi Logistics Services (Hong Kong) Ltd. (“Havi Hong Kong”) (Note 5(1)(c)) | – | 351,074,875.78 | 4,060,960.65 | 355,135,836.43 |
| Beijing Deda Logistics Limited (“Beijing Deda”) | – | 22,702,800.86 | – | 22,702,800.86 |
| | 86,056,733.59 | 523,364,801.37 | 4,133,371.80 | 613,554,906.76 |
| Less: Provision for impairment (Note 4(21)) - | | | | |
| Chengdu Shunyifeng Pharmaceutical Co., Ltd. | (2,434,509.81) | – | – | (2,434,509.81) |
| Chongqing Xuehu Express LLC | (10,555,317.54) | – | – | (10,555,317.54) |
| Guizhou Xingcheng Zhaipei Express Co., Ltd. | (10,199,760.21) | – | – | (10,199,760.21) |
| | (23,189,587.56) | – | – | (23,189,587.56) |
| | 62,867,146.03 | 523,364,801.37 | 4,133,371.80 | 590,365,319.20 |

(i) Increase in goodwill in the current year arose from the acquisition of equity of Shunxin Express, Havi Hong Kong and Beijing Deda (Note 5(1)).

(19) Long-term prepaid expenses

| | 31 December 2017 | Increase in the current year | Amortisation in the current year | Decrease in the current year | 31 December 2018 |
|---|------------------|------------------------------|----------------------------------|------------------------------|------------------|
| Leasehold improvements | 934,724,319.10 | 652,711,522.67 | (451,030,551.23) | (6,082,142.97) | 1,130,323,147.57 |
| Settling-in allowance and introduction fee for pilots | 346,796,666.19 | 159,920,155.62 | (54,336,350.84) | (4,315,850.18) | 448,064,620.79 |
| Prepaid discount interest on interest-free loans to employees | 31,383,949.20 | 26,301,943.06 | (10,681,341.84) | (1,396,631.16) | 45,607,919.26 |
| Others | 17,175,299.80 | 15,446,596.16 | (7,085,200.11) | (3,671,195.94) | 21,865,499.91 |
| | 1,330,080,234.29 | 854,380,217.51 | (523,133,444.02) | (15,465,820.25) | 1,645,861,187.53 |

(20) Other non-current assets

| | 31 December 2018 | 31 December 2017 |
|------------------------------------|------------------|------------------|
| Advances for engineering equipment | 381,308,573.43 | 87,212,810.90 |
| Prepaid land use rights | 116,653,600.00 | 35,748,888.89 |
| Others | – | 20,251,650.61 |
| | 497,962,173.43 | 143,213,350.40 |

(21) Provision for asset impairment

| | 31 December 2017 | Increase in the current year | Decrease in the current year | | Exchange differences on translation of foreign currency financial statements | 31 December 2018 |
|--|------------------|------------------------------|------------------------------|---------------------|--|------------------|
| | | | Reversal in the current year | Write-off/ Disposal | | |
| Provision for bad debts | 88,913,608.24 | 51,905,131.22 | – | (37,270,321.64) | – | 103,548,417.82 |
| Including: Provision for bad debts of accounts receivable (Note 4(3)(a)) | 71,914,709.11 | 27,927,530.22 | – | (20,385,726.28) | – | 79,456,513.05 |
| Provision for bad debts of other receivables (Note 4(4)(c)) | 11,390,293.78 | 18,351,994.21 | – | (16,884,595.36) | – | 12,857,692.63 |
| Provision for bad debts of long-term receivables (Note 4(11)) | 5,608,605.35 | 5,625,606.79 | – | – | – | 11,234,212.14 |
| Provision for impairment of factoring receivable (Note 4(6)) | 7,379,633.15 | 2,275,451.01 | – | – | – | 9,655,084.16 |
| Provision for impairment of loans and advances (Note 4(7)(d)) | 1,321,883.36 | 9,640,877.71 | – | – | 195,964.84 | 11,158,725.91 |
| Provision for impairment of available-for-sale financial assets (Note 4(10)) | 12,521,692.76 | 11,482,182.39 | – | (19,407,687.23) | – | 4,596,187.92 |
| Provision for impairment of long-term equity investments (Note 4(12)) | 32,348,978.00 | 28,236,883.66 | – | (2,989,345.97) | – | 57,596,515.69 |
| Provision for impairment of goodwill (Note 4(18)) | 23,189,587.56 | – | – | – | – | 23,189,587.56 |
| | 165,675,383.07 | 103,540,525.99 | – | (59,667,354.84) | 195,964.84 | 209,744,519.06 |

(22) Short-term borrowings

| | Currency | 31 December 2018 | 31 December 2017 |
|---------------------------|----------|------------------|------------------|
| Unsecured borrowings | RMB | 6,086,934,848.48 | 3,780,000,000.00 |
| Guaranteed borrowings (a) | HKD | 2,498,194,551.15 | 839,193,530.69 |
| | | 8,585,129,399.63 | 4,619,193,530.69 |

(a) As at 31 December 2018, guaranteed borrowings of RMB2,498,194,551.15 (31 December 2017: RMB839,193,530.69) were guaranteed by subsidiaries within the Group.

(b) As at 31 December 2018, the range of annual interest rate of short-term borrowings was 2.74% to 5.30% (31 December 2017: 1.79% to 4.72%).

(23) Notes and accounts payables

| | 31 December 2018 | 31 December 2017 |
|----------------------|------------------|------------------|
| Accounts payable (a) | 7,887,342,829.83 | 6,906,891,118.52 |

(a) Accounts payable

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Payables to related parties (Note 8(4)(e)) | 101,316,142.44 | 22,928,651.78 |
| Outsourcing cost payable | 4,499,069,987.92 | 4,044,538,010.88 |
| Transportation cost payable | 1,315,973,595.67 | 1,275,626,788.42 |
| Supply and material expenses payable | 1,029,622,333.02 | 901,181,541.69 |
| Office and rental fees payable | 694,987,360.60 | 507,649,817.22 |
| Customs cost payable | 21,444,033.53 | 26,879,147.63 |
| Others | 224,929,376.65 | 128,087,160.90 |
| | 7,887,342,829.83 | 6,906,891,118.52 |

Accounts payable with ageing over 1 year are analysed as follows:

| | 31 December 2018 | 31 December 2017 | Main reason for unsettlement |
|--------------------------------------|------------------|------------------|---------------------------------|
| Transportation cost payable | 6,872,109.99 | 11,615,728.01 | No invoice issued by supplier |
| Office and rental fees payable | 964,421.09 | 7,628,158.30 | No invoice issued by supplier |
| Supply and material expenses payable | 3,752,895.47 | 4,829,139.36 | No invoice issued by supplier |
| Outsourcing cost payable | 1,078,046.50 | 257,996.40 | No invoice issued by supplier |
| Others | 4,062,160.95 | 3,975,475.15 | No invoice issued by supplier |
| | 16,729,634.00 | 28,306,497.22 | |

(24) Advances from customers

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Advances from related parties (Note 8(4)(f)) | 21,548,724.88 | 3,055,558.28 |
| Prepaid value cards | 203,086,157.63 | 179,373,777.67 |
| Advances for restricted shares | – | 74,961,331.87 |
| Advances of freight charges and others | 242,976,408.93 | 110,803,049.47 |
| | 467,611,291.44 | 368,193,717.29 |

As at 31 December 2018, the Group had no advances from customers with ageing over 1 year (31 December 2017: Nil).

(25) Employee benefits payable

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Short-term employee benefits payable (a) | 2,931,841,446.33 | 2,700,413,143.65 |
| Defined contribution plans payable (b) | 35,626,116.08 | 28,568,318.87 |
| | 2,967,467,562.41 | 2,728,981,462.52 |

(a) Short-term employee benefits payable

| | 31 December 2017 | Increase in the current year | Decrease in the current year | 31 December 2018 |
|---|------------------|------------------------------|------------------------------|------------------|
| Wages and salaries, bonuses, allowances and subsidies | 2,344,929,212.93 | 17,698,614,699.30 | (17,448,984,690.87) | 2,594,559,221.36 |
| Employee welfare | 2,731,884.27 | 128,258,191.21 | (125,407,131.04) | 5,582,944.44 |
| Social security contributions | 12,431,752.76 | 548,728,270.71 | (549,088,398.73) | 12,071,624.74 |
| Including: Medical insurance | 9,992,017.74 | 456,642,090.08 | (456,459,098.56) | 10,175,009.26 |
| Work injury insurance | 1,179,734.17 | 49,125,322.46 | (49,726,260.67) | 578,795.96 |
| Maternity insurance | 1,260,000.85 | 42,960,858.17 | (42,903,039.50) | 1,317,819.52 |
| Housing funds | 2,055,670.52 | 185,456,432.88 | (176,880,417.54) | 10,631,685.86 |
| Labour union funds and employee education funds | 309,510,003.25 | 240,481,162.95 | (265,364,859.62) | 284,626,306.58 |
| Non-monetary welfare | 17,206,635.34 | 688,166,012.10 | (699,495,571.65) | 5,877,075.79 |
| Others | 11,547,984.58 | 129,816,261.97 | (122,871,658.99) | 18,492,587.56 |
| | 2,700,413,143.65 | 19,619,521,031.12 | (19,388,092,728.44) | 2,931,841,446.33 |

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 2017 | Increase in the current year | Decrease in the current year | 31 December 2018 |
|-------------------------|------------------|------------------------------|------------------------------|------------------|
| Basic pension insurance | 27,418,432.79 | 1,017,988,275.53 | (1,011,198,694.12) | 34,208,014.20 |
| Unemployment insurance | 1,149,886.08 | 31,744,451.63 | (31,476,235.83) | 1,418,101.88 |
| | 28,568,318.87 | 1,049,732,727.16 | (1,042,674,929.95) | 35,626,116.08 |

(26) Taxes payable

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Enterprise income tax payable | 459,287,640.72 | 619,449,624.71 |
| Unpaid VAT | 108,728,116.39 | 143,047,414.59 |
| Individual income tax payable | 49,217,965.69 | 76,425,839.56 |
| City maintenance and construction tax payable | 5,929,012.12 | 10,531,624.62 |
| Educational surcharge payable | 5,768,817.99 | 8,738,344.05 |
| Others | 10,364,428.08 | 10,814,251.92 |
| | 639,295,980.99 | 869,007,099.45 |

(27) Other payables

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Other payables to related parties (Note 8(4)(g)) | 20,094,094.27 | 356,252,934.64 |
| Engineering equipment payable | 1,741,749,484.87 | 1,252,087,527.58 |
| Payables of cash on delivery service | 1,377,763,159.38 | 1,322,818,418.19 |
| Deposits payable | 464,519,542.36 | 290,331,874.06 |
| Restricted share repurchases payable (Note 4(38)) | 200,619,019.91 | – |
| Warranty deposits payable | 143,399,194.90 | 168,662,574.31 |
| Investments payable | 113,122,100.23 | – |
| Interest payable on debentures (Note 4(31)(d)) | 106,290,630.39 | 5,076,383.56 |
| Temporary collection payable | 91,229,288.16 | 82,611,710.50 |
| Advances payable | 6,986,838.32 | 42,833,687.76 |
| Interest payable for long-term borrowings with interest paid in instalments and principal repaid upon maturity | 2,603,604.89 | 47,068,162.08 |
| Interest payable for short-term borrowings | 25,340,387.19 | 13,735,236.12 |
| Professional service fee payable | 8,219,553.21 | 22,363,187.55 |
| Wealth management payables to investors | – | 1,800,635,462.30 |
| Factoring payables to investors | – | 308,426,246.11 |
| Others | 237,700,254.23 | 113,775,131.70 |
| | 4,539,637,152.31 | 5,826,678,536.46 |

Other payables with ageing over 1 year

| | 31 December 2018 | 31 December 2017 | Main reason for unsettlement |
|-------------------------------|------------------|------------------|--|
| Deposits payable | 165,847,015.19 | 114,310,240.01 | Temporarily retained for continuing business |
| Engineering equipment payable | 46,828,801.92 | 121,363,083.82 | Project payment unsettled |
| Warranty deposits payable | 37,078,772.04 | 36,248,527.59 | Warranty in effect |
| Others | 34,022,955.34 | 19,649,134.15 | Indemnities from insurance company claims on hold and others |
| | 283,777,544.49 | 291,570,985.57 | |

(28) Current portion of non-current liabilities

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Current portion of long-term borrowings (Note 4(30)) | 173,076,233.94 | 3,083,936,397.97 |
| Current portion of employee incentives (Note 4(33)) | 99,901,113.14 | 147,699,012.89 |
| Current portion of long-term payables (Note 4(32)) | 245,474.57 | 6,075,000.00 |
| | 273,222,821.65 | 3,237,710,410.86 |

(29) Other current liabilities

| | 31 December 2018 | 31 December 2017 |
|---------------------------------------|------------------|------------------|
| Super&short term commercial paper (a) | 999,378,905.37 | - |

(a) On 17 August 2017, Taisen Holding obtained the *Notice of Acceptance of Registration issued by the National Association of Financial Market Institutional Dealers* (Zhong Shi Zhu Xie [2017] No. SCP259). The registration amount of super short-term financing bills was RMB1 billion, and the validity period was from 17 August 2017 to 16 August 2019. On 17 September 2018, Taisen Holding issued the first and second tranches of super short-term financing bills in 2018. The actual issue of the first tranche totalled RMB500 million, and the interest rate was 3.21%, which was redeemed on 16 November 2018. The actual issue of the second tranche totalled RMB500 million, and the interest rate was 3.70%, which is to be redeemed on 14 June 2019. On 22 November 2018, Taisen Holding issued the third tranche of super short-term financing bills in 2018. The actual issue amounted to RMB500 million and the interest rate was 3.60%, which is to be redeemed on 19 August 2019.

(30) Long-term borrowings

| | 31 December 2018 | 31 December 2017 |
|--|------------------|--------------------|
| Unsecured borrowings | 9,000,000.00 | 2,346,000,000.00 |
| Guaranteed borrowings (a) | 403,799,557.64 | 1,487,281,333.45 |
| Secured borrowings (b) | 758,564,511.49 | 1,972,059,345.80 |
| | 1,171,364,069.13 | 5,805,340,679.25 |
| Less: Current portion of long-term borrowings (Note 4(28)) | | |
| Unsecured borrowings | (9,000,000.00) | (2,337,000,000.00) |
| Guaranteed borrowings | (122,576,233.94) | (636,957,698.81) |
| Secured borrowings | (41,500,000.00) | (109,978,699.16) |
| | (173,076,233.94) | (3,083,936,397.97) |
| | 998,287,835.19 | 2,721,404,281.28 |

(a) As at 31 December 2018, the Group's guaranteed borrowings of RMB63,799,557.64 (2017: RMB661,117,333.45) was guaranteed by the Group's subsidiaries and guaranteed borrowings of RMB340,000,000.00 (2017: RMB826,164,000.00) was guaranteed by Mingde Holding. In addition, part of the guaranteed borrowings amounting to RMB86,400,000.00 (31 December 2017: RMB96,000,000.00) was secured by the fixed deposits of RMB30,000,000.00 (31 December 2017: RMB30,000,000.00).

(b) As at 31 December 2018, the secured borrowings of RMB28,000,000.00 (31 December 2017: RMB31,500,000.00) were secured by the Group's land use rights with a carrying amount of RMB3,650,638.58 (31 December 2017: RMB3,761,263.99) and were fully guaranteed by Taisen Holding. The interest is paid quarterly. The principal should be repaid during the period from 15 September 2017 to 14 September 2025 by instalments.

As at 31 December 2018, the secured bank borrowings of RMB220,000,000.00 (31 December 2017: RMB228,000,000.00) were secured by the Group's fixed assets with a carrying amount of RMB342,796,848.43 (31 December 2017: RMB360,555,921.70) and land use rights with a carrying amount of RMB39,486,373.07 (31 December 2017: RMB40,306,159.36) and were fully guaranteed by Taisen Holding, and S.F. Express Co., Ltd. (hereinafter "S.F. Express") was the co-borrower. The interest is paid quarterly. The principal should be repaid during the period from 25 July 2016 to 30 July 2023 by instalments.

As at 31 December 2018, the secured bank borrowings of RMB408,794,511.49 (31 December 2017: RMB303,119,555.76) were secured by the Group's land use rights with a carrying amount of RMB1,244,458,715.78 (31 December 2017: RMB1,278,475,810.52). The interest is paid quarterly. The principal should be repaid during the period from 18 November 2016 to 18 November 2026 by instalments.

As at 31 December 2018, the secured borrowings of RMB101,770,000.00 were secured by the Group's construction in progress with a carrying amount of RMB229,810,226.10 and land use rights with a carrying amount of RMB60,885,374.67 and were fully guaranteed by Taisen Holding. The interest is paid quarterly. The principal should be repaid during the period from 19 October 2019 to 20 October 2033 by instalments.

In addition, as at 31 December 2017, the bank secured borrowings of RMB1,409,439,790.04 were secured by the land use rights with a carrying amount of RMB1,361,248,423.72, fixed asset with a carrying amount of RMB997,455,322.65 and investment properties with a carrying amount of RMB1,537,596,994.89 from the Group, which were repaid in 2018.

(c) As at 31 December 2018, the range of annual interest rate of long-term borrowings was from 3.58% to 5.39% (31 December 2017: 2.69% to 5.01%).

(31) Debentures payable

| | 31 December 2017 | Issued in the current year | Issuing expenses | Amortisation of premium/discount | Foreign exchange gains or losses and exchange differences on translation of foreign currency financial statements | 31 December 2018 |
|--|------------------|----------------------------|------------------|----------------------------------|---|------------------|
| The First Debentures of 2017 (a) | 529,406,177.70 | - | - | 204,411.61 | - | 529,610,589.31 |
| The First Debentures of 2018 (a) | - | 800,000,000.00 | (960,000.00) | 126,867.25 | - | 799,166,867.25 |
| The Second Debentures of 2018 (a) | - | 670,000,000.00 | (536,000.00) | 49,577.98 | - | 669,513,577.98 |
| Overseas debentures denominated in USD (b) | - | 3,407,508,933.00 | (34,346,542.87) | 2,736,112.05 | 31,301,220.41 | 3,407,199,722.59 |
| The First Middle-term Notes of 2018 (c) | - | 1,000,000,000.00 | (500,000.00) | 45,169.27 | - | 999,545,169.27 |
| | 529,406,177.70 | 5,877,508,933.00 | (36,342,542.87) | 3,162,138.16 | 31,301,220.41 | 6,405,035,926.40 |

| | Currency | Per value | Date of issue | Term | Amount Equivalent to RMB |
|--|----------|------------------|---|------------|--------------------------|
| The First Debentures of 2017 (a) | RMB | 530,000,000.00 | 17 October 2017 | 5 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 |

(a) Taisen Holding 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 China Securities Regulatory Commission. In 2017, Taisen Holding publicly issued the corporate debentures (1st instalment) (hereinafter "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.

In 2018, Taisen Holding publicly issued the corporate debentures (1st instalment) (hereinafter "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.

In 2018, Taisen Holding publicly issued the corporate debentures (2nd instalment) (hereinafter "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.

(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 4.125% 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 Holding's quota of middle-term notes was RMB2 billion. On 19 September 2018, Taisen Holding issued the first middle-term notes of 2018 (hereinafter "the First Middle-term Notes of 2018") totalling RMB1 billion at a nominal interest rate of 4.46%.

(d) As at 31 December 2018, the Group's accrued interest payable on debentures amounted to RMB106,290,630.39 (31 December 2017: RMB5,076,383.56) (Note 4(27)).

(32) Long-term payables

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Long-term payables to China Development Fund Co., Ltd. | 20,392,825.23 | 26,634,600.00 |
| Long-term advances payable | 43,935,616.37 | – |
| Others | 19,572,058.05 | – |
| Less: Current portion of long-term payables (Note 4(28)) | (245,474.57) | (6,075,000.00) |
| | 83,655,025.08 | 20,559,600.00 |

(33) Long-term employee benefits payable

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Employee incentives | 205,819,013.16 | 300,486,584.17 |
| Less: Current portion of employee incentives (Note 4(28)) | (99,901,113.14) | (147,699,012.89) |
| Long-term service bonus | 36,797,359.69 | 20,029,404.13 |
| | 142,715,259.71 | 172,816,975.41 |

(34) Deferred income

| | 31 December 2017 | Increase in the current year | Decrease in the current year | 31 December 2018 | Source |
|-----------------------|------------------|------------------------------|------------------------------|------------------|---|
| Government grants (a) | 133,652,387.03 | 48,825,780.82 | (29,533,984.66) | 152,944,183.19 | Received government grants pending for future recognition in income |

(a) The government grants related to deferred income in the current year are presented as follows:

| | 31 December 2017 | Increase in grants in the current year | Amount recognised in other income in the current year (Note 4(50)) | 31 December 2018 | Related to assets/income |
|---|------------------|--|--|------------------|--------------------------|
| Comprehensive pilot program of Shanghai modern service industry | 27,642,880.96 | – | (705,447.12) | 26,937,433.84 | Related to assets |
| Yancheng Smart E-Commerce Logistics Park Project | 10,437,925.58 | – | (216,704.40) | 10,221,221.18 | Related to assets |
| North China Air Express Pivot | 4,040,994.38 | – | (2,843,069.76) | 1,197,924.62 | Related to assets |
| Special fund of Shanghai pilot program of standardisation | 3,055,862.16 | – | (3,055,862.16) | – | Related to assets |
| Construction subsidy for Taizhou Shunfeng E-Commerce Service Platform | 1,995,022.65 | – | (795,636.04) | 1,199,386.61 | Related to assets |
| Ancillary grant of infrastructure for Wuhu E-Commerce Industrial Park | 26,991,625.77 | – | (561,251.76) | 26,430,374.01 | Related to assets |
| Specific subsidy for modern service industry granted by Jinhua Transportation Authority | 6,930,249.48 | – | (726,811.48) | 6,203,438.00 | Related to assets |
| Grant for maintenance of aircraft engines | 5,971,894.73 | 5,000,000.00 | (775,978.35) | 10,195,916.38 | Related to assets |
| Yiwu Comprehensive Service Centre Project | 5,891,717.32 | – | (549,170.54) | 5,342,546.78 | Related to assets |
| Logistics Project of Yiwu Industrial Park | – | 3,051,700.00 | (113,627.15) | 2,938,072.85 | Related to assets |
| Enterprise Expansion Fund | 4,430,555.61 | 4,000,000.00 | (604,877.28) | 7,825,678.33 | Related to assets |
| Construction development fund for Tianjin Project | – | 21,000,000.00 | – | 21,000,000.00 | Related to assets |
| Compensation for land acquisition of Nanning Distribution Hub | – | 3,962,432.64 | (794,228.67) | 3,168,203.97 | Related to assets |
| Others | 36,263,658.39 | 11,811,648.18 | (17,791,319.95) | 30,283,986.62 | Related to assets |
| | 133,652,387.03 | 48,825,780.82 | (29,533,984.66) | 152,944,183.19 | |

(35) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

| | 31 December 2018 | | 31 December 2017 | |
|--|--|---------------------|--|---------------------|
| | Deductible temporary differences and deductible tax losses | Deferred tax assets | Deductible temporary differences and deductible tax losses | Deferred tax assets |
| Deductible tax losses | 2,106,408,366.25 | 445,292,056.78 | 1,106,847,743.98 | 220,994,274.54 |
| Accrued expenses | 477,502,124.17 | 102,418,612.28 | 452,277,234.20 | 99,041,021.18 |
| Unrealised profits from internal transactions | 205,785,722.06 | 51,446,430.51 | 96,758,643.36 | 24,189,660.84 |
| Employee incentives | 105,902,775.73 | 26,475,693.93 | 146,429,440.80 | 34,990,496.27 |
| Provision for asset impairment | 85,859,422.40 | 20,729,601.03 | 135,792,771.76 | 31,750,374.10 |
| Deferred income | 152,739,530.39 | 37,423,690.25 | 121,588,703.13 | 29,874,596.93 |
| Depreciation and amortisation differences | 268,188,022.13 | 54,965,938.00 | 163,331,191.96 | 32,624,683.05 |
| 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 | 9,673,190.80 | 2,418,297.70 |
| | 3,486,560,438.42 | 758,555,474.91 | 2,232,698,919.99 | 475,883,404.61 |
| Including: | | | | |
| Expected to be recovered within one year (inclusive) | | 171,522,613.57 | | 192,971,231.47 |
| Expected to be recovered after one year | | 587,032,861.34 | | 282,912,173.14 |
| | | 758,555,474.91 | | 475,883,404.61 |

(b) Deductible tax losses and deductible temporary differences that are not recognised as deferred tax assets are analysed as follows:

| | 31 December 2018 | 31 December 2017 |
|----------------------------------|------------------|------------------|
| Deductible tax losses (c) | 1,983,381,113.08 | 1,254,860,838.24 |
| Deductible temporary differences | 35,779,714.55 | 13,283,585.45 |
| | 2,019,160,827.63 | 1,268,144,423.69 |

(c) The following table shows unrecognised tax losses based on its expiration date:

| | 31 December 2018 | 31 December 2017 |
|---------------------------|------------------|------------------|
| 2018 | – | 57,636,989.67 |
| 2019 | 382,184,105.91 | 349,611,108.23 |
| 2020 | 207,216,534.82 | 155,846,422.30 |
| 2021 | 262,402,324.95 | 232,607,985.61 |
| 2022 | 209,567,751.03 | 253,609,419.57 |
| 2023 and subsequent years | 922,010,396.37 | 205,548,912.86 |
| | 1,983,381,113.08 | 1,254,860,838.24 |

(d) Deferred tax liabilities before offsetting

| | 31 December 2018 | | 31 December 2017 | |
|---|------------------------------|--------------------------|------------------------------|--------------------------|
| | Taxable temporary difference | Deferred tax liabilities | Taxable temporary difference | Deferred tax liabilities |
| Changes in fair value of available-for-sale financial assets | 110,043,220.00 | 27,510,805.00 | 150,000,000.00 | 37,500,000.00 |
| Changes in fair value upon reclassification of remaining equity of Hive Box Technology to available-for-sale financial assets | 446,796,225.96 | 111,699,056.49 | 446,796,225.96 | 111,699,056.49 |
| Depreciation of fixed assets | 1,543,907,080.21 | 350,447,802.47 | 306,016,266.56 | 75,844,812.74 |
| Appreciation in asset value arising from business combination involving enterprises not under common control | 955,722,159.84 | 218,485,004.96 | 45,713,787.00 | 6,857,068.05 |
| Unrealised profits from internal transactions | 12,163,386.92 | 3,040,846.73 | – | – |
| | 3,068,632,072.93 | 711,183,515.65 | 948,526,279.52 | 231,900,937.28 |
| Including: | | | | |
| Expected to be recovered within one year (inclusive) | | 114,632,346.16 | | 29,821,015.10 |
| Expected to be recovered after one year | | 596,551,169.49 | | 202,079,922.18 |
| | | 711,183,515.65 | | 231,900,937.28 |

(e) The net balances of deferred tax assets and liabilities after offsetting are as follows:

| | 31 December 2018 | 31 December 2017 |
|-------------------------------|------------------|------------------|
| Deferred tax assets, net | 584,462,905.44 | 414,917,181.74 |
| Deferred tax liabilities, net | 537,090,946.18 | 170,934,714.41 |

(36) Share capital

| | 31 December 2017 | Increase in the current year | Decrease in the current year | 31 December 2018 |
|--|------------------|------------------------------|------------------------------|------------------|
| Ordinary shares denominated in RMB (Note 9(1)) | 4,411,015,524.00 | 7,788,643.00 | (36,909.00) | 4,418,767,258.00 |

| | 31 December 2016 | Increase in the current year | Decrease in the current year | 31 December 2017 |
|--|------------------|------------------------------|------------------------------|------------------|
| Ordinary shares denominated in RMB (Note 1(3)) | 4,183,678,213.00 | 227,337,311.00 | – | 4,411,015,524.00 |

(37) Capital reserve

| | 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 (Note 5(2)) | 213,592,671.52 | – | (289,618,692.87) | (76,026,021.35) |
| – Share-based payment in capital contribution by shareholders (Note 4(38)) | – | 193,421,631.34 | (76,652.05) | 193,344,979.29 |
| Other capital reserve | | | | |
| – Amount of share-based payments recognised in capital reserve (Note 9(2)(a)) | 419,902.42 | 40,149,950.44 | – | 40,569,852.86 |
| – Others (i) | 104,066,451.66 | 62,921,055.61 | (23,721,529.35) | 143,265,977.92 |
| | 16,086,543,402.55 | 296,492,637.39 | (313,416,874.27) | 16,069,619,165.67 |

| | 31 December 2016 | Increase in the current year | Decrease in the current year | 31 December 2017 |
|--|------------------|------------------------------|------------------------------|-------------------|
| Capital premium | | | | |
| – Capital contribution by shareholders | 8,229,240,937.62 | 7,604,681,212.80 | (65,457,773.47) | 15,768,464,376.95 |
| – Business combinations involving enterprises under common control (Note 5(2)) | 452,420,140.83 | (238,827,469.31) | – | 213,592,671.52 |
| Other capital reserve | | | | |
| – Hive Box Technology (ii) | – | 152,851,299.29 | (152,851,299.29) | – |
| – Amount of share-based payments recognised in capital reserve (Note 9(2)(a)) | – | 419,902.42 | – | 419,902.42 |
| – Others (i) | 7,457,404.02 | 100,947,903.75 | (4,338,856.11) | 104,066,451.66 |
| | 8,689,118,482.47 | 7,620,072,848.95 | (222,647,928.87) | 16,086,543,402.55 |

(i) The increase in others mainly represents the increase in the net assets in the associates, which is calculated at the changed shareholding, subsequent to the capital injection from external investors to the associates invested by the Group, amounting to RMB58,273,359.26 (2017: RMB100,947,903.75). The decrease in others mainly represents the disposal of part of the equity in the associates.

(ii) The movement in other capital reserve represents the increase in the capital reserve of Hive Box Technology, which is attributable to the Group's capital injection to its associate Hive Box Technology, and is calculated at the net assets of Hive Box Technology in January 2017, amounting to RMB152,851,299.29. The Group transferred 15.8636% equity it held in Hive Box Technology to Shenzhen Weirong Enterprise Development Co., Ltd. in August 2017. As it no longer had significant influence over decision making and operations of Hive Box Technology, the remaining 15% equity in Hive Box Technology was reclassified to available-for-sale financial assets at fair value, and the transfer of capital reserve incurred.

(38) Treasury stock

| | 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(27)).

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.

(39) Special reserve

| | 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) | – |

| | 31 December 2016 | Increase in the current year | Decrease in the current year | 31 December 2017 |
|----------------|------------------|------------------------------|------------------------------|------------------|
| Safety reserve | – | 4,203,637.41 | (4,203,637.41) | – |

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.

(40) Surplus reserve

| | 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 |

| | 31 December 2016 | Increase in the current year | Decrease in the current year | 31 December 2017 |
|---------------------------|------------------|------------------------------|------------------------------|------------------|
| Statutory surplus reserve | 272,113,202.75 | 314,388,324.66 | – | 586,501,527.41 |

(41) Retained earnings

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Retained earnings at the beginning of the year before restatement | 11,494,769,383.51 | 7,552,595,222.64 |
| Less: Business combinations involving enterprises under common control | (16,040,651.53) | (2,963,334.79) |
| Retained earnings at the beginning of the year after restatement | 11,478,728,731.98 | 7,549,631,887.85 |
| Add: Net profit attributable to shareholders of the parent company | 4,556,048,279.54 | 4,774,131,883.45 |
| Less: Ordinary share dividends payable (a) | (970,668,313.34) | (418,367,821.30) |
| Appropriation to statutory surplus reserve | (14,631,362.91) | (314,388,324.66) |
| Appropriations to general risk reserve | (89,325,599.29) | (95,759,396.32) |
| Dividend paid to Mingde Holding before business combinations involving enterprises under common control | – | (16,519,497.04) |
| Retained earnings at the end of the year | 14,960,151,735.98 | 11,478,728,731.98 |

(a) The Company held a shareholders' meeting on 4 April 2018. On the basis of the total share capital of 4,413,572,185 shares, cash dividends of RMB970,985,880.70 were distributed to all shareholders at RMB2.2 (including tax) per 10 shares. As at 31 December 2018, the above cash dividends were paid.

In 2018, the Company adjusted ordinary share dividends by RMB317,567.36 in total (including 36,909 shares of the unregistered restricted shares corresponding to ordinary share dividends of RMB8,119.99) based on the number of restricted shares that are expected not to be unlocked (resignation or ineffectiveness) in the restricted shares incentive plan for 2017.

(42) Revenue and cost of revenue

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Revenue from main operations (a) | 90,854,228,239.16 | 71,231,394,949.03 |
| Revenue from other operations (b) | 88,466,000.67 | 41,238,173.75 |
| Total revenue | 90,942,694,239.83 | 71,272,633,122.78 |
| Cost of revenue from main operations (a) | 74,610,333,960.48 | 56,889,127,026.86 |
| Cost of revenue from other operations (b) | 31,848,903.24 | 15,968,614.85 |
| Total cost of revenue | 74,642,182,863.72 | 56,905,095,641.71 |

(a) Revenue and cost of revenue from main operations:

| | 2018 | | 2017 | |
|---------------------|------------------------------|--------------------------------------|------------------------------|--------------------------------------|
| | Revenue from main operations | Cost of revenue from main operations | Revenue from main operations | Cost of revenue from main operations |
| Express & logistics | 89,676,881,499.50 | 73,675,519,358.46 | 70,608,565,493.18 | 56,506,521,186.67 |
| Sales of goods | 405,959,567.40 | 398,686,974.32 | 79,083,947.06 | 75,152,901.59 |
| Others | 771,387,172.26 | 536,127,627.70 | 543,745,508.79 | 307,452,938.60 |
| | 90,854,228,239.16 | 74,610,333,960.48 | 71,231,394,949.03 | 56,889,127,026.86 |

(b) Revenue and cost of revenue from other operations:

| | 2018 | | 2017 | |
|------------------------|-------------------------------|---------------------------------------|-------------------------------|---------------------------------------|
| | Revenue from other operations | Cost of revenue from other operations | Revenue from other operations | Cost of revenue from other operations |
| Disposals of materials | 29,358,790.06 | 14,676,459.15 | 9,721,139.51 | 3,309,631.11 |
| Others | 59,107,210.61 | 17,172,444.09 | 31,517,034.24 | 12,658,983.74 |
| | 88,466,000.67 | 31,848,903.24 | 41,238,173.75 | 15,968,614.85 |

(43) Taxes and surcharges

| | 2018 | 2017 | Payment criterion |
|---------------------------------------|----------------|----------------|-------------------|
| City maintenance and construction tax | 75,561,123.02 | 73,240,998.56 | Refer to Note 3 |
| Educational surcharge | 55,991,878.53 | 54,969,594.30 | Refer to Note 3 |
| Property tax | 32,880,638.82 | 19,452,080.15 | |
| Land use tax | 10,549,111.63 | 10,800,571.50 | |
| Stamp tax | 46,555,242.38 | 40,298,080.29 | |
| Flood-control project expenses | 445,844.77 | 853,438.90 | |
| Others | 319,592.45 | 1,247,956.04 | |
| | 222,303,431.60 | 200,862,719.74 | |

(44) Selling and distribution expenses

| | 2018 | 2017 |
|--|------------------|------------------|
| Employee benefits | 686,306,277.84 | 502,469,909.16 |
| Information technology service – Outsourcing | 403,030,331.79 | 413,643,942.56 |
| Marketing expenses | 298,133,295.08 | 177,167,117.65 |
| IT and information platform expenses | 185,748,081.85 | 122,809,256.31 |
| Office and rental fees | 119,566,629.71 | 93,496,964.09 |
| Supply and material expenses | 52,113,711.41 | 26,610,001.01 |
| Depreciation and amortisation expenses | 22,459,425.83 | 19,961,406.88 |
| Travelling and transportation expenses | 24,699,201.96 | 12,176,754.20 |
| Others | 33,760,955.00 | 18,753,778.83 |
| | 1,825,817,910.47 | 1,387,089,130.69 |

(45) General and administrative expenses

| | 2018 | 2017 |
|--|------------------|------------------|
| Employee benefits | 6,724,091,315.53 | 5,364,830,134.80 |
| Office and rental fees | 473,605,112.09 | 404,653,342.78 |
| Depreciation and amortisation expenses | 366,137,543.72 | 187,333,975.37 |
| Professional service fees | 239,462,576.03 | 313,224,713.07 |
| Travelling and transportation expenses | 161,084,549.97 | 119,515,295.05 |
| Supply and material expenses | 97,567,382.30 | 106,932,704.25 |
| Entertainment expenses | 175,392,660.75 | 147,255,136.20 |
| Taxes | 39,583,805.48 | 42,725,588.45 |
| Others | 137,228,934.03 | 64,481,086.34 |
| | 8,414,153,879.90 | 6,750,951,976.31 |

(46) Research and development expenses

| | 2018 | 2017 |
|--|----------------|----------------|
| Employee benefits | 544,051,635.60 | 366,219,907.95 |
| Outsourcing cost | 59,004,562.28 | 56,173,774.83 |
| IT and information platform expenses | 102,454,637.15 | 44,590,846.18 |
| Office and rental fees | 26,195,763.30 | 23,249,628.70 |
| Supply and material expenses | 26,536,787.74 | 4,009,270.77 |
| Depreciation and amortisation expenses | 151,325,275.76 | 113,057,138.00 |
| Travelling and transportation expenses | 14,710,173.13 | 6,441,036.32 |
| Professional service fees | 28,569,568.60 | 24,416,708.20 |
| Others | 31,465,744.97 | 10,772,775.44 |
| | 984,314,148.53 | 648,931,086.39 |

(47) Finance costs

| | 2018 | 2017 |
|---|------------------|------------------|
| Interest on borrowings | 660,810,646.25 | 570,232,518.81 |
| Less: Capitalised interest (Note 4(15)) | (16,643,337.54) | (8,886,293.73) |
| Interest expenses | 644,167,308.71 | 561,346,225.08 |
| Less: Interest income | (397,343,661.05) | (357,130,263.32) |
| Net gains on exchange | (21,720,989.54) | (7,998,051.43) |
| Commission expenses and others | 61,642,830.64 | 62,823,409.29 |
| | 286,745,488.76 | 259,041,319.62 |

(48) 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:

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Employee benefits | 19,961,980,364.33 | 16,422,305,279.23 |
| Outsourcing cost | 40,025,317,274.73 | 28,334,628,170.27 |
| Transportation cost | 9,411,441,306.44 | 8,237,922,679.13 |
| Including: Aircraft maintenance costs | 185,788,495.36 | 154,847,646.68 |
| Office and rental fees | 5,567,316,192.55 | 3,907,869,232.80 |
| Supply and material expenses | 3,922,423,117.73 | 3,127,107,660.16 |
| Depreciation and amortisation expenses | 3,509,221,039.57 | 3,055,442,822.22 |
| IT and information platform expenses | 554,651,107.24 | 415,254,941.82 |
| Customs cost | 300,701,658.15 | 324,562,393.54 |
| Claims expenses | 683,462,523.74 | 586,240,768.60 |
| Marketing expenses | 298,133,295.08 | 177,167,117.65 |
| Professional service fees | 279,728,473.27 | 347,068,520.24 |
| Travelling and transportation expenses | 270,365,368.71 | 191,422,151.17 |
| Cost of revenue of goods | 398,686,974.32 | 75,152,901.59 |
| Taxes | 45,162,025.03 | 54,930,674.16 |
| Others | 637,878,081.73 | 434,992,522.52 |
| | 85,866,468,802.62 | 65,692,067,835.10 |

For the year ended 31 December 2018, the Group's government grants which were offset against expenses amounted to RMB56,137,375.56 (for the year ended 31 December 2017: RMB81,398,938.50) and were fully offset against the cost of revenue. Therein, the amount that was recognised in non-recurring profit or loss amounted to RMB47,102,969.56 (2017: RMB35,313,305.50).

(49) Asset impairment losses

| | 2018 | 2017 |
|--|----------------|---------------|
| Loss from bad debts | 51,905,131.22 | 56,625,421.08 |
| Loss from impairment of factoring receivables | 2,275,451.01 | 652,854.13 |
| Impairment loss on loans and advances | 9,640,877.71 | 651,421.64 |
| Impairment loss on long-term equity investments | 28,236,883.66 | – |
| Impairment loss on available-for-sale financial assets | 11,482,182.39 | 13,602,267.18 |
| | 103,540,525.99 | 71,531,964.03 |

(50) Other income

| | 2018 | 2017 | Related to assets/income |
|---|----------------|----------------|--------------------------|
| Fiscal appropriation for logistics | 144,766,971.63 | 98,689,262.94 | Related to income |
| Grant from Social Security Bureau | 19,860,575.61 | 24,093,678.11 | Related to income |
| Tax refund | 18,807,757.01 | 16,155,261.35 | Related to income |
| Amortisation of deferred income (Note 4(34)) | 29,533,984.66 | 28,989,578.50 | Related to assets |
| | 212,969,288.91 | 167,927,780.90 | |

(51) Investment income

| | 2018 | 2017 |
|--|------------------|------------------|
| Investment income from disposal of subsidiaries (Note 5(3)) | 807,518,533.61 | – |
| Investment income from wealth management products | 227,902,235.45 | 166,000,339.84 |
| Investment income from available-for-sale financial assets | 42,815,761.11 | 20,465,870.75 |
| Investment income from entrusted loans | 43,383,150.79 | 108,980,457.12 |
| Share of net gains or losses of investees under the equity method (Note 4(12)) | (37,319,918.07) | (125,212,855.06) |
| Investment income from financial assets held for trading | 24,224.78 | 5,882,212.38 |
| Gains/(Losses) arising from disposal of other long-term equity investments | 84,832,447.27 | (15,039,906.11) |
| (Losses)/Gains from disposal of available-for-sale financial assets | (2,670,436.99) | 473,358.14 |
| Investment income from equity transfer of Hive Box Technology | – | 567,245,136.79 |
| Investment income from remeasurement of remaining equity held in Hive Box Technology at fair value | – | 536,364,825.88 |
| | 1,166,485,997.95 | 1,265,159,439.73 |

The Group has no significant repatriation restrictions on investment income.

(52) Losses arising from changes in fair value

| | 2018 | 2017 |
|--|--------------|--------------|
| Losses arising from changes in fair value of financial assets/ liabilities held for trading | 5,784,709.35 | 3,198,658.84 |

(53) Losses on disposal of assets

| | 2018 | Amount recognised in non-recurring profit or loss in 2018 | 2017 | Amount recognised in non-recurring profit or loss in 2017 |
|---|-----------------|--|-----------------|--|
| Gains on disposals of fixed assets | 25,788,735.76 | 25,788,735.76 | 21,214,737.04 | 21,214,737.04 |
| Losses on disposals of fixed assets | (41,717,395.49) | (41,717,395.49) | (38,829,161.22) | (38,829,161.22) |
| Losses on disposal of intangible assets | (3,259,016.31) | (3,259,016.31) | - | - |
| | (19,187,676.04) | (19,187,676.04) | (17,614,424.18) | (17,614,424.18) |

(54) Non-operating income and expenses

(a) Non-operating income

| | 2018 | Amount recognised in non-recurring profit or loss in 2018 | 2017 | Amount recognised in non-recurring profit or loss in 2017 |
|-----------------------|----------------|--|----------------|--|
| Government grants (i) | 35,371,589.03 | 35,371,589.03 | 28,089,540.04 | 28,089,540.04 |
| Compensation income | 22,082,294.41 | 22,082,294.41 | 31,510,603.25 | 31,510,603.25 |
| Income from penalty | 1,718,312.94 | 1,718,312.94 | 772,820.43 | 772,820.43 |
| Others | 88,877,736.96 | 88,877,736.96 | 67,597,605.27 | 67,597,605.27 |
| | 148,049,933.34 | 148,049,933.34 | 127,970,568.99 | 127,970,568.99 |

(i) Details of government grants

| | 2018 | Related to assets/ income | 2017 | Related to assets/ income |
|------------------------------|---------------|------------------------------|---------------|------------------------------|
| General fiscal appropriation | 30,955,686.24 | Related to income | 19,003,727.61 | Related to income |
| Others | 4,415,902.79 | Related to income | 9,085,812.43 | Related to income |
| | 35,371,589.03 | | 28,089,540.04 | |

(b) Non-operating expenses

| | 2018 | Amount recognised in non-recurring profit or loss in 2018 | 2017 | Amount recognised in non-recurring profit or loss in 2017 |
|-----------------------------|---------------|---|---------------|---|
| Compensation expenses | 21,264,208.09 | 21,264,208.09 | 32,077,867.19 | 32,077,867.19 |
| Donation expenses | 25,445,621.61 | 25,445,621.61 | 3,480,537.47 | 3,480,537.47 |
| Penalties and overdue fines | 16,887,897.37 | 16,887,897.37 | 13,207,512.92 | 13,207,512.92 |
| Others | 35,022,355.44 | 35,022,355.44 | 27,162,952.84 | 27,162,952.84 |
| | 98,620,082.51 | 98,620,082.51 | 75,928,870.42 | 75,928,870.42 |

(55) Income tax expenses

| | 2018 | 2017 |
|---------------------|------------------|------------------|
| Current income tax | 1,404,748,211.84 | 1,646,488,006.64 |
| Deferred income tax | (1,468,101.10) | 111,666,327.27 |
| | 1,403,280,110.74 | 1,758,154,333.91 |

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:

| | 2018 | 2017 |
|---|------------------|------------------|
| Total profit | 5,867,548,743.16 | 6,513,445,120.47 |
| Income tax expenses calculated at the standard tax rate of 25% | 1,466,887,185.79 | 1,628,361,280.12 |
| Costs, expenses and losses not deductible for tax purposes | 94,012,585.77 | 114,825,259.98 |
| Effect of last-year tax filing differences | 14,198,722.27 | 59,073,489.24 |
| Effect of different tax rates among different subsidiaries and branches on income tax expenses | (45,766,530.23) | (48,774,870.49) |
| Deductible tax losses and deductible temporary differences for which no deferred tax asset was recognised in the current period | 187,579,392.14 | 74,586,147.68 |
| Reversal of deductible losses for which deferred tax assets were recognised in prior period | 13,425,229.86 | 64,600,164.57 |
| Utilisation of deductible tax losses and other deductible temporary differences for which no deferred tax asset was recognised in prior periods | (67,116,373.53) | (107,466,069.37) |
| Recognition of deductible tax losses and other deductible temporary differences for which no deferred tax asset was recognised in prior periods | (21,392,488.98) | (16,963,766.96) |
| Tax preference | (22,040,012.00) | (7,450,693.28) |
| Income not subject to tax | (216,507,600.35) | (2,636,607.58) |
| Income tax expenses | 1,403,280,110.74 | 1,758,154,333.91 |

(56) 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:

| | 2018 | 2017 |
|--|------------------|------------------|
| Consolidated net profit attributable to ordinary shareholders of the parent company | 4,556,048,279.54 | 4,774,131,883.45 |
| 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 | 4,555,803,381.48 | 4,774,131,883.45 |
| Weighted average number of outstanding ordinary shares of the Company | 4,411,015,524.00 | 4,278,402,092.58 |
| Basic earnings per share | 1.03 | 1.12 |
| Including: | | |
| – Basic earnings per share from continuing operations | 1.03 | 1.12 |

(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 2018, the Company had dilutive potential ordinary shares (2017: the same):

| | 2018 | 2017 |
|---|------------------|------------------|
| Consolidated net profit attributable to ordinary shareholders of the parent company | 4,556,048,279.54 | 4,774,131,883.45 |
| Weighted average number of outstanding ordinary shares of the Company | 4,411,015,524.00 | 4,278,402,092.58 |
| Weighted average number of ordinary shares increased from share-based payment | 330,596.60 | 131,851.14 |
| Weighted average number of outstanding diluted ordinary shares | 4,411,346,120.60 | 4,278,533,943.72 |
| Diluted earnings per share | 1.03 | 1.12 |

(57) Minority interests

| | 31 December 2018 | 31 December 2017 |
|-------------------|------------------|------------------|
| Havi Hong Kong | 190,294,212.29 | – |
| Beijing Deda | 120,633,401.06 | – |
| Xiamen Ruite | 46,511,906.07 | 57,095,962.02 |
| Shunxin Express | (9,492,458.61) | – |
| Chengdu Fengcheng | (15,272,143.06) | (14,536,785.66) |
| Others | 20,256,715.52 | 9,246,258.04 |
| | 352,931,633.27 | 51,805,434.40 |

(58) Other comprehensive income

Other comprehensive income, the related income tax effect and the reclassifications to profit or loss in 2018 and 2017:

| | Other comprehensive income in the 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 | Less: Reclassification of other comprehensive income to profit or loss | Less: Income tax effect | Attributable to the parent company – net of tax | Attributable to minority shareholders – net of tax |
| 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) |

| | Other comprehensive income in the balance sheet | | | Other comprehensive income in the income statement for the year ended 31 December 2017 | | | | |
|--|---|---|------------------|--|--|-------------------------|---|--|
| | 31 December 2016 | Attributable to the parent company in the current year – net of tax | 31 December 2017 | Amount incurred before tax | Less: Reclassification of other comprehensive income to profit or loss | Less: Income tax effect | Attributable to the parent company – net of tax | Attributable to minority shareholders – net of tax |
| Exchange differences on translation of foreign currency financial statements | 262,202,380.74 | (245,043,366.43) | 17,159,014.31 | (245,620,746.84) | – | – | (245,043,366.43) | (577,380.41) |
| Changes in fair value of available-for-sale financial assets | 4,480,306.19 | 198,190,912.33 | 202,671,218.52 | 232,895,737.07 | 2,052,639.81 | (36,757,464.55) | 198,190,912.33 | – |
| | 266,682,686.93 | (46,852,454.10) | 219,830,232.83 | (12,725,009.77) | 2,052,639.81 | (36,757,464.55) | (46,852,454.10) | (577,380.41) |

(59) Notes to the cash flow statement**(a) Cash received relating to other operating activities**

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Inflows from cash on delivery service | 53,381,630,346.54 | 46,106,140,965.30 |
| Wealth management funds received on behalf of other parties | 727,997,882.73 | 1,705,582,175.88 |
| Interest income | 419,273,016.58 | 306,608,635.22 |
| Government grants | 341,355,923.66 | 249,305,081.96 |
| Finance lease received | 243,191,644.72 | 306,924,820.24 |
| Net cash received from/(paid for) Mingde Holding | 135,986,018.76 | 5,102,677.53 |
| Others | 763,679,118.62 | 729,932,840.96 |
| | 56,013,113,951.61 | 49,409,597,197.09 |

(b) Cash paid relating to other operating activities

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Outflows from cash on delivery service | 53,515,893,951.84 | 45,841,440,692.31 |
| Office and rental fees | 6,088,343,114.49 | 3,862,121,790.48 |
| Wealth management funds paid on behalf of other parties | 1,090,386,560.21 | 1,450,782,872.35 |
| Claims expenses | 683,462,523.74 | 586,240,768.60 |
| IT and information platform expenses | 587,930,173.67 | 413,118,500.52 |
| Marketing expenses | 316,021,292.78 | 172,662,547.67 |
| Customs cost | 306,136,772.25 | 315,401,710.86 |
| Professional service fees | 310,655,816.01 | 326,969,933.01 |
| Travelling and transportation expenses | 286,587,290.83 | 191,027,239.59 |
| Entertainment expenses | 188,700,889.11 | 147,587,707.42 |
| Bank charges | 61,642,830.64 | 66,544,031.92 |
| Compensation and penalty | 38,152,105.46 | 45,285,380.11 |
| Donation expenses | 25,445,621.61 | 3,480,537.47 |
| Others | 2,004,410,302.60 | 1,153,867,906.82 |
| | 65,503,769,245.24 | 54,576,531,619.13 |

(c) Cash received relating to other investing activities

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Redemption of monetary funds bank wealth management products | 44,627,517,778.79 | 46,229,952,880.37 |

(d) Cash paid relating to other investing activities

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Purchase of monetary funds and bank wealth management products | 41,569,033,887.78 | 43,434,370,278.74 |
| Deposits for land bidding | – | 30,000,000.00 |
| | 41,569,033,887.78 | 43,464,370,278.74 |

(e) Cash received relating to other financing activities

| | 2018 | 2017 |
|---|------------------|------------------|
| Proceeds from transferring factoring-related creditor's rights | 945,563,375.34 | 1,494,087,556.37 |
| Proceeds from issuing wealth management products | 116,078,608.18 | 3,983,373,030.51 |
| Capital injection by former shareholders to subsidiaries under business combinations involving enterprises under common control | 92,134,312.60 | 127,087,949.00 |
| | 1,153,776,296.12 | 5,604,548,535.88 |

(f) Cash paid relating to other financing activities

| | 2018 | 2017 |
|--|------------------|------------------|
| Payment to investors upon maturity of wealth management products | 1,381,900,204.51 | 3,108,726,087.77 |
| Payment to investors upon transferring factoring-related creditor's rights | 1,461,994,252.28 | 1,511,227,232.93 |
| Payment for acquiring subsidiaries under common control | 351,722,101.00 | 379,759,244.50 |
| Stamp tax relating to material assets restructuring | – | 21,250,000.00 |
| Agency fee relating to material assets restructuring | – | 52,100,337.31 |
| Registration fee for additional public offering | – | 845,018.59 |
| Others | 19,327,244.26 | – |
| | 3,214,943,802.05 | 5,073,907,921.10 |

(60) Supplementary information to the cash flow statement**(a) Notes to the cash flow statement**

Reconciliation from net profit to cash flows from operating activities:

| | 2018 | 2017 |
|--|--------------------|--------------------|
| Net profit | 4,464,268,632.42 | 4,755,290,786.56 |
| Add: Asset impairment losses | 103,540,525.99 | 71,531,964.03 |
| Depreciation of fixed assets | 2,547,483,700.52 | 2,345,615,320.01 |
| Depreciation of investment properties | 50,660,263.82 | 46,222,955.19 |
| Amortisation of intangible assets | 387,943,631.21 | 225,688,373.34 |
| Amortisation of long-term prepaid expenses | 523,133,444.02 | 438,045,679.38 |
| Net losses on disposal of long-term assets | 19,187,676.04 | 17,614,424.18 |
| Gains or losses arising from changes in fair value | 5,784,709.35 | 3,198,658.84 |
| Finance costs | 611,764,977.33 | 558,970,064.69 |
| Investment income | (1,166,485,997.95) | (1,265,159,439.73) |
| Recognised expenses on share-based payments | 41,496,186.85 | 4,818,767.19 |
| (Increase)/Decrease in deferred tax assets | (272,508,189.16) | 24,365,272.00 |
| Increase in deferred tax liabilities | 271,040,088.06 | 88,909,471.39 |
| Amortisation of deferred income | (29,533,984.66) | (28,989,578.50) |
| Increase in inventories | (269,460,157.60) | (50,345,352.10) |
| Increase in operating receivables | (2,010,815,766.41) | (4,358,477,372.36) |
| Increase in operating payables | 147,386,052.28 | 3,456,632,529.68 |
| Net cash flows from operating activities | 5,424,885,792.11 | 6,333,932,523.79 |

Net increase/(decrease) in cash and cash equivalents

| | 2018 | 2017 |
|--|---------------------|--------------------|
| Cash and cash equivalents at the end of the year | 15,299,270,711.01 | 16,149,528,832.48 |
| Less: Cash and cash equivalents at the beginning of the year | (16,149,528,832.48) | (6,646,302,716.12) |
| Net (decrease)/increase in cash and cash equivalents | (850,258,121.47) | 9,503,226,116.36 |

(b) Cash and cash equivalents

| | 31 December 2018 | 31 December 2017 |
|---|-------------------|-------------------|
| Cash on hand | 1,333,057.53 | 325,311.33 |
| Cash at bank that can be readily drawn on demand | 15,164,028,170.83 | 16,033,555,646.64 |
| Other cash balances that can be readily drawn on demand | 61,912,773.22 | 42,850,535.45 |
| Other balances that can be readily drawn on demand | 71,996,709.43 | 72,797,339.06 |
| | 15,299,270,711.01 | 16,149,528,832.48 |

(c) Acquisition of subsidiaries

| | 2018 | 2017 |
|--|--------------------|--------------|
| Cash and cash equivalents paid in the current year for business combination incurred in the current year | 1,005,032,581.51 | 6,288,981.47 |
| Including: Havi Hong Kong | 936,564,569.51 | – |
| Shunxin Express | 20,858,612.00 | – |
| Other acquirees | 47,609,400.00 | 6,288,981.47 |
| Less: Cash and cash equivalents held by subsidiaries at the acquisition date | (1,218,393,822.76) | (551,347.70) |
| Including: Havi Hong Kong | (101,392,562.15) | – |
| Cash received from the subsidiaries acquired in equity replacement (Note 5(3)) | (1,105,000,000.00) | – |
| Other acquirees | (12,001,260.61) | (551,347.70) |
| Net cash (received from)/paid for acquisitions of subsidiaries | (213,361,241.25) | 5,737,633.77 |

Net assets of subsidiaries acquired

| | 31 December 2018 | 31 December 2017 |
|-------------------------|------------------|------------------|
| Current assets | 1,326,457,940.42 | 4,547,757.60 |
| Non-current assets | 244,847,585.87 | 12,193,722.21 |
| Current liabilities | (176,745,738.28) | (3,084,561.20) |
| Non-current liabilities | (21,562,125.45) | – |
| | 1,372,997,662.56 | 13,656,918.61 |

(61) Monetary items denominated in foreign currency

As at 31 December 2018 and 31 December 2017, 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 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 |
| Notes and accounts receivables – | | | | |
| RMB | 6,584,773.28 | 1.1413 | 7,515,201.74 | 6,584,773.28 |
| Notes and accounts payables – | | | | |
| RMB | 30,803.76 | 1.1413 | 35,156.33 | 30,803.76 |

| | 31 December 2017 | | | |
|----------------------------------|---------------------------------|----------------------|-------------------|-------------------|
| | Amount in the original currency | Exchange rate to HKD | Equivalent to HKD | Equivalent to RMB |
| Cash at bank and on hand – | | | | |
| RMB | 43,041,467.58 | 1.1963 | 51,490,507.67 | 43,041,467.16 |
| USD | 5,090,954.48 | 7.8169 | 39,795,482.07 | 33,265,314.76 |
| Notes and accounts receivables – | | | | |
| USD | 1,673,537.25 | 7.8169 | 13,081,873.33 | 10,935,227.10 |
| Notes and accounts payables – | | | | |
| RMB | 1,620,295.89 | 1.1963 | 1,938,359.97 | 1,620,295.89 |
| USD | 1,887,630.47 | 7.8169 | 14,755,418.62 | 12,334,155.02 |

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

| Acquiree | Timing of acquisition | Acquisition cost | % interest acquired | Method of acquisition | Acquisition date | Basis for determining the acquisition date |
|--|-----------------------|------------------|---------------------|-----------------------|-------------------|--|
| Shunxin Express (b) | 1 March 2018 | 238,980,712.23 | 58.72% | Equity transfer | 1 March 2018 | Transfer of control right |
| Shenzhen Fengle Property Co., Ltd. | 28 May 2018 | 2,098,660.82 | 60% | Equity transfer | 28 May 2018 | Completion of equity delivery |
| Havi Hong Kong (c) | 31 July 2018 | 936,564,569.51 | 75% | Equity transfer | 31 July 2018 | Completion of equity delivery |
| Alashankou International Express Railway Co., Ltd. | 20 August 2018 | 1.00 | 70% | Equity transfer | 30 August 2018 | Completion of equity delivery |
| Beijing Deda | 30 September 2018 | 127,609,400.00 | 51% | Equity transfer | 30 September 2018 | Completion of equity delivery |

The total amount of revenue, net loss, cash flows from operating activities and net cash flows of these companies for the period from the acquisition date to the end of the year were RMB1,246,386,825.64, RMB179,426,135.65, RMB8,245,464.40 and RMB143,755,940.84, respectively.

(b) Shunxin Express

On 1 March 2018, the Group acquired certain assets of Guangdong Xinbang Logistics Co., Ltd. ("Xinbang Logistics") from an independent third party through Shunxin Express and accepted relevant personnel and businesses of Xinbang Logistics. Although the above acquired assets do not reach the qualification of an independent legal entity, they are capable of investing, processing and producing and related costs or revenue can be independently accounted for. So such transaction is considered as a business combination.

Details of the costs of combination and goodwill recognised are as follows:

| | Shunxin Express |
|---|-----------------|
| Combination cost | |
| – Cash | 238,980,712.23 |
| Less: Fair value of the share of identifiable net assets acquired | (89,393,587.50) |
| Goodwill | 149,587,124.73 |

(c) Havi Hong Kong

On 31 July 2018 (the "acquisition date"), the Group completed the acquisition of 75% equity of Havi Hong Kong with a consideration of RMB 936,564,569.51. As at the acquisition date, the Group controlled Havi Hong Kong, and included Havi Hong Kong in the scope of consolidation.

(i) Details of the consideration of combination and goodwill recognised are as follows:

| | Havi Hong Kong |
|---|------------------|
| Consideration | |
| – Cash | 936,564,569.51 |
| Less: Fair value of the share of identifiable net assets acquired | (585,489,693.73) |
| Goodwill | 351,074,875.78 |

(ii) The assets and liabilities of Havi Hong Kong as at 31 July 2018 (the “acquisition date”) are as follows:

| | Fair value on the acquisition date | Carrying amount on the acquisition date | Carrying amount on 31 December 2017 |
|--------------------------------|------------------------------------|---|-------------------------------------|
| Cash at bank and on hand | 101,392,562.15 | 101,392,562.15 | 130,988,589.50 |
| Notes and accounts receivables | 158,481,032.55 | 158,481,032.55 | 176,804,285.34 |
| Inventories | 102,230,840.56 | 102,230,840.56 | 102,493,791.50 |
| Other current assets | 20,287,199.13 | 20,287,199.13 | 26,639,746.03 |
| Fixed assets | 274,361,704.04 | 207,761,856.35 | 213,063,220.11 |
| Construction in progress | 7,086,118.62 | 7,086,118.62 | 2,672,361.65 |
| Intangible assets | 758,382,177.34 | 23,003,177.34 | 28,175,990.97 |
| Long-term prepaid expenses | – | – | 2,605,074.03 |
| Deferred tax assets | 5,029,368.73 | 5,029,368.73 | 4,472,535.12 |
| Less: Short-term borrowings | (45,900,000.00) | (45,900,000.00) | (55,603,855.74) |
| Notes and accounts payables | (97,650,382.37) | (97,650,382.37) | (120,802,487.18) |
| Employee benefits payable | (36,749,555.76) | (36,749,555.76) | (64,890,164.43) |
| Other payables | (168,731,115.28) | (168,731,115.28) | (198,698,149.64) |
| Long-term borrowings | (104,107,440.00) | (104,107,440.00) | (83,026,631.77) |
| Deferred tax liabilities | (190,602,627.19) | (103,221.30) | (105,404.23) |
| Other liabilities | (2,856,957.55) | (2,856,957.55) | (21,761,849.64) |
| Net assets | 780,652,924.97 | 169,173,483.17 | 143,027,051.62 |
| Less: Minority interests | (195,163,231.24) | (42,293,370.79) | – |
| Net assets acquired | 585,489,693.73 | 126,880,112.38 | 143,027,051.62 |

As at the acquisition date, the fair value of identifiable net assets exceeded Havi Hong Kong’s carrying amount by approximately RMB611 million, mainly including the recognition of intangible assets (trademark rights and customer relationships) and the appreciation of land use rights and warehouses. The Group has engaged an independent valuer to assist in the identification and assessment of the fair value of HAVI Hong Kong’s intangible assets and warehouses and land use rights.

The valuation methods of major assets are presented as follows:

Warehouses are valued mainly using the replacement cost method that determines the value of the assets under evaluation by deducting the value of losses from the current replacement cost of the buildings. The basic calculation formula is to multiply the full replacement cost by a depreciation rate.

Lands are valued mainly using the direct comparison method that compares the recent transaction prices or selling prices of similar assets in the open market and adjusts the actual differences between the assets under evaluation and similar assets so as to estimate the value of the assets under evaluation.

Trademark rights are valued mainly using the income method that calculates the current value of trademark rights on the base date of evaluation by using an appropriate discount rate to discount the license fee saved each year as a result of the gained right to use relevant assets over the remaining life of the trademarks.

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 combination 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 2018 to the combination date | Acquiree's net loss for the period from 1 January 2018 to the combination date | Acquiree's revenue in 2017 | Acquiree's net (loss)/profit in 2017 | Acquiree's cash flows from operating activities for the period from 1 January 2018 to the combination date | Acquiree's net cash flows for the period from 1 January 2018 to the combination date |
|---|------------------|---|------------------|---------------------------|---|--|----------------------------|--------------------------------------|--|--|
| Fonair Aviation Co., Ltd. ("Fonair Aviation") (a) | 100% | The Group and Fonair Aviation were under the control of Mingde Holding prior and subsequent to the acquisition and such control was not temporary | 19 June 2018 | Control obtained | 145,358.01 | (13,494,110.16) | - | (5,828,736.29) | 134,621.81 | 10,177,220.24 |
| Financial companies (b) | 100% | The Group and Financial Companies were under the control of Mingde Holding prior and subsequent to the acquisition and such control was not temporary | 31 October 2018 | Control obtained | 110,551,722.22 | (29,411,503.45) | 303,629,228.01 | 9,270,916.59 | 720,818,007.12 | 295,563,367.79 |

(a) On 19 June 2018, Shenzhen S. F. Chuangxing Investment Co., Ltd. ("Chuangxing Investment"), one of the Company's subsidiaries, acquired 100% equity of Fonair Aviation held by Shenzhen Mingde Fengtai Investment Co., Ltd. ("Mingde Investment"), a related party which was under common control of Mingde Holding, the ultimate parent company. The combination date of this transaction is 19 June 2018, when Chuangxing Investment effectively obtained the control over Fonair Aviation. This transaction is classified as a business combination involving enterprises under common control as Fonair Aviation and Chuangxing Investment are both ultimately controlled by Mingde Holding prior and subsequent to the combination and the control is not temporary.

(b) On 31 October 2018, Taisen Holding acquired 100% equity of Lefeng Factoring, Rongfeng Investment and Hengyi Logistics, which were related parties of the ultimate parent company Mingde Holding. The combination date of this transaction is 31 October 2018, on which Taisen Holding effectively obtained the control over Lefeng Factoring, Rongfeng Investment and Hengyi Logistics. This transaction is classified as a business combination involving enterprises under common control as Lefeng Factoring, Rongfeng Investment, Hengyi Logistics and Taisen Holding are all ultimately controlled by Mingde Holding prior and subsequent to the combination and the control is not temporary.

(c) On 31 October 2018, SF Holding Limited, one of the Company's subsidiaries, acquired 100% equity of Luxuriant View Limited held by Mingde Holding Limited, which was under common control of Mingde Holding, the ultimate parent company. The business transaction is 31 October 2018, on which SF Holding Limited effectively obtained the control over Luxuriant View Limited. This transaction is classified as a business combination involving enterprises under common control as Luxuriant View Limited and SF Holding Limited are both ultimately controlled by Mingde Holding prior and subsequent to the combination and the control is not temporary. The above-mentioned Lefeng Factoring, Rongfeng Investment, Hengyi Logistics and Luxuriant View Limited are collectively referred to as "financial companies".

(c) The combination cost of the business combinations and carrying amounts of net assets acquired are as follows:

| | Fonair Aviation | Financial companies |
|--|-----------------|---------------------|
| Combination cost | | |
| – Cash | 67,042,100.00 | 284,680,007.88 |
| Less: Carrying amount of net assets obtained | (31,033,843.70) | (186,328,362.43) |
| Sub-total | 36,008,256.30 | 98,351,645.45 |
| Recover: Retained earnings realised by the acquiree attributable to the acquirer before the combination date | (18,966,156.30) | (39,367,724.10) |
| Adjustment to capital reserve | 17,042,100.00 | 58,983,921.35 |

(d) The carrying amounts of assets and liabilities of the acquiree at the combination date are as follows:

(i) Fonair Aviation

| | Carrying amount | |
|---------------------------|------------------|------------------|
| | Combination date | 31 December 2017 |
| Current assets | 12,312,243.87 | 1,056,161.42 |
| Non-current assets | 36,164,622.41 | 14,772,209.13 |
| Less: Current liabilities | (17,443,022.58) | (837,106.84) |
| Net assets obtained | 31,033,843.70 | 14,991,263.71 |

(ii) Financial companies

| | Carrying amount | |
|---------------------------|--------------------|--------------------|
| | Combination date | 31 December 2017 |
| Current assets | 1,670,720,055.36 | 3,344,733,732.42 |
| Non-current assets | 163,656,104.15 | 411,853,544.92 |
| Less: Current liabilities | (1,245,627,701.62) | (2,747,666,134.53) |
| Non-current liabilities | (402,420,095.46) | (826,360,386.53) |
| Net assets obtained | 186,328,362.43 | 182,560,756.28 |

(3) Disposal of subsidiaries

(a) Asset-backed securitisation transactions

| 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 and corresponding shares of net assets in the consolidated financial statements | Amount transferred to investment profit or loss from other comprehensive income related to equity investment in the subsidiary |
|--|------------------------|---------------------|--------------------|--------------------------|---|---|--|
| Shanghai Fengyutai Industrial Co., Ltd. ("Shanghai Fengyutai") | 910,000,000.00 | 100% | Equity replacement | 11 December 2018 | Equity delivery | 698,394,185.50 | - |
| Wuxi Fengyutai Industrial Co., Ltd. ("Wuxi Fengyutai") | 195,000,000.00 | 100% | Equity replacement | 11 December 2018 | Equity delivery | 109,124,348.11 | - |
| | 1,105,000,000.00 | | | | | 807,518,533.61 | - |

On 22 August 2018, the Company used Shanghai Fengyutai Logistics Industrial Park and Wuxi Fengyutai Logistics Industrial 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 3 December 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 Part Phase I Asset-backed Special Scheme' on Shenzhen Stock Exchange*, and was formally established and started to issue securities on 11 December 2018.

The Group used RMB 0.138 billion self-owned funds to subscribe 19% of the equity-grade securities issued by the Special Scheme (7.5% of the whole Special Scheme) (Note 4(10)). 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 two companies held by the Special Scheme with its 100% equity held in the two logistics industrial parks subsidiaries, totalling RMB 1.105 billion under an equity replacement agreement (Note 4(60)(c)). 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 by the Special Scheme. Upon completion of the transaction, the Group lost its control over Shanghai Fengyutai and Wuxi Fengyutai, therefore the transferred companies were no longer included in the consolidation scope. The excess of the consideration of the equity replacement over the carrying amount of net assets of Shanghai Fengyutai and Wuxi Fengyutai, approximately RMB 0.808 billion, was recognised as investment income by the Group (Note 4(51)).

(4) Other changes in the consolidation scope

(a) In 2018, the Group set up the following subsidiaries by cash:

| | Capital commitment | Actual investment | Method of acquisition |
|---|--------------------|------------------------|-----------------------|
| Shenzhen S.F. Runtai Management Consultancy Co., Ltd. | RMB5 million | RMB5 million | By new establishment |
| Shunyuan Leasing (Tianjin) Co., Ltd. (“Shunyuan Leasing”) | RMB170 million | RMB170 million | By new establishment |
| SF Technology (Beijing) Co., Ltd. | RMB5 million | RMB5 million | By new establishment |
| Fengtū Technology (Shenzhen) Co., Ltd. | RMB8 million | RMB1 million | By new establishment |
| Shunfeng Pharmaceutical Supply Chain Hubei Co., Ltd. | RMB30 million | RMB30 million | By new establishment |
| Ezhou Shunlu Logistics Co., Ltd. | RMB50 million | RMB6.05 million | By new establishment |
| Zhejiang Fengchi Network Technology Co., Ltd. | RMB10 million | RMB10 million | By new establishment |
| Tianjin Shunfeng Import and Export Trading Co., Ltd. | RMB5 million | RMB5 million | By new establishment |
| Xiamen Fengyutai Industrial Park Management Co., Ltd. | RMB200 million | Investment uncompleted | By new establishment |
| Ganzhou Fengtai Industrial Park Management Co., Ltd. | RMB20 million | RMB20 million | By new establishment |
| Nanchang Fengtai Industrial Park Management Co., Ltd. | RMB100 million | RMB55 million | By new establishment |
| Xuzhou Fengtai Industrial Park Management Co., Ltd. | RMB150 million | Investment uncompleted | By new establishment |
| Ma’anshan Fengyutai Enterprise Management Co., Ltd. | RMB80 million | RMB80 million | By new establishment |
| SF Express Ltd. | CAD 1 million | CAD 60,000 | By new establishment |
| Jolly Union Limited | USD1 | Investment uncompleted | By new establishment |
| Bright Hazel Limited | USD1 | Investment uncompleted | By new establishment |
| Equal Wind Limited | USD1 | Investment uncompleted | By new establishment |
| Joyous Advantage Limited | USD1 | Investment uncompleted | By new establishment |
| Superior Hawk Limited | USD1 | Investment uncompleted | By new establishment |
| Top Haze Limited | USD1 | Investment uncompleted | By new establishment |
| Castle Way Corporation Limited | HKD1 | Investment uncompleted | By new establishment |
| World Brave Limited | HKD1 | Investment uncompleted | By new establishment |
| S.F. Holding Investment Limited | USD10,000 | Investment uncompleted | By new establishment |
| Exaleap SF Limited | USD51 | Investment uncompleted | By new establishment |
| Crystal Era Limited | USD1 | Investment uncompleted | By new establishment |
| Fame Trend International Limited | HKD1 | Investment uncompleted | By new establishment |
| Foshan Fengyutai Industrial Park Operation Management Co., Ltd. | RMB90 million | RMB90 million | By new establishment |

| | Capital commitment | Actual investment | Method of acquisition |
|--|--------------------|------------------------|-----------------------|
| Chengdu Yifeng Home Technology Service Co., Ltd. | RMB0.8 million | RMB0.5 million | By new establishment |
| Ezhou Fengtai Qisheng Logistics Development Co., Ltd. | RMB50 million | RMB40 million | By new establishment |
| Ezhou Fengyutai Helin Logistics Development Co., Ltd. | RMB50 million | RMB3.15 million | By new establishment |
| Guangzhou SF Information Service Co., Ltd. | RMB10 million | RMB10 million | By new establishment |
| Rongyilian Technology (Shenzhen) Co., Ltd. | RMB50 million | RMB3 million | By new establishment |
| Shunyuan No. 1 Lease (Tianjin) Co., Ltd. | RMB0.1 million | Investment uncompleted | By new establishment |
| Shunyuan No. 2 Lease (Tianjin) Co., Ltd. | RMB0.1 million | Investment uncompleted | By new establishment |
| Guangdong Fengrui Youzi Technology Co., Ltd. | RMB60 million | Investment uncompleted | By new establishment |
| Jinjiang Jietai Enterprise Management Co., Ltd. | RMB110 million | Investment uncompleted | By new establishment |
| Lhasa Fengtai Industrial Park Management Co., Ltd. | RMB40 million | RMB37.22 million | By new establishment |
| Shanxi Fengnong Technology Co., Ltd. | RMB5 million | Investment uncompleted | By new establishment |
| SF Multimodal Transportation Co., Ltd. ("Multimodal Transportation") | RMB242 million | RMB169.4 million | By new establishment |
| Wulian Yuncang (Chengdu) Technology Co., Ltd. | RMB20 million | RMB17.5 million | By new establishment |
| ProsLot (Shenzhen) Technology Co., Ltd. | RMB27 million | RMB9 million | By new establishment |
| S.F. Insurance Broker (Shenzhen) Co., Ltd. | RMB50 million | Investment uncompleted | By new establishment |
| Haikou Fengtai Industrial Park Management Co., Ltd. | RMB110 million | Investment uncompleted | By new establishment |
| Shenzhen Zhongpulasi Network Technology Co., Ltd. | RMB20 million | Investment uncompleted | By new establishment |
| Shenzhen Shunxi Management Consulting Co., Ltd. | RMB2 million | Investment uncompleted | By new establishment |
| Shenzhen Fengchi Shunxing Information Technology Co., Ltd. | RMB60 million | Investment uncompleted | By new establishment |
| S.F. International Express Co., Ltd. | RMB27.5 million | Investment uncompleted | By new establishment |
| Guangdong Fengchi Taiyun Investment Co., Ltd. | RMB100 million | Investment uncompleted | By new establishment |
| Guangdong Fengchi Shunxing Technology Co., Ltd. | RMB10 million | Investment uncompleted | By new establishment |
| Shunqihe (Shenzhen) Technology Co., Ltd. | RMB10 million | Investment uncompleted | By new establishment |
| Hangzhou Dingpei Internet Technology Co., Ltd. | RMB5 million | Investment uncompleted | By new establishment |
| Shenzhen Yilai Yiwang Technology Co., Ltd. | RMB5 million | Investment uncompleted | By new establishment |
| SF Express (NZ) Limited | NZD2 million | Investment uncompleted | By new establishment |
| S.F. Duolian Technology Co., Ltd. | RMB150 million | Investment uncompleted | By new establishment |

| | Capital commitment | Actual investment | Method of acquisition |
|--|--------------------|------------------------|-----------------------|
| SF Innovative Technology Co., Ltd. | RMB50 million | RMB50 million | By new establishment |
| Shenzhen S.F. Tongcheng Logistics Co., Ltd. | RMB100 million | Investment uncompleted | By new establishment |
| Dongguan SF Taisen Real Estate Co., Ltd. | RMB30 million | Investment uncompleted | By new establishment |
| Fengyi Technology (Shenzhen) Co., Ltd. | RMB10 million | Investment uncompleted | By new establishment |
| Zhejiang Fengle Hotel Management Co., Ltd. | RMB10 million | Investment uncompleted | By new establishment |
| Jiaxing Fengyutai Enterprise Management Co., Ltd. | RMB238 million | RMB59 million | By new establishment |
| Dongguan S.F. Tielian Logistics Co., Ltd. | RMB25.50 million | RMB25.50 million | By new establishment |
| Nantong Fengtai Enterprise Management Ltd. | RMB250 million | RMB10.32 million | By new establishment |
| Guangdong Fengyi Shuntu Technology Co., Ltd. | RMB10 million | Investment uncompleted | By new establishment |
| Wuxi Jietai Enterprise Management Co., Ltd. | RMB1 million | Investment uncompleted | By new establishment |
| Guangdong Fengxing Zhitu Technology Co., Ltd. | RMB25,000 | RMB1 million | By new establishment |
| Guangzhou Fengtai Industrial Park Operation Co., Ltd. | RMB500 million | Investment uncompleted | By new establishment |
| Xinjiang Fengjietai Industrial Park Management Co., Ltd. | RMB100 million | RMB100 million | By new establishment |
| Shenzhen Yifeng Technology Co., Ltd. | RMB1 million | RMB1 million | Equity replacement |
| Shenzhen Shunkai Technology Co., Ltd. | RMB1 million | RMB1 million | Equity replacement |
| Shenzhen S.F. DDJ Commerce Co., Ltd. | HKD1 | Investment uncompleted | By new establishment |
| Sunny Sail Holding Limited | USD1 | Investment uncompleted | By new establishment |
| Harvest Bloom Investment | GBP1 | Investment uncompleted | By new establishment |
| Radiant Beyond Limited | USD1 | Investment uncompleted | By new establishment |
| Huge Charm Investment Limited | HKD1 | Investment uncompleted | By new establishment |
| Heracles Development Limited | HKD1 | Investment uncompleted | By new establishment |
| Joy Pointer Limited | HKD1 | Investment uncompleted | By new establishment |
| Ample Ornate Limited | USD1 | Investment uncompleted | By new establishment |
| Joint Honest Limited | HKD1 | Investment uncompleted | By new establishment |
| SF Intracity (Singapore) Pte.Ltd. | SGD0.5 million | Investment uncompleted | By new establishment |
| Nice Grand GmbH | EUR25,000 | EUR25,000 | By new establishment |
| S.F. Intercontinental (HK) Investment Co., Limited | HKD60,000 | Investment uncompleted | By new establishment |

| | Capital commitment | Actual investment | Method of acquisition |
|---|--------------------|------------------------|-----------------------|
| E Commerce Fulfillment (Macau) Company Limited | MOP0.999 million | Investment uncompleted | By new establishment |
| Harmonious Lead Limited | USD1 | Investment uncompleted | By new establishment |
| Global Fortitude International Limited | USD1 | Investment uncompleted | By new establishment |
| Ample Nice Corporation Limited | HKD1 | Investment uncompleted | By new establishment |
| Shanghai Shunzhu Xinhe Express Co., Ltd. | RMB5 million | RMB5 million | By new establishment |
| Dongguan Shunjiaxin Express Co., Ltd. | RMB5 million | RMB2 million | By new establishment |
| Shenzhen Shunxin Jieda Express Co., Ltd. | RMB5 million | RMB1 million | By new establishment |
| Suzhou Shunhexin Express Co., Ltd. | RMB5 million | RMB3 million | By new establishment |
| Hangzhou Shunxin Jieda Express Co., Ltd. | RMB5 million | RMB3 million | By new establishment |
| Beijing Shunxin Jieda Supply Chain Management Co., Ltd. | RMB5 million | RMB5 million | By new establishment |
| Wuxi Shunhexin Express Co., Ltd. | RMB5 million | Investment uncompleted | By new establishment |
| Henan Shunxin Jieda Express Co., Ltd. | RMB5 million | Investment uncompleted | By new establishment |
| Xiamen Shunjiaxin Express Co., Ltd. | RMB5 million | Investment uncompleted | By new establishment |
| Panjin Shunxin Jieda Express Co., Ltd. | RMB5 million | Investment uncompleted | By new establishment |
| Anhui Shunhexin Express Co., Ltd. | RMB5 million | Investment uncompleted | By new establishment |
| Shandong Shunxin Express Co., Ltd. | RMB5 million | Investment uncompleted | By new establishment |

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 Holding | Shenzhen | Shenzhen | RMB2 billion | Investment holding | 100% | – | Reverse acquisitions |
| S.F. Express | 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. | 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 | Shenzhen | Shenzhen | RMB4.8 billion | E-Commerce industrial park asset management | – | 100% | Business combination involving enterprises under common control |
| Shenzhen Fengtai E-Commerce Industrial Park Investment Ltd. | Shenzhen | Shenzhen | RMB55 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 | HKD10,000 | 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 |
| Chuangxing Investment | 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 S.F. Runtai Management Consultancy Co., Ltd. | Shenzhen | Shenzhen | RMB5 million | Consulting service | – | 100% | By new establishment |

| | Place of registration | Major business location | Registered capital | Nature of business | Shareholding (%) | | Method of acquisition |
|---|-----------------------|-------------------------|--------------------|---------------------------------------|------------------|----------|---|
| | | | | | Direct | Indirect | |
| Shunyu Leasing | Tianjin | Tianjin | RMB170 million | Leasing business | - | 100% | By new establishment |
| Multimodal Transportation | Shenzhen | Shenzhen | RMB242 million | Goods delivery services | - | 100% | By new establishment |
| Shenzhen Zhongpulasi Network Technology Co., Ltd. | Shenzhen | Shenzhen | RMB20 million | Freight forwarding service | - | 100% | By new establishment |
| 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 |
| Shenzhen S.F. Tongcheng Logistics Co., Ltd. | Shenzhen | Shenzhen | RMB100 million | Freight forwarding service | - | 100% | By new establishment |
| S.F. Duolian Technology Co., Ltd. | Dongguan | Dongguan | RMB150 million | Technology development | - | 100% | By new establishment |
| Dongguan SF Taisen Real Estate Co., Ltd. | Dongguan | Dongguan | RMB30 million | Real estate development and operation | - | 100% | By new establishment |
| SF Innovative Technology Co., Ltd. | Dongguan | Dongguan | RMB50 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. (Note 5(2)) | Shenzhen | Shenzhen | RMB100 million | Consulting service | - | 100% | Business combination involving enterprises under common control |
| Shenzhen Hengyi Logistics Service Co., Ltd. (Note 5(2)) | Shenzhen | Shenzhen | RMB100 million | Freight forwarding service | - | 100% | Business combination involving enterprises under common control |
| Shenzhen Shuncheng Lefeng Factoring Co., Ltd. (Note 5(2)) | Shenzhen | Shenzhen | RMB50 million | Factoring business | - | 100% | Business combination involving enterprises under common control |

(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(12)(b)) | 905,086,455.64 | 504,388,920.22 |
| Aggregation of the following items in proportion: | | |
| Net loss | (46,275,641.77) | (120,204,448.42) |
| Other comprehensive income | (40,122.08) | (238,150.33) |
| Total comprehensive income | (46,315,763.85) | (120,442,598.75) |

As at 31 December 2018, an investment loss of RMB27,625,901.27 (31 December 2017: RMB29,321,840.67) 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(12)(a)) | 1,298,344,666.39 | 100,294,970.45 |
| Aggregation of the following items in proportion: | | |
| Net profit/(loss) | 8,955,723.70 | (5,008,406.64) |
| Other comprehensive income | 1,422,854.91 | (2,021,355.89) |
| Total comprehensive income | 10,378,578.61 | (7,029,762.53) |

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.

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 Holding | Shenzhen | Investment |

The Company's ultimate holding company is Mingde Holding, and the ultimate controlling person is Wang Wei.

(b) The balances and changes of registered capital of the controlling shareholder

| | 31 December 2017 | Increase in the current year | Decrease in the current year | 31 December 2018 |
|----------------|---------------------|---------------------------------|---------------------------------|---------------------|
| Mingde Holding | 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 2018 | | 31 December 2017 | |
|----------------|------------------|-------------------|------------------|-------------------|
| | Shareholding (%) | Voting rights (%) | Shareholding (%) | Voting rights (%) |
| Mingde Holding | 61.15% | 61.15% | 61.25% | 61.25% |

(2) Nature of related parties that do not control or are not controlled by the Company

Major related parties are listed as follows:

| | Relationship with the Company in the reporting period |
|---|---|
| Taiwan S.F. Express Holdings Co., Ltd. ^{Note 1} | Controlled by close family members of the ultimate controlling person before March 2016 |
| Juneyao Airlines Co., Ltd. ^{Note 2} | Significantly influenced by the key management of the Company before June 2017 |
| Shenzhen Henglu Logistics Co., Ltd. | Significantly influenced by the key management of the Company before September 2018 |
| Ping An Insurance (Group) Company of China, Ltd. ("Ping An Insurance") and its subsidiaries | Significantly influenced by the key management of the Company |
| China Pacific Insurance (Group) Co., Ltd. ("Pacific Insurance") and its subsidiaries | Significantly influenced by the key management of the Company |
| McDonald's (China) and its subsidiaries ^{Note 3} | Significantly influenced by the key management of the Company |
| Shanghai Information | The Group's joint venture |
| POST110Ü | The Group's joint venture |
| ZBHA and its subsidiaries ^{Note 4} | The Group's joint venture |
| CR-SF International Express Co., Ltd. ^{Note 4} | The Group's joint venture |
| Wenzhou Fengbaoke Technology Co., Ltd. ^{Note 4} | The Group's joint venture |
| Zhongyunda Aviation Ground Services Co., Ltd. ^{Note 4} | The Group's joint venture |
| Hubei International Logistics Airport Co., Ltd. | The Group's joint venture |
| Geling Information and its subsidiaries | The Group's joint venture |
| Leshou Network and its subsidiaries | The Group's joint venture |
| Global Connect Holding Limited | The Group's joint venture |
| Shenzhen Shun Jie Feng Da Express Co., Ltd. | The Group's associate |
| Zhuhai Sui Bian | 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 |
| Shanghai Qianqu Network Technology Co., Ltd. (Qianqu Network) and its subsidiaries | The Group's associate |
| Shenzhen Weirong Enterprise Development Co., Ltd. | Controlled by the ultimate controlling person of the Company |
| S.F. Holding (Group) Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Zhuhai Shunxiaofeng Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Zhongshan Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Huizhou S.F. Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Heyuan S.F. Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Changzhou Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Shantou S.F. Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Jiangmen Shunyifeng Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |

| | Relationship with the Company in the reporting period |
|--|--|
| Jiangsu Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Suzhou Industrial Park Shunhengshun Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Lianyungang Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Zhejiang S.F. Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Xuzhou Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Suqian Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Huai'an Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Yangzhou Shunheng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Taizhou Shunjiefeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Qinghai Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Wuxi Shunfengshun Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Yancheng Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Zhejiang S.F. Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Wenzhou S.F. Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Taizhou Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Shaoxing Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Ningbo Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Huzhou Shun Xiao Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Jiaxing Shun Xiao Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Jinhua S.F. Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Shenzhen Shunshang Investment Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Shenzhen S.F. Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Foshan Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Quzhou Shunyifeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Liaoning Shunyifeng Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Dalian Shunyifeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Shandong Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Qingdao Shunyifeng Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Beijing Shunxiaofeng Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Shanghai S.F. Industrial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Xiamen S.F. Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Chongqing Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Jiangxi Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Tianjin Shunfengshun Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Inner Mongolia S.F. Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Shanxi Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Jilin S.F. Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |

| | Relationship with the Company in the reporting period |
|--|---|
| Guangxi Shunyifeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Hainan S.F. Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Shaanxi Shunyifeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Hunan Shunyifeng Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Hubei Shunyifeng Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Anhui Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Henan Shunyifeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Gansu S.F. Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Hebei Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Fujian Shunyifeng Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Sichuan Shunyifeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Heilongjiang Shunyifeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Dongguan Shunxiaofeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Zhaoqing Shunyifeng Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Dongguan S.F. Commercial Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Shenzhen S.F. Electronic Commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Beijing S.F. E-commerce Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| S.F. You Xuan International Co., Ltd. ^{Note 5} | Controlled by the ultimate controlling person of the Company |
| Mingde Holding Co., Ltd. | Controlled by the ultimate controlling person of the Company |
| Hangzhou Fengtai E-Commerce Industrial Park Management Co., Ltd. | Controlled by the ultimate controlling person of the Company |
| Fengchengda Network Technology Co., Ltd. | Controlled by the ultimate controlling person of the Company |
| Zhiye Enterprise Co., Ltd. | Controlled by the ultimate controlling person of the Company |
| Ma'anshan Shuntai Rare Earth & New Materials Co., Ltd. | Controlled by the ultimate controlling person of the Company |
| Shenzhen S.F. Hefeng Microcredit Co., Ltd. | Controlled by the ultimate controlling person of the Company |
| Mingde Investment | Controlled by the ultimate controlling person of the Company |
| Hive Box Technology | Controlled by the ultimate holding company |
| 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 |
| Shenzhen Qianhai Webank Co., Ltd. | Significantly influenced by the key management of the Company |
| Suzhou Ruihuang Equity Investment Management Limited Partnership ("Suzhou Ruihuang") | Another company in which a director of the Group acts as managing partner |

Note 1: A related party which was controlled by close family members of the ultimate controlling person and was transferred to an independent third party on 31 March 2016. Pursuant to the *Listing Rules of Shenzhen Stock Exchange*, Taiwan S.F. Express Holdings Co., Ltd. was no longer associated with the Group since 31 March 2017. The related party transactions with Taiwan S.F. Express Holdings Co., Ltd. disclosed in the financial statements refer to the transaction amounts for the period from 1 January 2017 to 31 March 2017. Therefore, the Group's related party transactions with Taiwan S.F. Express Holdings Co., Ltd. in the period from January to December 2018 are presented as "Not applicable";

Note 2: 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 periods from January to December 2017 and from January to June 2018.

Note 3: McDonald's (China) and its subsidiaries became the Group's related party in July 2017, the related party transactions disclosed in the financial statements refer to the transaction volumes for the periods from July 2017 to December 2017 and from January 2018 to December 2018.

Note 4: It is a new joint venture of the Group for the current period, so its transactions with the Group during the period from January to December 2017 are presented as "Not applicable".

Note 5: It is a subsidiary of S. F. Holding (Group) Commerce Co., Ltd. S. F. Holding (Group) Commerce Co., Ltd. and its subsidiaries are hereinafter referred to as "Commerce Holding and its subsidiaries".

(3) Related party transactions

(a) Pricing policies

The pricing method of transactions and transaction price between the Company and related parties are determined, following arm's length principle, by making reference to the market price or through negotiation among parties.

(b) Air freight income

| | 2018 | 2017 |
|--|----------------|--------------|
| Taiwan S.F. Express Holdings Co., Ltd. | Not applicable | 4,686,799.97 |

(c) Income from courier service, combined transport and freight forwarding services

| | 2018 | 2017 |
|--|----------------|----------------|
| McDonald's (China) and its subsidiaries | 550,294,205.40 | 60,658,750.58 |
| Commerce Holding and its subsidiaries | 113,013,275.21 | 105,820,561.88 |
| Ping An Insurance and its subsidiaries | 87,261,846.08 | 67,027,694.30 |
| Pacific Insurance and its subsidiaries | 21,061,803.85 | 14,689,726.82 |
| Fengchengda Network Technology Co., Ltd. | 11,465,869.92 | 789,625.63 |
| Geling Information and its subsidiaries | 5,069,347.13 | 3,882,724.13 |
| Shenzhen Henglu Logistics Co., Ltd. | 1,612,437.43 | 1,105,336.39 |
| Hive Box Technology | 869,181.27 | - |
| Taiwan S.F. Express Holdings Co., Ltd. | Not applicable | 82,562,450.39 |
| Others | 2,210,382.49 | 2,620,027.03 |
| | 792,858,348.78 | 339,156,897.15 |

(d) Income from royalties for IT system and trademark

| | 2018 | 2017 |
|--|----------------|---------------|
| Taiwan S.F. Express Holdings Co., Ltd. | Not applicable | 14,652,004.49 |

(e) Communication income

| | 2018 | 2017 |
|--|----------------|---------------|
| Hive Box Technology | 27,906,210.53 | 17,800,440.52 |
| Taiwan S.F. Express Holdings Co., Ltd. | Not applicable | 2,906,454.19 |
| Commerce Holding and its subsidiaries | – | 1,632,298.31 |
| Others | 430,036.70 | 357,555.61 |
| | 28,336,247.23 | 22,696,748.63 |

(f) Commission income for collection and settlement on behalf of related parties

| | 2018 | 2017 |
|--|--------------|--------------|
| Shenzhen S.F. Hefeng Microcredit Co., Ltd. | 5,279,727.09 | – |
| Commerce Holding and its subsidiaries | 594,339.51 | 1,098,864.18 |
| Others | 2,945.60 | 6,297.35 |
| | 5,877,012.20 | 1,105,161.53 |

(g) Income from platform and other services

| | 2018 | 2017 |
|--|---------------|----------------|
| Commerce Holding and its subsidiaries | 19,801,055.77 | – |
| Shenzhen S.F. Hefeng Microcredit Co., Ltd. | 3,136,687.85 | 3,950,306.25 |
| CR-SF International Express Co., Ltd. | 1,415,094.34 | Not applicable |
| Shenzhen Qianhai Webank Co., Ltd. | 746,768.87 | – |
| POST110Ü | 598,526.15 | – |
| SF Lottery | 344,637.83 | 4,333,581.70 |
| Others | 344,894.05 | – |
| | 26,387,664.86 | 8,283,887.95 |

(h) Technology development service income

| | 2018 | 2017 |
|---------------------------------------|---------------|---------------|
| Commerce Holding and its subsidiaries | 53,509,190.62 | 35,521,224.78 |
| Others | 169,811.32 | 166,594.34 |
| | 53,679,001.94 | 35,687,819.12 |

(i) Revenue from rent and property management

| | 2018 | 2017 |
|--|--------------|------------|
| Hangzhou Fengtai E-Commerce Industrial Park Management Co., Ltd. | 524,566.04 | – |
| Others | 532,165.63 | 342,847.93 |
| | 1,056,731.67 | 342,847.93 |

(j) Revenue from sales of goods

| | 2018 | 2017 |
|---------------------------------------|--------------|------|
| Commerce Holding and its subsidiaries | 1,027,236.63 | – |

(k) Interest income

| | 2018 | 2017 |
|--|--------------|--------------|
| Mingde Holding | 3,532,250.42 | 3,762,404.31 |
| Shenzhen S.F. Hefeng Microcredit Co., Ltd. | – | 1,878,932.80 |
| | 3,532,250.42 | 5,641,337.11 |

(l) Sales of equity

| | 2018 | 2017 |
|---|------|----------------|
| Shenzhen Weirong Enterprise Development Co., Ltd. | | |
| – Hive Box Technology | – | 951,816,000.00 |

(m) Purchase of equity

| | 2018 | 2017 |
|----------------------------|----------------|----------------|
| Mingde Holding | 284,680,001.00 | – |
| Mingde Investment | 67,042,100.00 | – |
| Zhiye Enterprise Co., Ltd. | – | 372,018,730.07 |
| Mingde Holding Co., Ltd. | 6.88 | – |
| | 351,722,107.88 | 372,018,730.07 |

(n) Income from equity transfer

| | 2018 | 2017 |
|---|------|----------------|
| Shenzhen Weirong Enterprise Development Co., Ltd. | | |
| – Hive Box Technology | – | 567,245,136.79 |

(o) Combined transport and freight forwarding expenses

| | 2018 | 2017 |
|---|----------------|----------------|
| Shenzhen Shun Jie Feng Da Express Co., Ltd. | 161,378,121.05 | 45,693,547.81 |
| POST110Ü | 91,932,408.30 | 147,942,500.62 |
| Juneyao Airlines Co., Ltd. | 25,416,371.26 | 47,446,159.67 |
| CR-SF International Express Co., Ltd. | 24,714,899.09 | – |
| Little Red Hat and its subsidiaries | 10,028,977.17 | 9,597,309.04 |
| Zhongyunda Aviation Ground Services Co., Ltd. | 1,424,769.58 | Not applicable |
| Taiwan S.F. Express Holdings Co., Ltd. | Not applicable | 83,471,211.43 |
| Others | – | 691,225.42 |
| | 314,895,546.45 | 334,841,953.99 |

(p) Express delivery agent and other service fees

| | 2018 | 2017 |
|---------------------------------------|---------------|--------------|
| Commerce Holding and its subsidiaries | 9,052,570.22 | 9,821,715.64 |
| Hive Box Technology | 3,097,448.81 | – |
| Leshou Network and its subsidiaries | 791,536.59 | 119,157.36 |
| | 12,941,555.62 | 9,940,873.00 |

(q) Interest costs

| | 2018 | 2017 |
|----------------|--------------|--------------|
| Mingde Holding | 7,840,712.23 | 6,737,155.13 |

(r) Collection commissions fee

| | 2018 | 2017 |
|---------------------|---------------|------|
| Hive Box Technology | 58,645,895.24 | – |

(s) Security service fee

| | 2018 | 2017 |
|---------------------------|---------------|----------------|
| ZBHA and its subsidiaries | 40,634,262.09 | Not applicable |

(t) Rent and property management fees

| | 2018 | 2017 |
|-------------------------------------|---------------|--------------|
| Shenghai Information | 11,374,238.91 | 784,536.85 |
| Zhiye Enterprise Co., Ltd. | 304,592.40 | 312,366.89 |
| Little Red Hat and its subsidiaries | – | 152,424.00 |
| | 11,678,831.31 | 1,249,327.74 |

(u) Management fee

| | 2018 | 2017 |
|--|---------------|---------------|
| Suzhou Ruihuang Equity Investment Management Limited Partnership | 10,000,000.00 | 10,000,000.00 |

(v) Technology development and operation & maintenance service fee

| | 2018 | 2017 |
|----------------------|---------------|--------------|
| Shenghai Information | 20,125,651.05 | 7,402,209.99 |

(w) Promotion fee

| | 2018 | 2017 |
|---------------------------------------|---------------|------|
| Commerce Holding and its subsidiaries | 12,416,821.50 | – |

(x) Expenses on consulting service and royalty fee for intangible assets

| | 2018 | 2017 |
|--|--------------|--------------|
| Shenzhen S.F. Hefeng Microcredit Co., Ltd. | 5,290,929.73 | 9,177,078.35 |

(y) Guarantee received

| | 2018 | 2017 |
|----------------|----------------|----------------|
| Mingde Holding | 340,000,000.00 | 826,164,000.00 |

(z) Purchase of materials

| | 2018 | 2017 |
|---|----------------|---------------|
| Hubei Jiuzhou Tongda Technology Development Co., Ltd. | 153,987,855.65 | – |
| Commerce Holding and its subsidiaries | 84,339,524.86 | 17,110,674.49 |
| Wenzhou Fengbaoke Technology Co., Ltd. | 13,243,804.37 | – |
| Shenghai Information | 2,672,960.18 | 1,149,347.04 |
| | 254,244,145.06 | 18,260,021.53 |

(aa) Insurance premium

| | 2018 | 2017 |
|--|----------------|----------------|
| Pacific Insurance and its subsidiaries | 101,287,985.60 | 113,123,214.09 |

Insurance premium represents the amount amortised over the benefit period of insurance policies.

(bb) Donation expenses

S.F. Express, one of the Group's subsidiaries, donated RMB40.74 million (2017: RMB780,000.00) to SF Charity Foundation and obtained advertising resources worthy of RMB20 million.

(cc) Remuneration of key management

| | 2018 | 2017 |
|--------------------------------|---------------|---------------|
| Remuneration of key management | 49,175,400.00 | 43,832,900.00 |

(4) Receivables from and payables to related parties

(a) Notes and accounts receivable

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| McDonald's (China) and its subsidiaries | 116,441,890.28 | 14,519,515.74 |
| Commerce Holding and its subsidiaries | 37,514,388.15 | 69,990,754.31 |
| Qianqu Network and its subsidiaries | 13,261,064.53 | 12,825,061.28 |
| Ping An Insurance and its subsidiaries | 9,671,474.65 | 8,225,922.88 |
| Shenzhen S.F. Hefeng Microcredit Co., Ltd. | 3,385,444.13 | 31,475.68 |
| Pacific Insurance and its subsidiaries | 3,166,845.54 | 3,434,004.61 |
| Geling Information and its subsidiaries | 1,962,406.40 | 2,296,371.65 |
| Fengchengda Network Technology Co., Ltd. | 1,317,672.78 | 1,450.00 |
| POST110Ü | 598,526.15 | – |
| Hive Box Technology | 97,084.00 | 2,082,874.83 |
| Others | 680,740.86 | 1,099,548.34 |
| | 188,097,537.47 | 114,506,979.32 |

(b) Advances to suppliers

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Pacific Insurance and its subsidiaries | 20,150,437.55 | 22,699,971.15 |
| Hive Box Technology | 6,158,027.66 | – |
| Commerce Holding and its subsidiaries | 2,712,227.05 | 613,095.45 |
| Ping An Insurance and its subsidiaries | 1,927,651.63 | 662,160.82 |
| Others | 289,068.36 | 115,195.92 |
| | 31,237,412.25 | 24,090,423.34 |

(c) Other receivables

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Hive Box Technology | 125,183,355.20 | 37,929,182.23 |
| McDonald's (China) and its subsidiaries | 53,253,508.22 | – |
| Commerce Holding and its subsidiaries | 9,323,931.18 | 116,991,090.68 |
| Pacific Insurance and its subsidiaries | 86,000.53 | 1,045,780.36 |
| Shenzhen Weirong Enterprise Development Co., Ltd. | – | 475,908,000.00 |
| Mingde Holding | – | 434,570,260.72 |
| Others | 526,151.17 | 518,426.55 |
| | 188,372,946.30 | 1,066,962,740.54 |

(d) Other non-current assets

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| Hubei Jiuzhou Tongda Technology Development Co., Ltd. | 52,158,000.00 | – |

(e) Notes and accounts payables

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| POST110Ü | 24,146,862.13 | – |
| Commerce Holding and its subsidiaries | 15,672,110.75 | 13,447,737.99 |
| Wenzhou Fengbaoke Technology Co., Ltd. | 15,362,813.16 | Not applicable |
| Pacific Insurance and its subsidiaries | 11,040,965.27 | 8,796,478.91 |
| CR-SF International Express Co., Ltd. | 10,109,885.26 | Not applicable |
| ZBHA and its subsidiaries | 7,953,612.69 | Not applicable |
| Shenzhen Shun Jie Feng Da Express Co., Ltd. | 7,112,807.99 | – |
| Shenzhen S.F. Hefeng Microcredit Co., Ltd. | 2,431,348.44 | – |
| Zhongyunda Aviation Ground Services Co., Ltd. | 1,561,827.81 | Not applicable |
| Hive Box Technology | 1,310,413.21 | – |
| Shenghai Information | 999,252.61 | 191,482.08 |
| Little Red Hat and its subsidiaries | 858,030.61 | – |
| Global Connect Holding Limited | 791,240.39 | – |
| Others | 1,964,972.12 | 492,952.80 |
| | 101,316,142.44 | 22,928,651.78 |

(f) Advances from customers

| | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
| McDonald's (China) and its subsidiaries | 14,397,015.09 | – |
| Commerce Holding and its subsidiaries | 4,340,938.92 | 1,320,601.63 |
| Shenzhen Qianhai Webank Co., Ltd. | 1,229,168.70 | Not applicable |
| Ping An Insurance and its subsidiaries | 1,147,918.49 | 1,007,179.37 |
| Others | 433,683.68 | 727,777.28 |
| | 21,548,724.88 | 3,055,558.28 |

(g) Other payables

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| McDonald's (China) and its subsidiaries | 12,778,631.48 | – |
| Shenghai Information | 2,879,887.34 | 324,460.01 |
| Pacific Insurance and its subsidiaries | 1,271,899.21 | 5,413,408.15 |
| Commerce Holding and its subsidiaries | 1,234,103.14 | 16,895,068.22 |
| Qianqu Network and its subsidiaries | 897,104.92 | 900,713.48 |
| Hubei Jiuzhou Tongda Technology Development Co., Ltd. | 683,500.00 | – |
| Ma'anshan Shuntai Rare Earth & New Materials Co., Ltd. | – | 781,433.65 |
| Hive Box Technology | – | 1,103,250.00 |
| Mingde Holding | – | 310,814,342.41 |
| Shenzhen S.F. Hefeng Microcredit Co., Ltd. | – | 9,805,272.29 |
| Suzhou Ruihuang Equity Investment Management Limited Partnership | – | 10,000,000.00 |
| Others | 348,968.18 | 214,986.43 |
| | 20,094,094.27 | 356,252,934.64 |

9 Share-based payment**(1) Overview of share-based payment**

| | 2018 |
|---|--------------------|
| Total equity instruments granted in the current year | 7,788,643.00 |
| Total equity instruments exercised in the current year | – |
| Total equity instruments repurchased in the current year | (36,909.00) |
| Total equity instruments forfeited during the period (not yet written off) | 1,113,173.00 |
| 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 period arising from share-based payment were as follows:

| | 2018 | 2017 |
|------------------------------------|---------------|--------------|
| Equity-settled share-based payment | 41,496,186.85 | 4,815,891.72 |
| Cash-settled share-based payment | 14,772,775.99 | 2,875.47 |
| | 56,268,962.84 | 4,818,767.19 |

(2) Information on equity-settled share-based payment

(a) Information on equity-settled 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 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 5,421,881 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.

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 Company 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 Company 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.

During the reporting period, some of the former incentive recipients of the restricted shares for 2017 resigned due to personal reasons. Pursuant to the *Restricted Shares Incentive Plan (Draft) of S.F. Holding Co., Ltd. for 2017*, they no longer met the requirements. Therefore, the Company repurchased and cancelled 36,909 restricted shares that had been granted and had not been released for resale. During the reporting period, no restricted shares were unlocked. As at 31 December 2018, the restricted shares that were granted to and held by incentive recipients but not unlocked amounted to 7,751,734 shares.

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. The restricted shares that were held by incentive recipients but failed to meet the unlocking conditions were forfeited, totalling 3,729,262 shares.

On 3 January 2019, the unlocking conditions for the first post lock-up period for the restricted shares incentive plan for 2017 were met as approved in the 18th meeting of the 4th Board of Directors. The restricted shares released for resale totalled 1,113,173 shares.

On 31 December 2018, 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 2018, the equity-settled share-based payment recognised in the capital reserve accumulated to RMB36,955,871.18 (31 December 2017: RMB419,902.42). Expenses recognised for equity-settled share-based payment in 2018 amounted to RMB36,535,968.76 (2017: RMB419,902.42).

(b) Information on equity-settled 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 2018, the equity-settled share-based payments of the above-mentioned companies recognised by the Group accumulated to RMB9,356,207.39 (31 December 2017: RMB4,395,989.30). In 2018, expenses recognised for equity-settled share-based payment amounted to RMB4,960,218.09 (2017: RMB4,395,989.30).

In 2018, the fee recognized for equity-settled share-based payment was RMB4,960,218.09 (2017: RMB4,395,989.30).

(3) Information on cash-settled share-based payment

(a) Information on cash-settled 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 2018, the accumulated liabilities arising from cash-settled share-based payment amounted to RMB223,945.97 (31 December 2017: RMB2,875.47). For the year ended 31 December 2018, expenses recognised for cash-settled share-based payment amounted to RMB221,070.50 (2017: RMB2,875.47).

(b) Information on cash-settled 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 2018, liabilities arising from the cash-settled share-based payment accumulated to RMB14,551,705.49 (31 December 2017: Nil). Expenses recognised for cash-settled share-based payment in the current year amounted to RMB14,551,705.49 (2017: Nil).

10 Commitments

(1) Capital commitments

Capital expenditures contracted for by the Group but are not yet necessary to be recognised on the balance sheet as at the balance sheet date are as follows:

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Investment contracts that have been signed but not fulfilled or not absolutely fulfilled | 7,783,785,763.75 | 2,300,000,000.00 |
| Buildings, machinery and equipment | 1,838,275,575.89 | 1,459,630,368.68 |
| Others | 87,949,458.58 | 38,757,546.85 |
| | 9,710,010,798.22 | 3,798,387,915.53 |

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

| | 31 December 2018 | 31 December 2017 |
|---------------|------------------|------------------|
| Within 1 year | 3,452,250,034.37 | 2,273,377,672.55 |
| 1 to 2 years | 2,265,599,687.20 | 1,488,924,389.35 |
| 2 to 3 years | 1,364,554,994.07 | 942,830,314.76 |
| Over 3 years | 1,773,376,291.66 | 1,374,415,354.04 |
| | 8,855,781,007.30 | 6,079,547,730.70 |

(3) Other commitment

(i) 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 (Note 5(3)). In case that the actual operating income of the property assets does not reach 90% but is not lower than 80% of the objective amount, Fengtai Yuanxing was committed to compensate the insufficient part of the target amount with Taisen Holding providing guarantee for the compensation obligation.

(ii) At the end of each three years, the manager of the special scheme (Note 5(3)) accepts open-ended withdrawal and subscription of preferred securities at the open day. If the preferred securities shares that have not completed open-ended withdrawal are less than 20% of total undistributed principal of the preferred securities, RMB1.12 billion, at the extension operation announcement date, Taisen Holding will purchase it.

11 Events after the balance sheet date

(1) The Company held the 17th meeting of the 4th session of Board of Directors on 25 October 2018 and approved the Proposal on Acquisition of 100% Equity of DHL Supply Chain (Hong Kong) Co., Ltd. ("DHL HK") and DHL Logistics (Beijing) Co., Ltd. ("DHL BJ"), planning to acquire 100% equity of both companies at RMB5.5 billion. On 18 February 2019, it completed the acquisition and included the above two companies in the scope of consolidation.

| Acquiree | Timing of acquisition | Acquisition cost | % interest acquired | Method of acquisition | Acquisition date | Acquisition date basis for determining the acquisition date |
|----------|-----------------------|------------------|---------------------|-----------------------|------------------|---|
| DHL HK | 18 February 2019 | 3,658,900,000.00 | 100% | Equity transfer | 18 February 2019 | Completion of equity delivery |
| DHL BJ | 18 February 2019 | 1,841,100,000.00 | 100% | Equity transfer | 18 February 2019 | Completion of equity delivery |

As at the issuing date of the financial statements, the assessment on fair value of identifiable net assets of DHL HK and DHL BJ is in progress.

(2) On 14 March 2019, the Company's Board of Directors agreed a distribution of cash dividends to all shareholders at RMB 2.10 (including tax) per 10 shares together without bonus shares on the basis of the total share capital at the equity registration date on which the 2018 annual profit distribution plan will be carried out minus the number of special account shares repurchased by the Company. The Company did not increase the share capital by converting the capital reserve. The retained earnings would be carried forward to the subsequent years. This proposal is still to be approved by the general meeting of shareholders. The distribution of cash dividends proposed subsequent to the balance sheet date was not recognised as liabilities at the balance sheet date.

(3) Effect of adopting new accounting standards for financial instruments

In 2017, the Ministry of Finance released the revised CAS 22 – *Recognition and Measurement of Financial Instruments*, CAS 23 – *Transfer of Financial Assets*, CAS 24 – *Hedge Accounting* and CAS 37 – *Presentation of Financial Instruments* (hereinafter referred to as "new accounting standards for financial instruments" or "new standards"). The changes in the new accounting standards for financial instruments basically include:

1. The mixed measurement model is retained but simplified, and three major measurement categories are determined: (1) at amortised cost; (2) at fair value through other comprehensive income; and (3) at fair value through profit or loss. Enterprises need to determine the measurement category by taking into consideration their own business model as well as the characteristics of financial assets' contractual cash flows.
2. Equity investments shall be measured at fair value through profit or loss, but at initial recognition, such investments can be measured at fair value through other comprehensive income (in this case, the gains or losses arising from disposal cannot be reversed to profit or loss, but the dividends are recognised in profit or loss) and the choice is irrevocable.
3. The expected credit loss model under the new standards replaces the incurred impairment model used in the old standards.
4. For financial liabilities, the classification and measurement stay unchanged except for those designated as measured at fair value through profit or loss, for which the changes arising from the variation of their own credit risks need to be recognised in other comprehensive income.
5. For hedge accounting, the new standards put forward a more principle-oriented concept. The requirements for the effectiveness of hedge accounting are relaxed compared with the old standards. Contemporaneous documentation is still required, but the requirements are somewhat different from the old standards.

In order to align with the new standards, enterprises do not need to restate the comparative figures in the previous period, and the differences between the new and old standards identified on the first day to implement the new standards are adjusted and recognised in the retained earnings or other comprehensive income at the beginning of the period. The Group will adopt the new accounting standards for financial instruments from the fiscal year beginning on 1 January 2019. For financial assets and financial liabilities, management of the Group assessed the implication of applying the new accounting standards for financial instruments on 1 January 2019 (the "first adoption date"):

(a) Classification and measurement of financial instruments

For the debt instruments held by the Group:

- The Group's debt instruments that are currently classified as available-for-sale financial assets will be reclassified as financial assets at fair value through profit or loss as they will fail the test that "the contractual cash flows are solely payments of principal and interest" ("SPPI" test).
- The majority of the Group's debt instruments currently classified as loans and receivables will satisfy the recognition criteria for financial assets measured at amortised cost, therefore accounting of such assets won't have substantial change.
- Part of the Group's wealth management products currently classified as other current assets or cash at bank and on hand will satisfy the recognition criteria for financial assets measured at amortised cost, therefore accounting of such assets won't have substantial change. Part of such debt instruments will be reclassified as financial assets at fair value through profit or loss as they will fail the SPPI test.

For the equity instruments held by the Group:

- Part of the Group's equity instruments that are currently classified as available-for-sale financial assets are designated by the management as financial assets at fair value through other comprehensive income under the new accounting standards for financial instruments, the gains or losses arising from disposal of such assets should not be reversed to profit or loss, while the dividends should be recognised in profit or loss. Other equity instruments will be classified as financial assets at fair value through profit or loss, and the other comprehensive incomes recognised for such assets need to be transferred to retained earnings at the beginning of the year on the first adoption date.
- The Group's equity instruments currently classified as financial assets at fair value through profit or loss will still be classified as financial assets at fair value through profit or loss under the new accounting standards for financial assets. The accounting treatment for such assets won't have substantial change.

The new accounting standards for financial assets impose no significant influence on the Group's accounting of financial liabilities.

(b) Impairment of financial assets

The new accounting standards for financial assets change the "incurred loss method" under the old standards to the "expected credit loss method". This requirement is mainly applicable to the financial assets measured at amortised cost and debt instruments at fair value through other comprehensive income. On the first adoption date, this change will cause an increase in provision for financial asset impairment and a decrease in retained earnings at the beginning of the period.

The change is not expected to impose any significant influence on the financial statements.

The Group will not restate the comparative data related to the first adoption of the new accounting standards for financial instruments on 1 January 2019, but will provide a detailed disclosure on transition to the new standards according to the revised *CAS 37 – Presentation of Financial Instruments*. The revised *CAS 37 – Presentation of Financial Instruments* introduces expanded disclosure requirements and presentation-related modifications for financial instruments, which will affect the Group's disclosure of financial instruments' nature and contents in the year where the new accounting standards for financial instruments are implemented.

12 Business combinations

See Note 5(1) and 5(2).

13 Financial risk

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(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. Part of 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's finance department at its headquarters 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.

As at 31 December 2018 and 31 December 2017, 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 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 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 |
| Notes and accounts receivable | 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 | | | | |
| Notes and accounts payables | 35,156.33 | – | 35,156.33 | 30,803.76 |

| | 31 December 2017 | | | |
|---|------------------|---------------|----------------|---------------|
| | RMB | USD | Total | Total |
| | (HKD) | (HKD) | (HKD) | (RMB) |
| Financial assets denominated in foreign currency | | | | |
| Cash at bank and on hand | 51,490,507.67 | 39,795,482.07 | 91,285,989.74 | 76,306,781.92 |
| Notes and accounts receivable | – | 13,081,873.33 | 13,081,873.33 | 10,935,227.10 |
| | 51,490,507.67 | 52,877,355.40 | 104,367,863.07 | 87,242,009.02 |
| Financial liabilities denominated in foreign currency | | | | |
| Notes and accounts payables | 1,938,359.97 | 14,755,418.62 | 16,693,778.59 | 13,954,450.91 |

As HKD is pegged to USD, there is little difference arising from translating the Group's financial assets and financial liabilities denominated in USD to HKD and it does not have significant influence on the Group's net profit.

As at 31 December 2018, if HKD had strengthened/weakened by 10% against RMB while all other variables had been held constant, the Group's profit before tax for the year would have been approximately HKD18,505,000.00 (equivalent to approximately RMB16,214,000.00) (31 December 2017: HKD4,955,000.00, equivalent to approximately RMB4,142,000.00) lower/higher for various financial assets and liabilities denominated in RMB.

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 2018, the Group's long-term interest bearing debts were mainly related to the contracts of floating rate long-term borrowings denominated in RMB and HK, 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 RMB882,550,284.58 (31 December 2017: RMB782,515,467.96), and floating rate long-term borrowings denominated in HKD amounted to HKD131,758,521.06, equivalent to RMB115,737,550.61 (31 December 2017: HKD2,319,466,950.57, equivalent to RMB1,938,888,813.32); the contract amount of fixed rate debentures payable denominated in RMB was RMB3,000,000,000.00 (31 December 2017: RMB530,000,000.00), and the contract amount of fixed rate debentures payable denominated in USD was 500,000,000.00, equivalent to RMB3,439,250,000.00 (31 December 2017: Nil).

The Group's finance department at its headquarters 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. The 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 2018, 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 RMB4,991,000.00 (31 December 2017: RMB13,607,000.00).

(c) Other price risk

The Group's other price risk arises mainly from available-for-sale financial assets.

As at 31 December 2018, if the price of available-for-sale financial assets measured at fair value rises/falls by 10% while holding all other variables constant, the Group's other comprehensive income will be approximately RMB325,333,000.00 (31 December 2017: approximately RMB180,564,000.00) higher/lower respectively.

(2) Credit risk

Credit risk is managed on grouping basis. Credit risk mainly arises from cash at bank, notes and accounts receivables, factoring receivables, loans and advances, other receivables, long-term receivables, etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Notes and accounts receivables, other receivables 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.

The Group has no significant collateral or other credit enhancements held as a result of debtor's mortgage.

The factoring receivables were from the Group's subsidiary Lefeng Factoring (Note 4(6)). Lefeng Factoring 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. Based on its internal risk rating system, Lefeng Factoring set up five-tier classification of credit assets that classifies credit assets into five tiers including pass, special mention, substandard, doubtful and loss. As at 31 December 2018 and 31 December 2017, the factoring advances held by Lefeng Factoring were basically pass and special mention.

Loans and advances were from S.F. Finance, an overseas subsidiary of the Group (Note 4(7)). In accordance with its internal risk rating system, S.F. Finance set up five-tier classification of credit assets that classifies credit assets into five tiers including pass, special mention, substandard, doubtful and loss. As at 31 December 2018 and 31 December 2017, the loan balance held by S.F. Finance were basically pass.

(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. The Group's finance department at its headquarters 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 2018 | | | | |
|--|-------------------|----------------|------------------|----------------|-------------------|
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
| Financial liabilities – | | | | | |
| Deposits from customers | 10,269,542.51 | – | – | – | 10,269,542.51 |
| Notes and accounts payables | 7,887,342,829.83 | – | – | – | 7,887,342,829.83 |
| Other payables | 4,539,637,152.31 | – | – | – | 4,539,637,152.31 |
| 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 |
| | 22,821,594,358.89 | 601,470,952.34 | 7,684,022,130.89 | 104,097,091.16 | 31,211,184,533.28 |

| | 31 December 2017 | | | | |
|--|-------------------|----------------|------------------|------------------|-------------------|
| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
| Financial liabilities – | | | | | |
| Financial liabilities at fair value through profit or loss | 784,639.53 | – | – | – | 784,639.53 |
| Notes and accounts payables | 6,906,891,118.52 | – | – | – | 6,906,891,118.52 |
| Other payables | 5,826,678,536.46 | – | – | – | 5,826,678,536.46 |
| Short-term borrowings | 4,789,668,879.92 | – | – | – | 4,789,668,879.92 |
| Current portion of non-current liabilities | 3,315,597,546.15 | – | – | – | 3,315,597,546.15 |
| Long-term borrowings | 121,492,576.70 | 896,997,802.48 | 1,104,519,133.27 | 1,187,180,316.31 | 3,310,189,828.76 |
| Debentures payable | 24,380,000.00 | 24,380,000.00 | 554,380,000.00 | – | 603,140,000.00 |
| Long-term payables | – | – | 12,150,000.00 | 8,775,000.00 | 20,925,000.00 |
| | 20,985,493,297.28 | 921,377,802.48 | 1,671,049,133.27 | 1,195,955,316.31 | 24,773,875,549.34 |

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.

Financial assets and liabilities of the Group not measured at fair value mainly represent receivables, available-for-sale financial assets measured at cost and payables.

(1) Financial assets and liabilities measured at fair value on a recurring basis

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 | | | | |
| 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 |

As at 31 December 2017, the financial assets and financial liabilities 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 | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Investments in equity instrument held for trading | 16,232,692.66 | - | - | 16,232,692.66 |
| - Forward interest rate swap contracts | - | 1,586,700.69 | - | 1,586,700.69 |
| Available-for-sale financial assets | | | | |
| - Available-for-sale equity instruments | 684,756,526.14 | - | 1,050,000,000.00 | 1,734,756,526.14 |
| - Available-for-sale debt instruments | - | - | 58,363,532.08 | 58,363,532.08 |
| Total financial assets | 700,989,218.80 | 1,586,700.69 | 1,108,363,532.08 | 1,810,939,451.57 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|----------|-------------------|----------|-------------------|
| Financial liabilities | | | | |
| Financial liabilities at fair value through profit or loss | - | 784,639.53 | - | 784,639.53 |

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 is no transfer between the 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.

The changes in Level 3 financial assets are analysed below:

| | 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 available-for-sale financial assets | 138,000,000.00 | 977,953,000.75 |
| Decrease in available-for-sale financial assets | (6,477,537.61) | - |
| Total gains or losses for the current period | (11,482,182.39) | 248,321,386.17 |
| Losses recognised in profit or loss (i) | (11,482,182.39) | - |
| Gains recognised in other comprehensive income (ii) | - | 248,321,386.17 |
| 31 December 2018 | 178,403,812.08 | 2,276,274,386.92 |

| | Available-for-sale financial assets – Available-for-sale debt instruments | Available-for-sale financial assets – Available-for-sale equity instruments |
|---|---|---|
| 1 January 2017 | 25,885,224.84 | – |
| Increase in available-for-sale financial assets | 45,000,000.00 | 900,000,000.00 |
| Total gains or losses for the current period | (12,521,692.76) | 150,000,000.00 |
| Losses recognised in profit or loss (i) | (12,521,692.76) | – |
| Gains recognised in other comprehensive income (ii) | – | 150,000,000.00 |
| 31 December 2017 | 58,363,532.08 | 1,050,000,000.00 |

(i) Losses recognised in profit or loss are included in the income statement under the items of asset impairment losses.

(ii) Such gains or losses were changes in fair value of the investees, determined with reference to the assessment results or the Group's latest financing transaction price of such investment.

(2) Assets and liabilities not measured at fair value but disclosed.

The Group's financial assets and liabilities measured at amortised cost mainly include receivables, factoring receivables, loans and advances, long-term receivables, short-term borrowings, payables, long-term borrowings, debentures payable, current portion of non-current liabilities and long-term payables.

The fair value of the Group's available-for-sale financial assets measured at cost cannot be reliably measured as those financial assets are not quoted in an active market, the variability in the range of reasonable fair value measurements is significant and the probabilities of the various estimates used to determine the fair value cannot be reasonably determined.

In addition to available-for-sale financial assets measured at cost, the carrying amount of the 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.

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 2018 and 31 December 2017, the Group's gearing ratio was as follows:

| | 31 December 2018 | 31 December 2017 |
|---------------|------------------|------------------|
| Gearing ratio | 48.45% | 46.23% |

16 Notes to the Company's financial statements

(1) Cash at bank and on hand

| | 31 December 2018 | 31 December 2017 |
|---------------------|------------------|------------------|
| Cash at bank | 1,136,148,582.11 | 1,046,986,313.39 |
| Other cash balances | 139,907.00 | 139,907.00 |
| | 1,136,288,489.11 | 1,047,126,220.39 |

(2) Other receivables

| | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| Dividends receivable from Taisen Holding | 2,117,405,390.21 | 3,089,805,390.21 |
| Other receivables (i) | 7,421,843,560.89 | 4,218,016,446.65 |
| Interest receivable | 3,217,175.00 | 31,852,751.65 |
| | 9,542,466,126.10 | 7,339,674,588.51 |
| Less: Provision for bad debts | – | – |
| | 9,542,466,126.10 | 7,339,674,588.51 |

(i) As at 31 December 2018, such other receivables were all receivables from wholly-owned subsidiaries and comprised the funds granted to the subsidiaries after the accomplishment of funds raising in July 2017.

(a) The ageing of other receivables is analysed as follows:

| | 31 December 2018 | 31 December 2017 |
|---------------|------------------|------------------|
| Within 1 year | 3,529,984,352.31 | 7,339,674,588.51 |
| 1 to 2 years | 6,012,481,773.79 | – |
| | 9,542,466,126.10 | 7,339,674,588.51 |

(3) Other current assets

| | 31 December 2018 | 31 December 2017 |
|----------------------------|------------------|------------------|
| Input VAT to be offset | 255,389.87 | 9,753,216.04 |
| Wealth management products | – | 2,987,161,190.38 |
| | 255,389.87 | 2,996,914,406.42 |

(4) Long-term equity investments

| | 31 December 2018 | 31 December 2017 |
|--|-------------------|-------------------|
| Subsidiaries (a) | 43,337,179,817.15 | 43,300,422,777.89 |
| Less: Provision for impairment of long-term equity investments | – | – |
| | 43,337,179,817.15 | 43,300,422,777.89 |

There is no significant restriction on sales of the long-term equity investments held by the Company.

(a) Subsidiaries

| | Accounting method | 31 December 2017 | Increase in the current year | 31 December 2018 | Shareholding (%) | Voting rights (%) | Explanation of disparity between percentages of shareholding and voting rights | Provision for impairment | Cash dividends declared in the current year |
|----------------|-------------------|-------------------|------------------------------|-------------------|------------------|-------------------|--|--------------------------|---|
| Taisen Holding | Cost method | 43,300,422,777.89 | 36,757,039.26 | 43,337,179,817.15 | 100.00% | 100.00% | Not applicable | - | - |

(5) Other payables

| | 2018 | 2017 |
|--------------------------------------|----------------|--------------|
| Restricted share repurchases payable | 200,619,019.91 | - |
| Professional service fees | 4,071,855.35 | 4,690,408.81 |
| Others | - | 781,433.65 |
| | 204,690,875.26 | 5,471,842.46 |

(6) Investment income

| | 2018 | 2017 |
|--|----------------|------------------|
| Income from long-term equity investments under cost method | - | 3,089,805,390.21 |
| Investment income from wealth management products | 53,942,096.28 | 54,847,251.21 |
| Income from utilisation of raised funds by subsidiaries | 117,162,631.37 | 27,724,537.61 |
| | 171,104,727.65 | 3,172,377,179.03 |

1 Statement of non-recurring profit or loss

| | 2018 | 2017 |
|---|------------------|------------------|
| Investment income from disposal of subsidiaries | 807,518,533.61 | - |
| Gains on disposal of non-current assets | 71,160,937.90 | 1,075,903,723.03 |
| 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, expenses or losses) | 295,443,847.50 | 230,922,102.34 |
| Gains or losses on changes in fair value of financial assets and liabilities held for trading and investment (losses)/gains arising from disposals of financial assets and liabilities held for trading and available-for-sale financial assets | (8,398,916.11) | 14,060,964.04 |
| Income from external entrusted loans | 416,510.40 | 5,060,742.88 |
| Net amount of other non-operating income and expenses | 13,515,766.49 | 24,976,445.24 |
| Net (loss)/profit affected by subsidiaries arising from business combinations involving enterprises under common control | (42,905,613.61) | 3,442,180.30 |
| Sub-total | 1,136,751,066.18 | 1,354,366,157.83 |

| | 2018 | 2017 |
|---|------------------|------------------|
| Less: Income tax effect | (63,672,015.52) | (281,823,573.43) |
| Less: Total non-recurring profit or loss attributable to minority shareholders | (620,414.11) | (1,048,197.18) |
| Non-recurring profit or loss attributable to shareholders of the parent company | 1,072,458,636.55 | 1,071,494,387.22 |
| Including: Non-recurring profit or loss from continuing operations | 1,072,458,636.55 | 1,071,494,387.22 |

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 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 | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Net profit attributable to ordinary shareholders of the Company | 13.21% | 18.15% | 1.03 | 1.12 | 1.03 | 1.12 |
| Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss | 10.31% | 14.30% | 0.79 | 0.87 | 0.79 | 0.87 |
| Including: | | | | | | |
| – Continuing operations | | | | | | |
| Net profit attributable to ordinary shareholders of the Company | 13.21% | 18.15% | 1.03 | 1.12 | 1.03 | 1.12 |
| Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss | 10.31% | 14.30% | 0.79 | 0.87 | 0.79 | 0.87 |

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List of Documents Available for Inspection



- (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 2018 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.



Delivery on our every promise

S.F. Holding Co., Ltd.

Wanji Business Building, Xinzhou 11th Street, Futian District, Shenzhen, Guangdong Province

Zip Code: 518048

Customer service hotline: +86 95338

Website: <http://www.sf-express.com>