

Stock Abbr.: SF Holding
Stock Code: 002352

2020

S.F. Holding Co., Ltd.
**SEMI-ANNUAL
REPORT**

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S.F. Holding Co., Ltd.

2020 Semi-Annual Report



August 2020

Notice

The Company prepared its 2020 Semi-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. 3 Semi-Annual Report Content and Format,” the “Shenzhen Stock Exchange Listing Rules,” the “Shenzhen Stock Exchange Standard Operating Guidelines,” and the “Guidelines of the Shenzhen Stock Exchange on the Business Handling of Listed Companies No. 2 – Matters Related to Periodic Disclosures.” The Company's 2020 Semi-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 2020 Semi-Annual Report on Cninfo (www.cninfo.com.cn), which is designated by the China Securities Regulatory Commission for Publishing the Semi-Annual Report.

Chapter 1 Important Information, Table of Contents, and Definitions

The Company's Board of Directors, Supervisory Committee, directors, supervisors, and senior management hereby guarantee that the contents of the Semi-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 Hu Xiaofei, the person in charge of the accounting department (accounting officer), hereby declare and warrant that the financial report within the Semi-Annual Report is true, accurate, and complete.

All directors have attended the Board meeting approving the Semi-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 Semi-Annual Report, the Company details the possible risk factors and countermeasures that may occur in the future. For more information, refer to "Section X. Possible Risks and Countermeasures" in "Chapter 4. Management Discussion and Analysis of Business Operation." Investors shall refer to this information.

The Company does not plan to issue cash or equity dividends, nor to convert equity reserve into share capital of the Company.

Table of Contents

Chapter 1 Important Information, Table of Contents, and Definitions	4
Chapter 2 Company Profile and Key Financial Indicators	7
Chapter 3 Business Overview	10
Chapter 4 Management Discussion and Analysis of Business Operation	27
Chapter 5 Significant Events.....	57
Chapter 6 Share Changes & Shareholder Details	86
Chapter 7 Preferred Shares	90
Chapter 8 Convertible Corporate Bonds	91
Chapter 9 Directors, Supervisors and Senior Managers	94
Chapter 10 Corporate Bonds.....	95
Chapter 11 Financial Statements.....	96
Chapter 12 List of Documents Available for Inspection.....	281

Definitions

Term	Description
Reporting period	January 1, 2020 to June 30, 2020
The same period of previous year	January 1, 2019 to June 30, 2019
The Company, The listed Company, SF Holding	S.F. Holding Co., Ltd., formerly known as Maanshan Dingtai Rare Earth and New Materials Co., Ltd. After completing a major asset restructuring (as defined below) in December 2016, it was officially renamed to S.F. Holding Co., Ltd. in February 2017.
RMB	Renminbi yuan
Mingde Holding	Shenzhen Mingde Holding Development Co., Ltd., the controlling shareholder of S.F. Holding Co., Ltd.
Dingtai New Materials	Maanshan Dingtai Rare Earth and New Materials Co., Ltd., The predecessor of S.F. Holding Co., Ltd., it was renamed to S.F. Holding Co., Ltd. in February 2017.
Taisen Holding	Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a subsidiary of S.F. Holding Co., Ltd.
Shunda Fengrun	Ningbo Shunda Fengrun Venture Capital Partnership (Limited Partnership)
Jiaqiang Shunfeng	Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership)
Zhaoguang Investment	Shenzhen Zhaoguang Investment Co., Ltd.
Oriza Shunfeng	Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership)
Guyu Qiuchuang	Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership)
Shunxin Fenghe	Ningbo Shunxin Fenghe Venture Capital Partnership (Limited Partnership)
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.

Chapter 2 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	S.F. Holding Co., Ltd.		
English Name Abbreviation of the Company	SF Holding		
Legal Representative of the Company	Wang Wei		

II. Contacts and Contact Methods

	Board Secretary	Securities Affairs Representative
Name	Gan Ling	Zeng Jing
Address	Block B, TK Chuangzhi Tiandi Building, Keji South 1 st Road, Nanshan District, Shenzhen, Guangdong Province, P.R.China	Block B, TK Chuangzhi Tiandi Building, Keji South 1 st Road, Nanshan District, Shenzhen, Guangdong Province, P.R.China
Tel No.	0755-36395338	0755-36395338
Fax	0755-36646688	0755-36646688
Email	sfir@sf-express.com	sfir@sf-express.com

III. Other Information

1. Corporate Contact Information

Were there any changes to the Company's registered address, office address or postal code, company website, or to the email address during the reporting period?

☒ Yes ☐ No

Registered Address	Room 801, Floor 8, Wanfu Building, No. 303 Fuyong Avenue, Bao'an District, Shenzhen, Guangdong Province, P.R.China
Zip Code of Registered Address	518103
Office Address	Block B, TK Chuangzhi Tiandi Building, Keji South 1 st Road, Nanshan District, Shenzhen, Guangdong Province, P.R.China
Zip Code of Office Address	518057
Company Website	www.sf-express.com
Email	sfir@sf-express.com
Date of disclosure of the interim announcement as disclosed through the designated website (if any)	July 8, 2020
Index for the interim announcement as disclosed through the designated website (if any)	Announcement on the Change of Office Address and Investor Relations Facsimile Number (2020-069) disclosed by the Company on Cninfo (http://www.cninfo.com.cn)

2. Information Disclosure and Location of Report

Were there any changes to information disclosure and location during the reporting period?

☐ Yes ☒ No

There were no changes to the name of the newspaper designated for information disclosure, to the address of website designated by the China Securities Regulatory Commission for semi-annual report publication, nor to the storage location of company's Semi-Annual report during the reporting period. Refer to the Company's 2019 Annual report for details.

IV. 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

	Current reporting period	The same period of previous year		Increase/Decrease over the same period of previous year
		Before restatements	After restatements	After restatements
Revenue (RMB)	71,129,007,738.21	50,074,704,033.85	50,074,704,033.85	42.05%
Net profit attributable to shareholders of the parent company (RMB)	3,761,593,296.43	3,101,111,638.63	3,099,808,006.37	21.35%
Net profit after deducting non-recurring profit or loss attributable to shareholders of the parent company (RMB)	3,444,761,400.75	2,330,310,116.43	2,330,310,116.43	47.82%
Net cash flow from operating activities (RMB)	6,931,712,320.10	4,816,886,549.68	4,820,813,616.56	43.79%
Basic earnings per share (RMB/share)	0.85	0.70	0.70	21.43%
Diluted earnings per share (RMB/share)	0.85	0.70	0.70	21.43%
Weighted average return on net assets	8.51%	8.23%	8.20%	An increase of 0.31 percentage points
	End of the current reporting period	End of previous year		Increase/Decrease over previous year end
		Before restatements	After restatements	After restatements
Total assets (RMB)	102,045,830,669.00	92,535,386,807.84	92,535,386,807.84	10.28%
Total equity attributable to shareholders of the parent company (RMB)	46,854,381,588.06	42,419,713,739.80	42,419,713,739.80	10.45%

V. 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.

VI. Non-Recurring Profit or Loss

☒Applicable ☐Not applicable

Unit: RMB

Item	Amount	Note
Gains on disposals of non-current assets (including offsetting amount for the provision of impairment of assets)	7,613,935.62	
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)	426,807,766.64	The amounts of such government grants during the first half year of 2019 and 2018 are of 175,408,699.42 and 104,740,498.52 respectively. The change in amount was mainly attributed to the increase in fiscal appropriation, transportation capacity subsidies, tax refund, job stabilization subsidies, etc.
Gains or losses from changes in fair value of financial assets and liabilities held for trading, derivative financial assets and liabilities, and investment (losses)/gains arising from the disposal of financial assets and liabilities held for trading, derivative financial assets and liabilities and other debt investments, excluding hedging activities related to the normal business operations of the Company	-1,429,156.76	
Net amount of other non-operating income and expenses	-23,668,908.06	
Less: Income tax effect	90,886,652.95	
Profit or loss attributable to minority shareholders (after tax)	1,605,088.81	
Non-recurring profit or loss attributable to shareholders of the parent company	316,831,895.68	--

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

☐Applicable ☒Not applicable

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

Chapter 3 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

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

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

SF Holding is also a smart logistics operator with network scale advantages, boasting a operating model with strong management and control over the whole network. SF Holding has a gigantic logistics network at home and abroad, including an “aviation network” consisting of all-cargo aircraft, commercial flight and drones; a “ground network” consisting of operating service points, transit and distribution service points, land transportation networks, customer hotline networks, and last mile networks; and an “information network” consisting of various types of big data, blockchain, machine learning and planning optimization, AI recognition for voice/image/computer graphics/smart security checks and smart logistics map. The three networks are integrated into one “aviation + ground + information” network. This SF 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 provides multi-category all-rounded integrated logistics services, with one-stop supply chain service capabilities

Major Time-definite Products



Same Day Delivery

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



Next Morning Delivery

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



Next Day Delivery

Shipments made within specified service locations and time frames can be delivered fastest by 12 p.m. on the following day and within 23 hours on average

Major Freight Products



Heavy Parcels

For single-ticket 20-100 kg parcels, large e-commerce parcels to C, and some large parcels to B



Heavy Cargo Special Services

Full truck-load transportation (3+ tonnes) for large-volume plant-warehouse and warehouse-warehouse transfers



Small Ticket LTL

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



Large Ticket LTL

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

Economy & Warehousing Products



Economy Series

Shipments made within specified service locations and time frames can be delivered in 2-4 days on average



Warehousing Service

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

Major Cold Chain Products



Cold Chain Economy Express

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



Cold Chain LTL

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



Cold Chain FTL

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

Major Pharmaceutical Products



Pharmaceutical Special Delivery

Direct home delivery service that transports cold-chain drugs, diagnostic agents and other pharmaceuticals within the temperature range of 2-8 °C



Pharmaceutical FTL

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



Pharmaceutical LTL with fixed-time collection/delivery

Cold-chain pharmaceutical logistics service that transports biopharmaceutical and special new IVD and DTP drugs within the temperature range of 2-8 °C



Pharmaceutical LTL via regular vehicles

LTL logistics service designed for medical supplies such as biopharmaceutical products and vaccines within the temperature range of 2-8 °C

Major Intra-city Products



Help Me Send

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



Help Me Buy

Intra-city shopping service provided for retail customers



Customized products

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



Standard products

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

Main Value-added Services



Shipment Protection Plus



Return Proof of Delivery



Cash on Delivery



Customs Declaration



Food Preservation



Pickup Authorization



Packaging



Scheduled Delivery



Supply chain solutions & integrated supply chain services

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

Major International Products



International Standard Express

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



International Economy Express

Economy international express services for customers not sensitive to transit time



International E-parcel

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

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

II. Major Changes in Key Assets

1. Major Changes in Key Assets

Key Assets	Description on major Changes
Equity assets	No major changes.
Fixed assets	Increased due to the addition of buildings, aircraft and accessories.
Intangible assets	No major changes.
Construction in progress	Increased due to the addition of aircraft refit and investments in industrial parks.
Financial assets held for trading	Increased due to increase in structured deposits.
Accounts receivable	Increased due to increase in revenue.
Investments in other equity instruments	No major changes.
Goodwill	No major changes.

2. Key Overseas Assets

☐ Applicable ☒ Not applicable

III. Core Competitiveness Analysis

(I) Building industry-unique core competitiveness on strong technological strength

SF Holding consistently attaches importance to and actively invests in the building of smart logistics, and is committed to becoming a technology-driven industry solution service company, leading the building of an intelligent, digital, visualized, and refined logistics industry through technological innovation. As at the end of the reporting period, SF Holding had a total of 2,634 patents and 1,450 copyrights awarded or under application. Among which, the number of invention patent applications made in the first half of 2020 accounted for 49% of the Company's total number of patent applications during the period. In terms of the number of patents held, SF Holding ranked first in the domestic express delivery industry. SF Holding was named one of the world's 50 Smartest Companies by MIT Technology Review in 2019.

1. Big data ecosystem

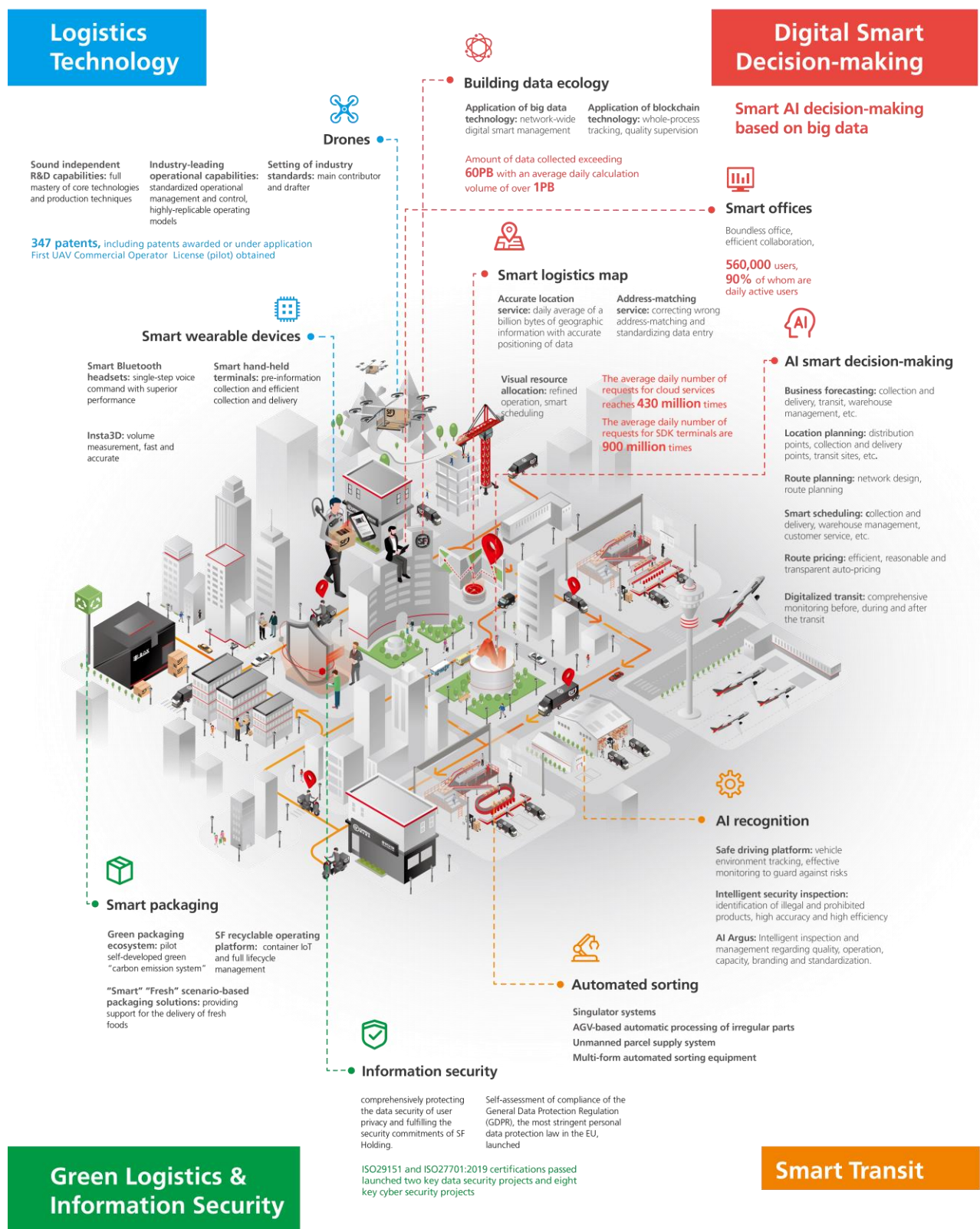
(1) Application of big data technology: SF Holding continues to consolidate its big data technology framework, reinforce its data management capabilities, solidify the data platform, continuously strengthen the construction of data platform systems in various segments such as resources, operations, customers, and experiences, and promote the construction of AIoT transit fields through big data + Internet of Things technology, thus further supporting the Company's business expansion as well as digital and intelligence construction across multiple sectors.

(2) Application of blockchain technology: SF Holding continues to explore the application scenarios of blockchain technology, deep-plowed the fields of medicines and vaccines, fresh agricultural and sideline food products, cross-border commodities, supply chain finance, etc., and actively participated in the formulation of national and industry-related standards to help customers in their supply chain digitalization and digital and intelligence transformation.

2. Smart logistics map

SF's smart logistics map platform, providing smart location decision services which are applied to the whole logistics process and are more tailored to logistics scenarios, was the first industrial-level logistics map service

product in China. It manages 800 million pieces of data of couriers' locations as well as ground track data covering some 21 million square kilometres on a daily basis. The average daily requests for cloud services reaches 430 million times and that for SDK terminals is close to 900 million times.



3. AI smart decision-making

(1) Machine learning and planning optimization: SF Holding has constructed systems such as business forecasting, site selection programming, network and route planning algorithms that are highly compatible with the characteristics of the logistics industry, realizing multi-scenario, multi-process and multi-dimensional business forecasting, and resolving the location issue of multiple types of actual business scenarios. With online multi-post scheduling management, route pricing, digital transfer operation and other solutions, online and intelligent information and resource management is being effectively promoted to boost the transformation of traditional management models.

(2) AI recognition: Through the analysis of information and data on videos and pictures relating to parcels, personnel, vehicles, environments and sites in logistics scenarios, SF Holding has innovated and developed mature applications such as safe driving platform, intelligent security inspection system and AI Argus, continuously promoting the intelligent upgrading of personnel, vehicle and site management and scheduling and thus effectively safeguarding operation safety, preventing cargo damage, and improving site operational efficiency.

4. Automation and smart wearable devices

Focusing on logistics operation processes, SF Holding conducts targeted research and development on automation innovation. The output includes singulator systems, AGV-based automatic processing of irregular parts, unmanned parcel supply systems, multi-form automatic sorting equipment, etc. Core capabilities in automation and robotics have been built to realize unmanned operation in the entire process of unloading, supplying, sorting, and loading parcels, helping the Company in upgrading its automation capabilities and providing new driving forces and paths for the development of the logistics industry.

For collection and delivery processes, SF Holding continues to upgrade and innovate smart wearable devices, launching smart hardware such as smart Bluetooth headset “Xiaofeng”, smart hand-held terminals, and quick mobile measurement so as to adapt to the business needs in a variety of scenarios, achieving more efficient collection and delivery, greatly improving work efficiency, and promoting the digital transformation of the Company.

5. Smart offices

SFIM is a one-stop mobile smart office platform with an open and compatible technical framework capable of perfectly integrating into third-party applications as well as connecting to upstream and downstream enterprises in the SF ecosystem, which has significantly improved the efficiency of office collaboration, the level of business value transformation and the level of information-based application among enterprises. SFIM provides service to 560,000 users, as high as 90% of whom are daily active users on average.

6. Digital warehousing and benchmark warehouses

Through self-built intelligent SFWMS, digital warehousing maps, commodity digitization, labor and capacity digitization and other technological capabilities, SF Holding has taken the lead in realizing the implementation and application of warehousing digital twins in the industry while forming a set of replicable and scalable warehousing automation solutions, which has established specialized + servicing warehousing service capacity barriers.

SF’s self-developed OMS and WMS systems, which have accumulated amounts of replicable and scalable WMS solutions and experiences, boast significant presence in the industry and their intelligent storage algorithms integrating software and hardware have been output and applied to seven major sectors, namely agriculture, energy, government and enterprises, 3C, footwear and apparel, pharmaceuticals, and cosmetics, empowering customers and business partners, and playing an exemplary role in the intelligent upgrading of the warehousing and logistics industry.

7. Logistics drones

SF Holding has established a system for the research and development, testing, production and operation of logistics drones, and has fully mastered the core technology of logistics drones. As at the end of the reporting period, SF Holding had 347 patents under application or awarded, close to 50% of which were invention patents. In June 2020,

the standard project “Delivery Standards and Principles for Logistics Drones” of SF Holding and the project “Standards on Joint Information Collection and Exchange of Postal Logistics Drones” participated by SF Holding were incorporated into the 2020 Transportation Standardization Plans (First Batch) by the Ministry of Transport. Since obtaining the first approval for pilot trial in August 2017, SF’s drones have gradually achieved normalized operations in multiple scenarios from the hilly areas of southern Jiangxi to the mountainous areas of the western plateau, with over 70,000 flights operating safely. During the COVID-19 pandemic, under the guidance of authorities and governments at all levels, SF Holding provided small-amount, multi-batch, point-to-point medical and civilian logistics solutions and transportation to a number of regions such as Wuhan and Shiyan cities, flying for more than 730 hours, with a flight mileage exceeding 22,000 kilometers and transportation of more than 20 tons of medical materials.



8. Smart packaging

(1) Establishment of a green packaging ecosystem: On the basis of reducing the amount of bulk packaging materials, SF Holding has carried out pilot degradable materials projects. It has developed and piloted the promotion of inkless printed cartons, document sealing products and plastic bags. It has also established a database of physical properties of bulk materials in express logistics and has self-developed “carbon emission systems” to measure and drive the optimization and iteration of packaging solutions.

(2) SF recyclable operating platform: The platform realizes container IoT as well as full lifecycle management, intelligent allocation and precise placement for reusable containers at multiple terminals and transfers. As at the end of the reporting period, a total of nine types of reusable containers including “Feng Box” were launched online, with over 785,000 units put into use which were reused for over 21 million times, reducing carbon emissions by more than 7,678 tons.

(3) “Smart” “Fresh” scenario-based packaging solutions: SF Holding has established altogether 18 pre-treatment centers with an integrated model of “smart fresh technology + automated pre-treatment + scenario-based packaging”, involving 10 categories, effectively tackling the weaknesses of the fresh food industry.

9. Information security

In the first half of 2020, SF Holding started the annual evaluation of classified protection of cyber security protection initiated by the Ministry of Public Security, and took the lead in the industry to launch self-assessment with respect to the compliance of the General Data Protection Regulation (GDPR), the most stringent personal data protection law in the EU. It also launched two key data security projects and eight key cyber security projects, carrying out high-strength security reinforcement and advanced threat detection on user privacy data, comprehensively protecting the data security of user privacy and fulfilling the security commitments of SF Holding.

(II) Shaping a good brand image with a long-standing top ranking in service quality

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



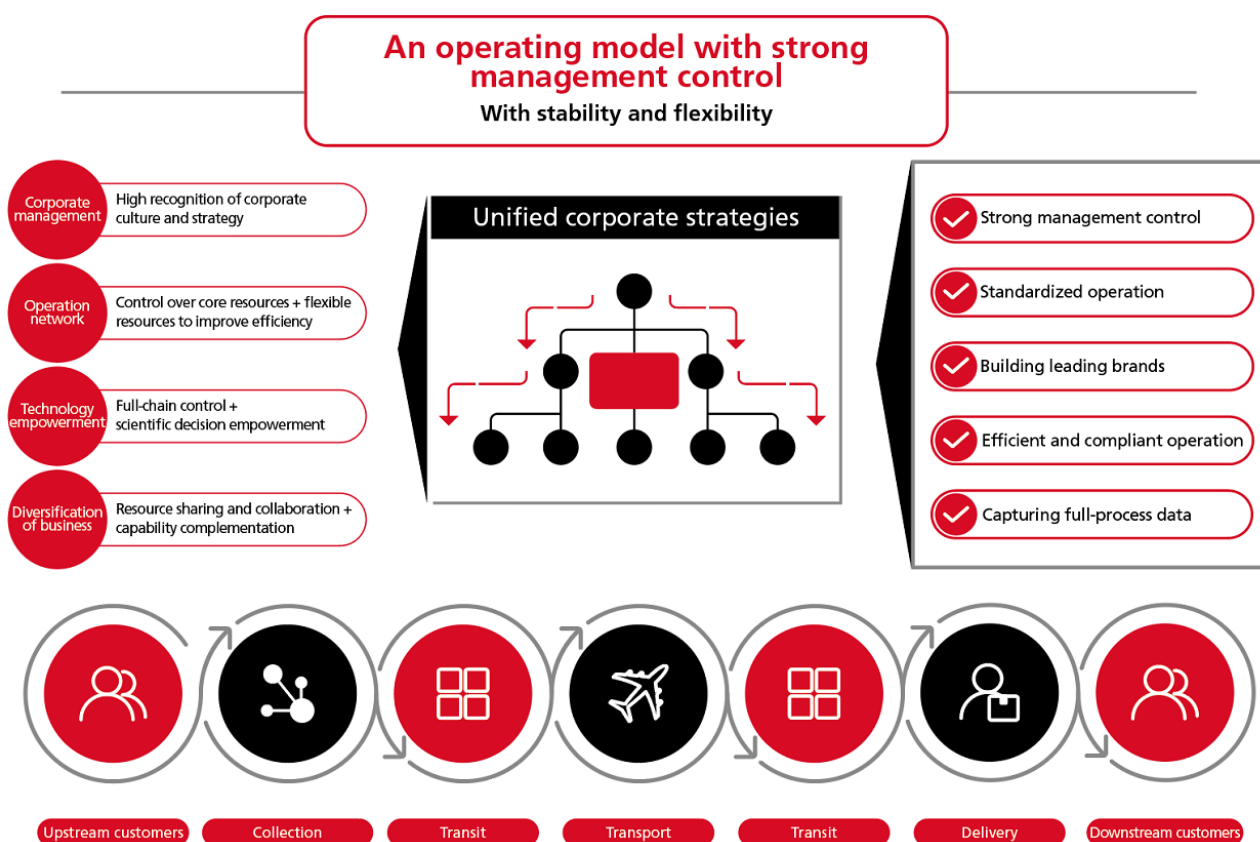
Most Admired Chinese Companies for 2019



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

According to the 2019 Express Delivery Service Satisfaction Survey Results (《2019 年快递服务满意度调查结果通报》) released by the State Post Bureau, S.F. Express has ranked No.1 in “Overall Satisfaction towards Express Delivery Service Enterprises” for 11 consecutive years. According to the 2019 Express Delivery Service Punctuality and Timeliness Test Results (《2019 年快递服务时限准时率测试结果》) released by the State Post Bureau, SF Holding has topped the ranking for 7 consecutive years. SF Holding ranked No.9 in Fortune’s list of Most Admired Chinese Companies for 2019.

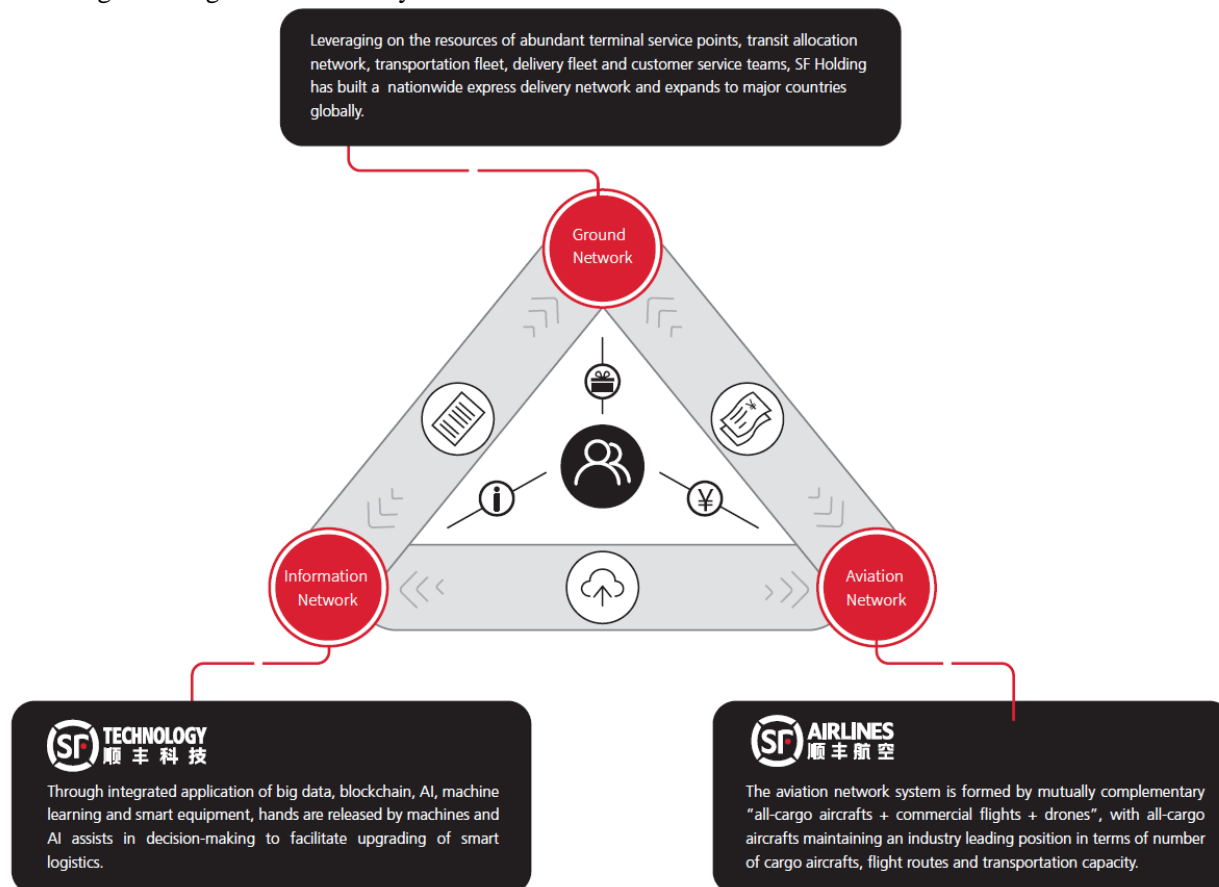
(III) SF Holding adopts an operating model with strong management control over the whole network and with stability and flexibility



SF Holding adopts an operating model that maintains strong management and control over the whole network, with the whole express delivery network and key resources under the strict control of its headquarters, covering all links of the business chain, which is conducive to the precise alignment of its corporate strategies from top to toe, as well as the effective achievement of its strategies and business goals; it also helps to maintain the stability and controllability of our operation, standardization and compliance of our internal control, and ensure standardized operations, high operational efficiency and high service quality, thereby enhancing customer's loyalty and brand reputation. While maintaining strict control of the key links and core resources, we have adopted a diversified resource acquisition and operation model, aiming to enhance the flexibility of the whole network and the space for expansion, and extend the coverage of our services; we rely on our standardized operation and control processes that have been developed upon many years of experience, as well as the advanced logistics technology to ensure the controllability and stability of the entire logistics chain, so as to achieve full control of the overall network and further enhancement of resource efficiency, provide support for business expansion, and form a stable and flexible network chassis. Meanwhile, the Company's new businesses have made full use of the existing network resources to achieve synergy among network, customers, technology and resources, so as to grow rapidly and complement the existing businesses.

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

SF Holding continues to develop and improve its unique and scarce logistics service network integrating three networks, “aviation network + ground network + information network”, consistently consolidating and expanding its leading advantages in the industry.



1. Aviation network

In 2009, SF Airlines became the first privately-owned air freight company in China. Today, it has developed into an air freight company with the largest air cargo fleet in China, forming a cargo route network covering the whole of China and expanding to Asia and Europe, serving more than 60 cities around the world. The Company’s aviation capacity building as at the end of the reporting period is as follows:

Cargo aircraft: (1) Fleet building: It had 59 self-owned all-cargo aircraft (of which, Boeing 767: eight aircraft, Boeing 747: two aircraft, Boeing 757: 32 aircraft, Boeing 737: 17 aircraft) with an average age of 23.97 years, and 14 chartered all-cargo aircraft, operating 82 flight routes in total. **(2) Traffic rights and airport slots:** It had a total of 215 pairs of slots, covering 52 large and medium-sized cities nationwide and international cities including Liege, Hahn, Delhi, Singapore, Ho Chi Minh and Chennai. **(3) Pilots:** It had a total of 523 pilots, including 211 captains and 287 co-pilots. **(4) Global operation:** In the first half of the year, it operated 1,454 international flights in total, representing a year-on-year increase of 1,073%. 18 international routes were newly launched, including Changsha-Liege, Pudong-Narita, Shenzhen-Kuala Lumpur and Shenzhen-Osaka, to further improve the international route network, thus greatly enhancing its global operating capacity. **(5) Aviation safety:** Since its first flight, SF Airlines operated approximately 377,200 hours safely and passed the safety assessment conducted by the Central and Southern Regional Administration of the Civil Aviation Administration of China (CAAC) for 10 consecutive years.

During the lockdown of Wuhan due to the COVID-19 pandemic in 2020, SF Airlines transported medical and living supplies to the domestic pandemic prevention and control frontline. A total of 290 flights were operated with 6,874 tons of cargo transported. At the same time, it actively participated in domestic and international emergency

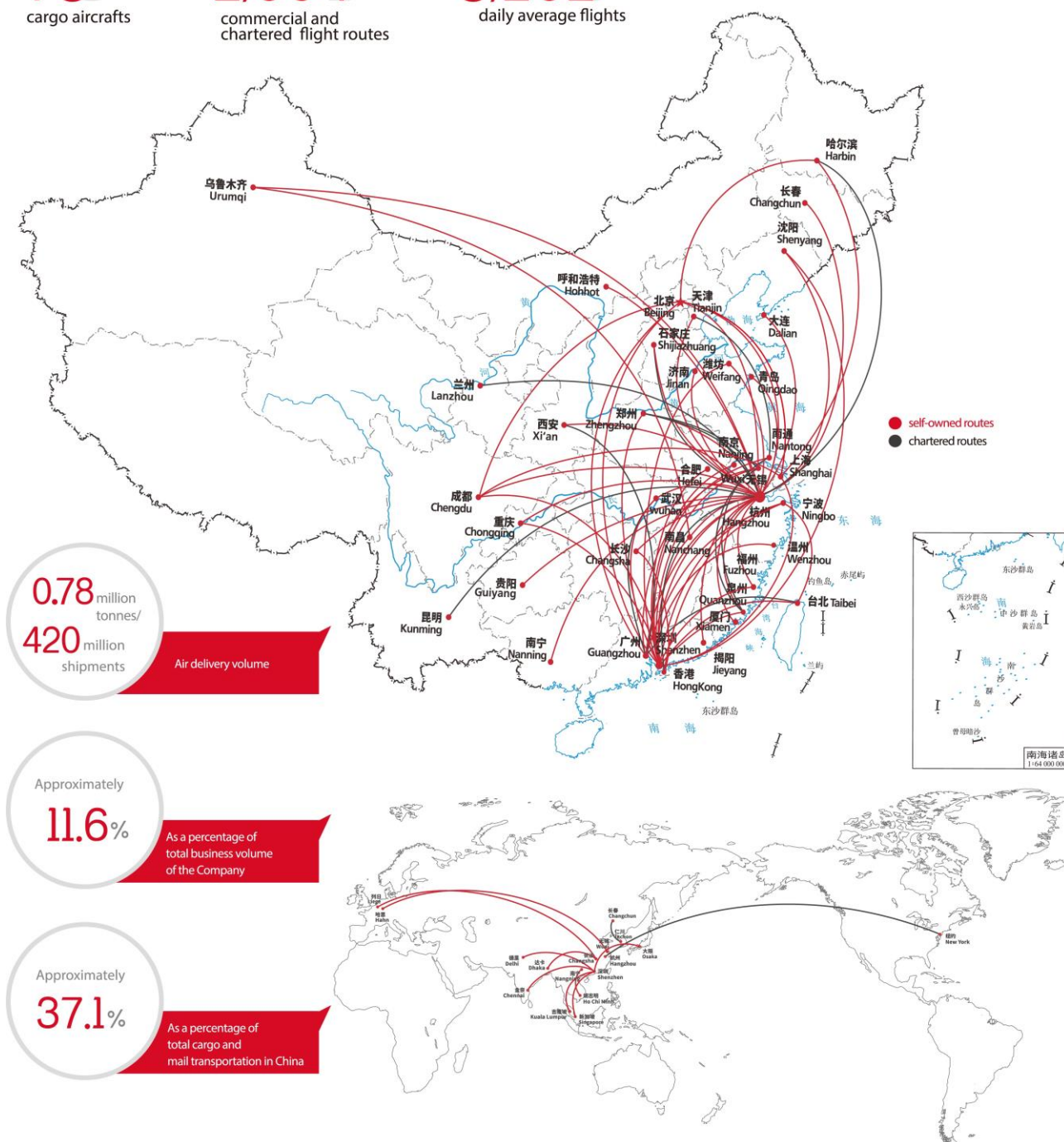
pandemic prevention materials transportation tasks, and newly launched Beijing-Incheon, Wuhan-Narita, Pudong-Zagreb and other routes for the transportation of pandemic prevention materials.

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

73
cargo aircrafts

2,004
commercial and
chartered flight routes

3,202
daily average flights



Commercial flight resources: SF Holding has secured stable passenger aircraft bellyhold resources from more than 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 1,922 flight routes across China and the world.

As at the end of the reporting period, SF Holding operated a total of 2,004 cargo aircraft and commercial flight routes. In the first half of 2020, it had 582,700 flights in total averaging 3,202 flights per day. The volume of air cargoes handled amounted to approximately 782,100 tonnes, of which the volume handled by cargo aircraft was 407,800 tonnes, representing a year-on-year increase of 60%.

Freight capacity of SF Holding's air transport business:

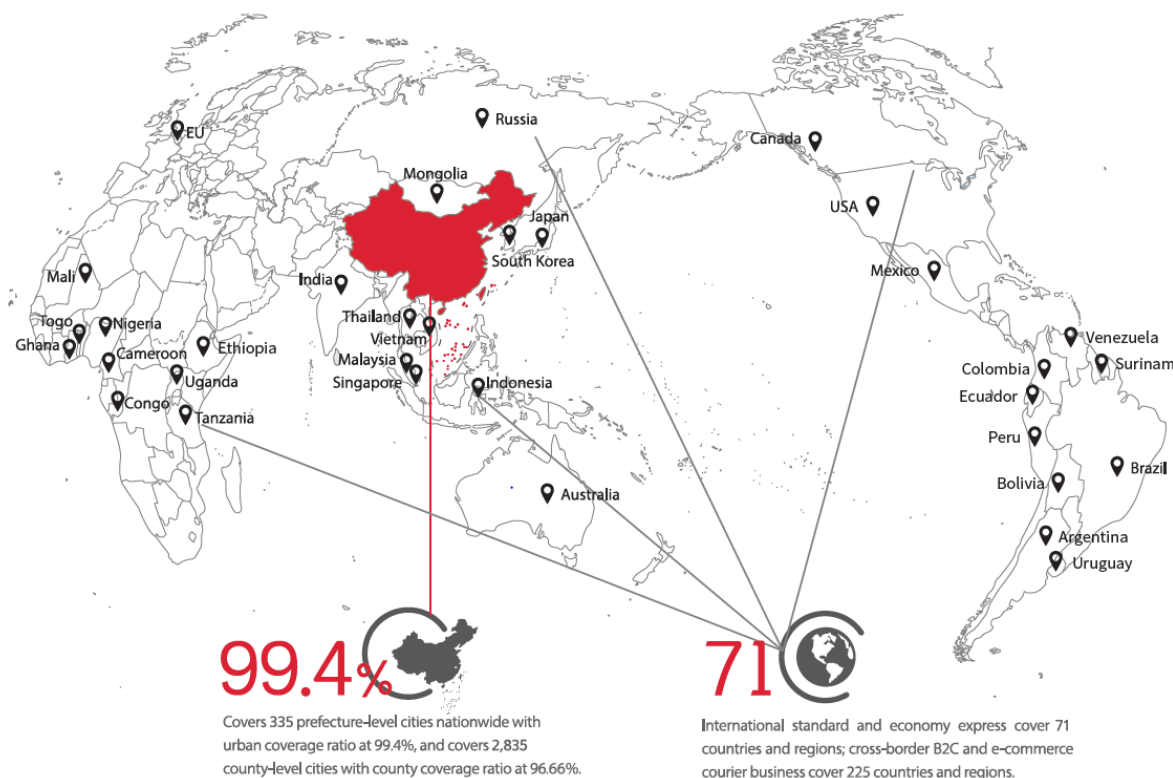
Resources		End of the current reporting period / Current reporting period	Daily average during the reporting period
All-cargo aircrafts	Number of self-owned aircrafts	59 aircrafts	-
	Number of external chartered aircrafts	14 aircrafts	-
	Number of all-cargo aircraft routes	82 routes	-
	Total number of flights	24,000 flights	132 flights
	Total cargo volume	407,800 tonnes	2,240 tonnes
Commercial flights	Number of commercial flight routes	1,922 routes	-
	Total number of flights	558,700 flights	3,070 flights
	Total cargo volume	374,300 tonnes	2,056 tonnes

Future air hub construction: The Hubei International Logistics Hub project lies at the core of SF Airlines' transportation system. In the future, SF will use this hub as the center of its air route network that covers the entire country and reaches the world, providing good fundamental support for increasing the coverage of time-definite products, enhancing timeliness of products, building high-end integrated logistics service capabilities, and reducing aviation network operating costs. The Hubei International Logistics Hub has been incorporated into the package of supporting policies as planned in the national emergency infrastructure shortcomings remedying project, and Ezhou Airport has been included in the scope of the air emergency and rescue system construction by the Hubei Province. The hub project, overcoming the impact of the COVID-19 pandemic, fully pushes the resumption of work, and strives to basically complete the structural works of the airport project by 2020. After the airport is completed, it is estimated that cargo and mail throughput and passenger throughput will be 2.45 million tons and 1 million respectively in 2025, and 3.3 million tons and 1.5 million respectively in 2030.

2. Ground network

Service points: As at the end of the reporting period, SF Holding's business covered 335 prefecture-level cities and 2,835 county-level cities, with approximately 18,000 directly-operated service points. The international standard express and international economy express businesses covered 71 countries overseas, representing an increase of 9 countries over the end of last year. The international small parcel business covered 225 countries and regions around the world. It had about 350,000 couriers under various workforce models.

Ground Network: a service network with nationwide and overseas coverage



Transit hub distribution: As at the end of the reporting period, SF Holding had 9 hub-level transit depots, service points at 36 aviation and railway stations (excluding stations sharing sites with transit depots), and 130 sub-district transit depots (excluding SF freight and SX Freight), of which 85 transit depots have adopted the automatic sorting system, representing an increase of 25 transit depots comparing to the end of last year.



Transit depots

9

Hub-level transit depots

36

Airline and railway stations

130

Sub-district transit depots

Ground transportation network: As at the end of the reporting period, SF Holding had about 45,000 directly-operated and outsourced vehicles for more than 110,000 long-haul and branch routes. The total number of vehicles for terminal collection and delivery was about 100,000 (excluding motorcycles and two-wheeled/three-wheeled electric vehicles). Rail Speedy Express (极速达) services had been made available in 74 cities covering a total of 420 flow-directions. Aside from high-speed railway lines, it had 6 express lines and 108 standard railway lines, further stabilizing the 800-1,500 km long-distance railway transportation capacity. In the first half of the year, the Company continued to carry out the high-speed rail express delivery business to facilitate local specialty campaigns, transporting cherries, spring tea, crayfish, lychees, bayberry and other seasonal fresh products utilizing high-speed railway lines. In addition to express delivery and freight services, the Company formed normalized delivery capacity for bulk materials such as food, fertilizers, and aluminum products. It cooperated with the platform companies of China-Europe Railway Express in Xi'an, Yiwu, Xinjiang and other regions to conduct the international business of China-Europe Railway Express.



Land transportation

110,000+

Transportation
long-haul/branch routes

45,000+

Vehicles for
long-haul/branch routes

100,000+

Terminal collection and
distribution vehicles

Warehouse network: As at the end of the reporting period, SF Holding owned 194 warehouses of various types (including the New HAVI cold-chain logistics centers), with a total area of approximately 2.34 million square meters. A nationwide warehousing service network has taken shape and that industry-benchmarking warehousing service capabilities have been established. In the first half of the year, the Company continued to build on core warehousing capacity, and built a development pattern for the customized warehousing and distribution supply chain, e-commerce warehousing and distribution and the pharmaceutical cold chain transportation supply chain revolving around customer needs in market segments, providing warehousing solutions covering more categories and application scenarios and thus successfully developing leading brand in new fields such as auto parts and home decoration. Both operating scale and unit production capacity continued to improve, and a year-on-year increase of 62% in e-commerce warehousing business volume was recorded during the peak season. Continuous breakthroughs in the research and development of warehousing technology have been made, and the launch and promotion of new systems has effectively boosted business development.



Warehousing

129

E-commerce
warehouses

59

Cold storage
warehouses for
food products

6

Cold storage
warehouses for
pharmaceutical
products

2.03 million
sq.m.

of e-commerce
warehouses

280,000 sq.m.

of cold storage
warehouses for
food products

30,000 sq.m.

of cold storage
warehouses for
pharmaceutical
products

Customer service network: SF Holding is committed to developing cutting-edge customer service systems, and responding promptly to customers' needs; and to building a smart and digitalized service management platform that provides customers with professional, efficient and user-friendly services. SF Holding has four separate call centers, and some 900,000 customer enquiries are served on a daily basis. Customers have 24/7 access to internet-based self-service via WeChat miniapps, WeChat public account, the Company's official website, the SF Credit Account Management Platform and mobile apps. In addition, the speed of customer service response and customer experience have been greatly improved through various service platforms and intelligent tools.

Last mile service: SF Holding has expanded its service networks to improve the coverage of towns and villages by increasing the number and density of service outlets. As at the end of the reporting period, it had some 34,000 terminal service points in cooperation with convenience stores, township agents and property companies. The coverage of towns and villages reached 83.63%, representing an increase of 1.78 percentage points from the end of last year.



Hive Box Technology, in which SF Holding has invested as a shareholder, offers 24/7 smart express delivery locker services via its delivery locker network throughout the country. In response to the COVID-19 pandemic, Hive Box lockers have fully demonstrated the advantages of “contactless delivery” in tackling the safety issues in express delivery, and the proportion of parcels delivered through lockers has been further improved. Contactless delivery has cultivated the habit of picking up items from the locker among consumers, which is expected to quicken the development of the smart express delivery locker industry. In May 2020, Hive Box completed the reorganization with China Post Zhidi, with a further increase in market share, which has facilitated SF to accelerate the implementation of its last-mile contactless delivery strategy and improve the efficiency of its last-mile express delivery service. As at the end of the reporting period, Hive Box and China Post Zhidi set up more than 270,000 locker service outlets covering 3.2 million couriers and 350 million consumers nationwide.

Focusing on smart express delivery locker users as the starting point, Hive Box Technology has developed 24/7 unmanned Internet of Things solutions to create ecosystem platforms for e-commerce, advertising, delivery and industry service businesses, connecting different groups to achieve win-win development.

3. Information network

SF Holding has independently researched and developed a complete set of smart network platforms covering all business segments and scenarios to enable business in a fast, flexible, safe and comprehensive manner, and has further promoted information interconnection of the whole logistics chain, which has created a smart and solid foundation for the diversified business development of the Company. Meanwhile, the Company has also been committed to the development and implementation of cutting-edge technologies, adhered to independent innovation, facilitated the upgrading of intelligent logistics, applied cutting-edge technologies such as operation optimization, machine learning, deep learning, data analysis and mining to more practical business scenarios, and supported new technology applications with cloud computing. The Company has adhered to user-oriented product design to enhance business performance and user experience, and enabled technology and products to be conscientiously implemented and better serve customers. Moreover, it has also integrated internal resources, and has established intelligent management and intelligent decision-making platforms such as logistics operation analysis platform and business forecasting platform by relying on massive internal and external data. Using data and technology in making decisions and running the business, the Company has created SF’s “intelligent brain” to realize data-driven technology and technology-enabled logistics as well as to achieve the integration of the three networks of “aviation network + ground network + information network” into one network, supporting unlimited business possibilities.

(V) An integrated logistics service provider with one-stop supply chain service capabilities

Adhering to the development of a diversified layout in recent years, SF Holding has completed its transformation from a pure express delivery service provider to an integrated logistics service provider and has established its one-stop supply chain service capabilities. New business revenue has accounted for 26.69% of the Company’s

total revenues, indicating that new businesses have become one of the key drivers for business growth in the Company.

With the continuously rapid growth in its new business lines such as freight, cold chain and pharmaceutical transportation, and intra-city instant delivery, SF Holding has established an industry-leading network coverage in terms of depth and width, operational capabilities, innovation technology, service quality and brand image, ranking among the top by market share in the respective industries. SF continued to build core capabilities in overseas networks, customs clearance, sea, land and air multimodal transportation and other areas to further enhance its cross-border and overseas service capabilities. Relying on a mature and stable logistics network system and a rich product portfolio as well as the advanced supply chain experience and management capabilities of New HAVI and SF DHL, SF's supply Chain provides customers in the industry with digital supply chain services covering procurement, production, circulation, retail, and after-sales maintenance. SF's technical solutions are driven by technology and data leveraging its technological capabilities in artificial intelligence and system R&D, and with the application of big data processing technology and the combination of products and processes into the model, a digital, modular and one-stop intelligent supply chain management platform is created. Its consumption trend analysis, customer profile construction, intelligent business system, big data processing, lead time forecasting and other solutions assist customers in optimizing, transforming and upgrading their supply chains and creating competition barriers, and help them cut costs, boost revenues, manage risks and develop new markets.

The Company continues to enhance resource sharing and business synergy among business segments to improve service efficiency and flexibility. Supply chain services are intensively integrated with technical solutions, and guided by a deep understanding of the customer's supply chains, solutions in line with customer scenarios are formulated to help customers improve the quality and efficiency of their supply chains. In addition, capitalizing on complementary resources and capabilities, collaboration between the Company and companies in the ecosystem, as well as among the companies themselves, are guided to build win-win ecosystem cooperation.

Over years of experience and M&A integration, SF has built solution and supply chain service capabilities in the automotive and industrial manufacturing, FMCG and retail, life science and pharmaceutical, high-tech and 3C, beverage, finance, government-enterprise industries etc., and has provided customers with full-dimensional, multi-level, end-to-end integrated supply chain solutions and one-stop supply chain services coping with their domestic and global strategic needs. In addition, SF has joined hands with leading customers in the industry to develop technical solutions by leveraging their respective advantages and sharing resources for an in-depth exploration and development revolving around customers and their upstream and downstream supply chains to achieve ecological cooperation.

(VI) Prominent first-mover advantages on scarce logistics site resources

As at the end of the Reporting Period, SF Holding has successfully laid out an industrial park project across 46 cities. The logistics sites covered a land area of approximately 1,256 acres, and a total planned construction area of approximately 4.73 million square metres, approximately 1.64 million square metres of construction area were completed.

In order to revitalize existing assets of the Company, satisfy the rolling development needs of projects, and accelerate the layout of industrial parks, the Company has been actively exploring the innovation of securitization of logistics industrial parks. In 2018, the Company was approved to issue RMB5 billion ABS by way of shelf offering which was the first perpetual domestic REITs in respect of logistics property issued by way of shelf offering. In the two years of 2018 and 2019, the Company completed 2 rounds of issuance successfully, with total proceeds of RMB3.2 billion raised, and recorded investment gains of approximately RMB1.4 billion on asset appreciation. In the second half of 2020, the Company plans to issue the third tranche of ABS and raise total proceeds of not more than RMB1.5 billion. The Company's wholly owned subsidiaries oversee routine operations of the parks, which are the underlying assets of the ABS deal, as the park operator.

Resources of logistics sites: industrial park projects in 46 cities have been planned with obvious first-mover advantages

1,256 acres
Area of the plan projects

4.73 million sq.m.
Total planned construction area

1.64 million sq.m.
Completed construction area



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

(VII) Warm, principled and productive SF culture

In SF's history of development, corporate culture is not just a belief, but more as a commitment and practice. It is reflected in every word and action of all SF employees, is expressed in every operating process, and has become a strong spiritual force that is embedded in SF's cohesiveness, competitiveness, and vitality. **1. SF's success is grounded in assisting customer to succeed:** SF has always been customer-oriented and is committed to providing customers with above expectation services, assisting customers to create value and achieve success. While facilitating the success of customers, SF also achieves its own success. **2. Innovation drives SF forward:** SF Holding advocates the culture of innovation, emphasizing that everyone and every move can be innovative. SF has not only made continuous breakthroughs in logistics technology fields such as logistic drones, smart devices and smart packaging, but has also achieved extraordinary results in building Internet of Things, big data, artificial intelligence and other cutting-edge technologies. **3. Equality and respect uniting every heart:** SF treats every staff equally and with respect, and advocates the principles of "fairness, justice and openness" in staff employment, respecting the value of their contributions, providing everyone with equal development opportunities and assisting staff to actualize personal value. **4. Be responsible proactively and fulfill the mission:** SF does not only require employees to fulfill their responsibilities and perform their duties during their work, but also encourage employees to take social responsibility. Upholding just and rightful acts, working for the public good, and other positive events occur more and more frequently among SF couriers. During the COVID-19 outbreak, SF couriers willingly remained at their posts and the whole company stood firm mobilizing its HR, transportation and financial resources to the fullest extent. We provided strong assurance for the delivery of medicines, precision instruments and other anti-pandemic materials as well as living supplies and built "green channels" for the transportation of

pandemic control supplies. Furthermore, Wang Yong, the “most impressive courier”, and many other SF staff, made their own contribution in the fight against the pandemic, conveying warm and touching sensations. Serving customers and giving back to the society with the simplest actions and the most sincere beliefs are the social responsibilities of SF staff.

Chapter 4 Management Discussion and Analysis of Business Operation

I. Overall Performance of the Company during the First Half of 2020

1. Overall financial performance

In early 2020, the outbreak of the COVID-19 pandemic had a huge impact on virtually all industries. SF Holding's forward-looking and leading strategic deployment which had gradually build up barriers to competition after years of construction and operation demonstrated strong comprehensive operating capacity and risk-resilience in the face of the pandemic, with its core advantages becoming more recognizable. SF Holding's strong and powerful control of the network ensured effective pandemic prevention, rapid resumption of production and stable operation of its entire network during the pandemic. Scarce resources such as our own all-cargo aircraft, high speed railway routes, drones, and Hive Box Smart Lockers played a key role when ground transportation was blocked and contact delivery was at risk. SF's diversified product portfolio has enabled its comprehensive logistics service capabilities, with the business segments such as express delivery, freight, cold chain, pharmaceutical transportation, intra-city instant delivery, and supply chain all exerting their respective advantages while operating in full synergy, comprehensively serving the needs for transportation and express delivery of the anti-pandemic materials and living supplies to residents. Affected by the pandemic, the business volume of the whole express delivery industry recorded a year-on-year increase of merely 3.2% in the first quarter of 2020, while SF Holdings achieved a stunning growth of 77.1% against the trend, with a market share of 13.7%, representing an increase of 6.1 percentage points over the previous year.

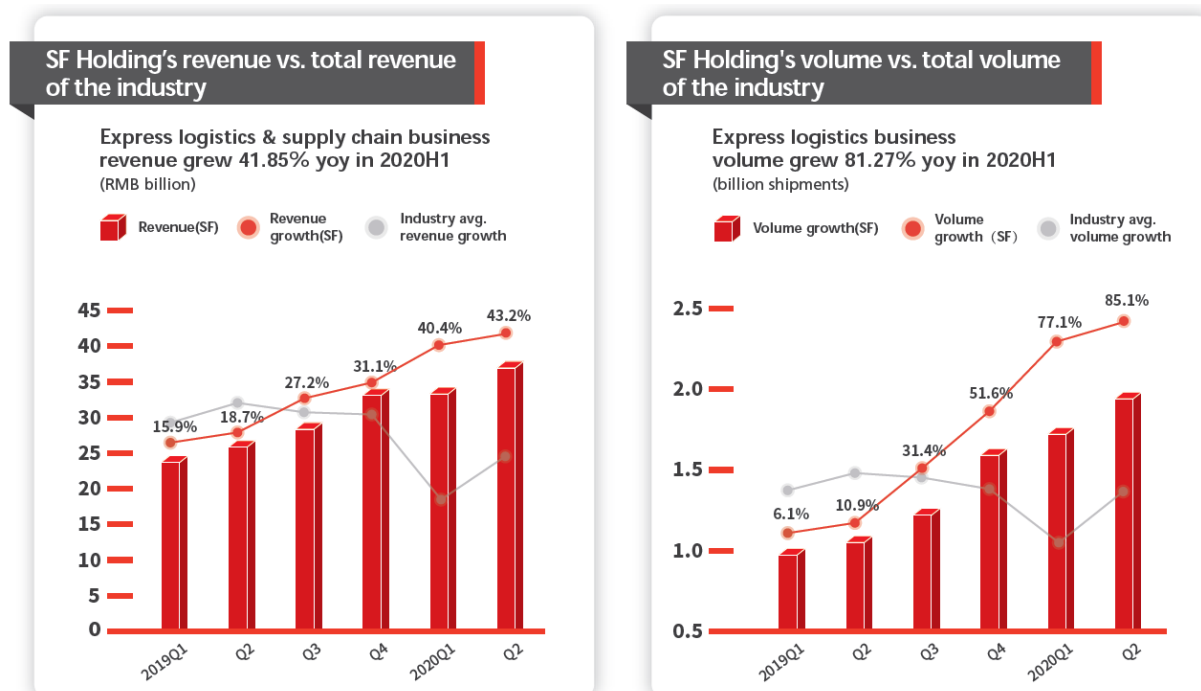
Heading into the second quarter of 2020, when the whole country entered a stage of normalized pandemic prevention and control, the central government launched a series of economic stimulus policies and preferential tax policies to promote the orderly resumption of work in various industries, leading to steady recovery of China's economy. SF Holding maintained its rapid growth achieved in the first quarter. On the one hand, the pandemic accelerated the remodeling of the sales channels of high-end brands, during which second tier e-commerce and live e-commerce platforms emerged along with consumption stratification, and high-end consumption trends to turn online, bringing enormous growth opportunities for the express delivery industry. On the other hand, the Company continued its aggressive product and marketing strategy adopted in 2019 while constantly catering for the needs in the market, with all its business segments maintaining their strong growth momentum. During the first half of 2020, the Company recorded 3.655 billion shipments for its express & logistics service, representing a year-on-year increase of 81.27%, much higher than the industry average growth rate of 22.1%.

The key financial indicators are shown in the table below:

Item	Indicators	Current reporting period	The same period of previous year (Restated)	Increase/Decrease over the same period of previous year
Business	Revenue from express logistic and supply chain (billions RMB)	70.188	49.480	41.85%
	Of which:			
	(1) Revenue from express logistic (billions RMB)	67.231	47.637	41.13%
	Shipments (Billions)	3.655	2.017	81.27%
	Average revenue per shipment (RMB)	18.39	23.62	-22.14%
	(2) Revenue from supply chain (billions RMB)	2.957	1.843	60.46%
Income Statement	Revenue (billions RMB)	71.129	50.075	42.05%
	Net profit attributable to shareholders of the parent company (billions RMB)	3.762	3.100	21.35%
	Net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses (billions RMB)	3.445	2.330	47.82%
	Weighted average return on net assets	8.51%	8.20%	An increase of 0.31 percentage points
	Earnings per share(RMB/Share)	0.85	0.70	21.43%

Item	Indicators	End of the current reporting period	End of previous year (Restated)	Increase/Decrease over previous year end
Balance Sheet	Total assets (billion RMB)	102.046	92.535	10.28%
	Total equity attributable to shareholders of the parent company (billion RMB)	46.854	42.420	10.45%
	Debt to Asset Ratio	53.81%	54.08%	A decrease of 0.27 percentage points

Revenue: In the first half of 2020, the Company achieved a total revenue of RMB71.129 billion, representing a year-on-year increase of 42.05%, much higher than the industry growth rate of 12.6%. Our traditional business recorded increases in both business volume and revenue, with our time-definite express business maintaining the growth rebound achieved at the end of the previous year, with a revenue growth of 19.42% year-on-year; our economy express business recorded a revenue growth of 76.12% year-on-year, contributing more than 40% of the overall revenue increment. In addition, our new business segments maintained their rapid growth, with their percentage in our total revenue growing to 26.69%, up by 3.03 percentage points year-on-year. The development of our business segments appeared more balanced and healthy, and our comprehensive logistics capabilities continued to improve.



Note: Data sources from state Post Bureau and announcements of The Company.

Profit: In the first half of 2020, the Company achieved net profit attributable to shareholders of the parent company of RMB3.762 billion, representing an increase of 21.35% year-on-year, net profit attributable to shareholders of the parent company after deducting non-recurring profits and losses of RMB3.445 billion, representing an increase of 47.82% year-on-year, net margin attributable to shareholders of the parent company of 4.84%, representing an increase of 0.19 percentage points over the same period last year.

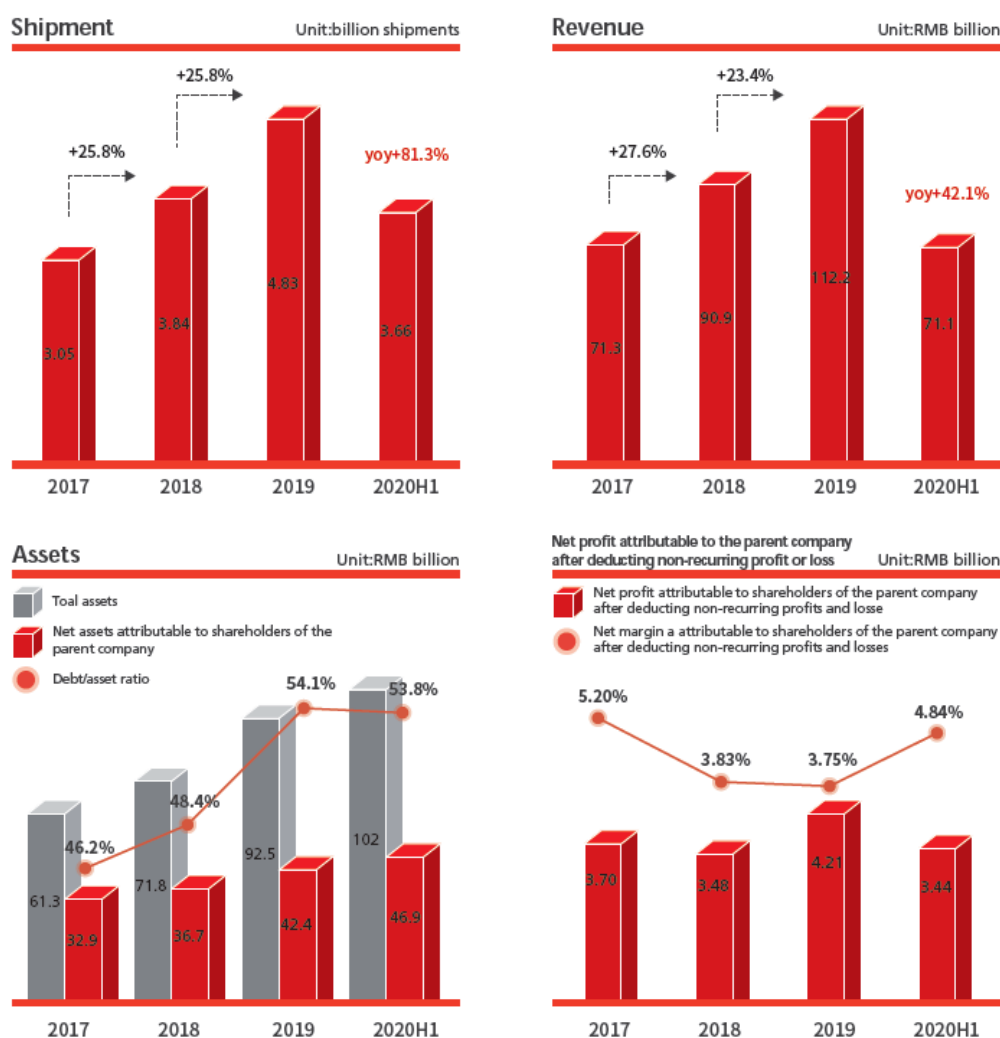
In order to protect the smooth transportation of epidemic control materials, the company resumed work quickly, and increased staff incentive allowances and expenditures on epidemic prevention and disinfection work. The state's initiatives to deal with the impact of the epidemic, including exemption of VAT^{Note1}, reduction of employer's social insurance contributions, exemption of tolls, reduction of property rent, and exemption of charges for civil aviation development fund and other preferential tax relief policies, effectively alleviated the cost burden caused by the epidemic to the Company. Among these policies, the exemption of VAT^{Note1} and the exemption of civil aviation development fund will continue until the end of 2020.

In addition, the Company continued the optimization of its operating model (including measures such as the separation of handling processes from time-sensitive parcels and less time-sensitive parcels), and proceeded with improvement initiatives gradually around collection and distribution, transit, transportation and other aspects, which significantly improved the efficiency of the entire process of operation, effectively reduced costs and created economies of scale amidst rapid volume growth. At the same time, benefiting from the Company's continued investment in digital, intelligent and visualization technology to help streamline the organization and raise management efficiency, the costs continued to decline, and the Company's profitability improved further in the second quarter.

Financial Status: As at the end of the reporting period, the Company's total assets were RMB102.046 billion, an increase of 10.28% as compared with the end of 2019. The Company's total equity attributable to shareholders of the parent company was RMB46.854 billion, an increase of 10.45% as compared with the end of 2019. As at the end of the reporting period, the Company's debt-to-asset ratio decreased slightly, from 54.08% as at December 31, 2019 to 53.81% as at June 30, 2020, the level of debt remained healthy and the financial position was stable and optimistic. In early August 2020, the conversion of the Company's publicly-issued convertible bonds was completed and, assuming all other conditions remain unchanged, the gearing ratio could be reduced to approximately 50% and stay at a healthy leverage level, as calculated based on the Company's assets and debts as of June 30, 2020.

Note 1: According to Articles 3 and 5 of the Announcement of the State Administration of Taxation of the Ministry of Finance on the Taxation Policy on Supporting the Prevention and Control of the Outbreak of COVID-19 (Announcement of the State Administration of Taxation of the Ministry of Finance No. 8 of 2020), taxpayers are exempted from VAT on the income derived from the transportation of key supplies for the prevention and control of the pandemic and that derived from the courier service for the delivery of essential living supplies to residents.

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



2. The traditional business ushered in new growth drivers, contributing sustainable and healthy revenue and profit

(1) We adopted proactive marketing strategies and focus on both organic growth and expansion, striving to constantly improve customer experience and loyalty.

In the first half of 2020, the Company continued to focus on industry characteristics and business clustering, and tapped into customer demand centering around the direction of multiple-scenario planning, digitalization and refinement. At the same time, we continuously upgraded our digital intelligent tools and product portfolio and relied on technologies to conduct resources allocation and marketing accurately, continuously improve our customer service capabilities and customer experience, enhance customer loyalty, and ensure quality, stable and healthy growth of customers and revenue.

Credit account customers: We focused on the full life cycle of customer management, relying on our own logistics data platform to achieve full visualization and traceability of data in customer management; we gradually built up a customer hierarchy-oriented management model, flattened customer demand channels, and comprehensively improved service experience and loyalty of small and medium-sized customers. In addition, we continued to focus on the ecological chain of industries, make the most of our customers and their upstream and downstream businesses in their industry chain, conducted cross-selling of our product mixes, and continued to improve our overall industry solution capabilities based on our multiple product portfolios. We have established a pre-sales support system for complex business scenarios of our key customers to facilitate multi-dimensional differentiation in personnel, processes, tools, systems and implementation, and established a dedicated quality management and monitoring system for key customers to achieve integrated output of resources, aiming to solve complex, differentiated and comprehensive needs of our customers, and achieve continuous improvement of our key customer service capability.

As at the end of the reporting period, our active credit account customers amounted to 1.47 million, and in the first half of 2020, the revenue from our credit account customers increased by more than 50% year-on-year, representing a rapid growth in customers with monthly sales above RMB10,000, a gradual expansion of the proportion of customers with monthly sales above RMB1 million, and a further increase in the proportion of customers from the e-commerce sector, indicating continued optimization of our customer structure.

Retail customers: We focused on the expansion of C2C business contacts and deepened our channel operation to improve customer service experience and create a competitive online and offline channel service experience. In respect of offline channels, we continued to strengthen our cooperation with social resources to further broaden and deepen the network coverage at the city, township and village levels. We relied on digital intelligent tools to achieve precise investment of resources in the business frontlines, from network layout, personnel, customer discovery to marketing. Meanwhile, we increased our efforts in development of core business scenarios, designed corresponding solutions and intelligent business decision-making tools for different scenarios. In respect of online channels, we focused on exploitation of resources and dataflow conversion through our S.F. Express APP and leading WeChat channels, while expanding cooperation with other leading platforms to expand online user contacts. In addition, based on the ever-changing characteristics of our users, we have developed differentiated marketing strategies for low, medium and high frequency users while continuously optimizing our paid products such as SVIP and paid coupon packages, resulting in significant improvement in our online operation capabilities.

As at the end of the reporting period, the number of individual members reached 280 million, with nearly 100 million online monthly active users. In the first half of 2020, revenue from individual customers increased by 23.7% year-on-year, with the number of senders exceeding 155 million, up by 9.0% year-on-year, among which, online orders increased by 55% compared with the first half of last year.

(2) We continuously consolidated the operating infrastructure, optimized our operating model, enhanced our core advantages and reduced costs and increased efficiency.

In the first half of 2020, the Company made precise resource investment based on different product service standards and market competition landscape; we continuously optimized our network and routing planning and optimized the operation mode of each segment, achieving optimal efficiency for each product; through end-to-end full link efficiency and quality control and precisely location of abnormal operational links, we achieved improvement in operational efficiency, timely effectiveness and quality. In respect of terminal network: in the first

half of the year, we achieved the optimization of network operating costs through restructuring of the regional infrastructure and strengthening the integration of terminal network and transit depots functions; meanwhile, we relied on the application of digital tools to improve the efficiency of collection and delivery. In respect of transit and distribution: we optimized the planning of transit depot, constructed integrated multi-business depots while reducing small, scattered and temporary depots and deepening the integration of resources among business sectors to achieve resource synergy and economy of scale. Meanwhile, we increased the investment in automated transit equipment, resulting in significant improvement in automation coverage, and a 30% increase in the efficiency of the automated depots as compared with December 2019; through continued promotion of such modes as containerized transport and direct distribution and shipping, the pressure on distribution and warehouse management has been significantly relieved. In respect of transportation, we continued to improve the loading rate of our all-cargo aircraft through direct collection and distribution, optimization of routes with low loading rates, and filling warehouses before shipment; we constantly improved the loading rate of trunk routes and transport efficiency through reducing temporary extra routes, integration of long distance routes, integration of unilateral resources, optimization of routes with low efficiency, and promotion of large vehicle models and Drop and Pull transport modes.

In the first half of 2020, the Company gradually built up a collaboration and separation network model for time-sensitive parcels and less time-sensitive parcels in different scenarios, further improving the resource utilization efficiency and maximizing economy of scale. The Company invested dedicated resources in key areas with large collection volume and core competitive areas to enhance the scale effect and competitiveness, while enhancing synergy in business incubation areas and those with surplus capacity. In respect of collection and distribution: we arranged direct shipment from the collection outlets through bulk loading at customers/outlets with larger less time-sensitive parcel volume, pre-allocation of time-sensitive parcels and less time-sensitive parcels, and instant shipment once capacity is filled. In respect of transit, we separated less time-sensitive parcels at the transit section by constructing dedicated depots, designing diversion solutions for bottlenecked depots, and promoting bulk loading and transportation. As for transport: we improved the loading rate and transport efficiency of the trunk routes through such measures as filling the time-sensitive parcels trunk routes with less time-sensitive parcels while there was spare capacity, dedicated trunk routes for less time-sensitive parcels, and upgrading to large vehicles.

Thanks to the above-mentioned optimization measures, in the first half of 2020, our distribution and collection efficiency increased by more than 30% while the warehouse management efficiency increased by more than 40% year-on-year, with the loading rate of all-cargo aircrafts, trunk and branch routes and their efficiency improved to varying degrees. Our timeliness and customer satisfaction also reported year-on-year improvement.

(3) Time-definite business witnessed a rebound in growth rate, with improved quality and efficiency, ushering in new growth space

Time-definite business is a mid-to high-end market segment in the express delivery industry, and SF enjoys an absolute advantage in the market by virtue of its superior service standards known as "efficiency, precision and reliability". In the first half of 2020, the Company continued to strengthen its service capabilities and competition barriers of its time-definite products through such measures as air-ground network connection, improving the operation capability at collection and distribution ends, optimizing the aviation network layout and capacity structure, expanding direct trunk routes transportation, and optimizing the coordination and separation of fast and slow products. Meanwhile, we managed to meet the specific needs of customers and facilitate operating model optimization through refinement and improvement of our product and service standards and application of scientific pricing models to achieve reasonable differentiated pricing of products. The per-order average life cycle of our time-definite parcels was reduced by 0.1 hours in June compared to the same period last year.

In the first half of 2020, the Company's time-definite business continued the trend of stabilization and recovery achieved at the end of last year, with a revenue of RMB31.962 billion, representing a year-on-year increase of 19.42%. SF remained open during the Spring Festival and resumed work rapidly during the pandemic period, with its time-definite business undergoing a rapid growth due to the demand for pandemic prevention materials and online shopping while the whole express delivery industry was facing difficulty in resuming work. With the orderly resumption of work and production in various industries, the number of business parcels began to pick up while masks and other conventional pandemic prevention materials remained in high demand, contributing to the incrementation of time-definite parcels. In addition, consumption stratification continued to generate growth space for our time-definite business, while the pandemic had accelerated the penetration of e-commerce, with online

high-end consumption beginning to take the trend, resulting in a significant increase in our high-end e-commerce customers using our time-definite services, which has become an important driver of the growth of our time-definite business.

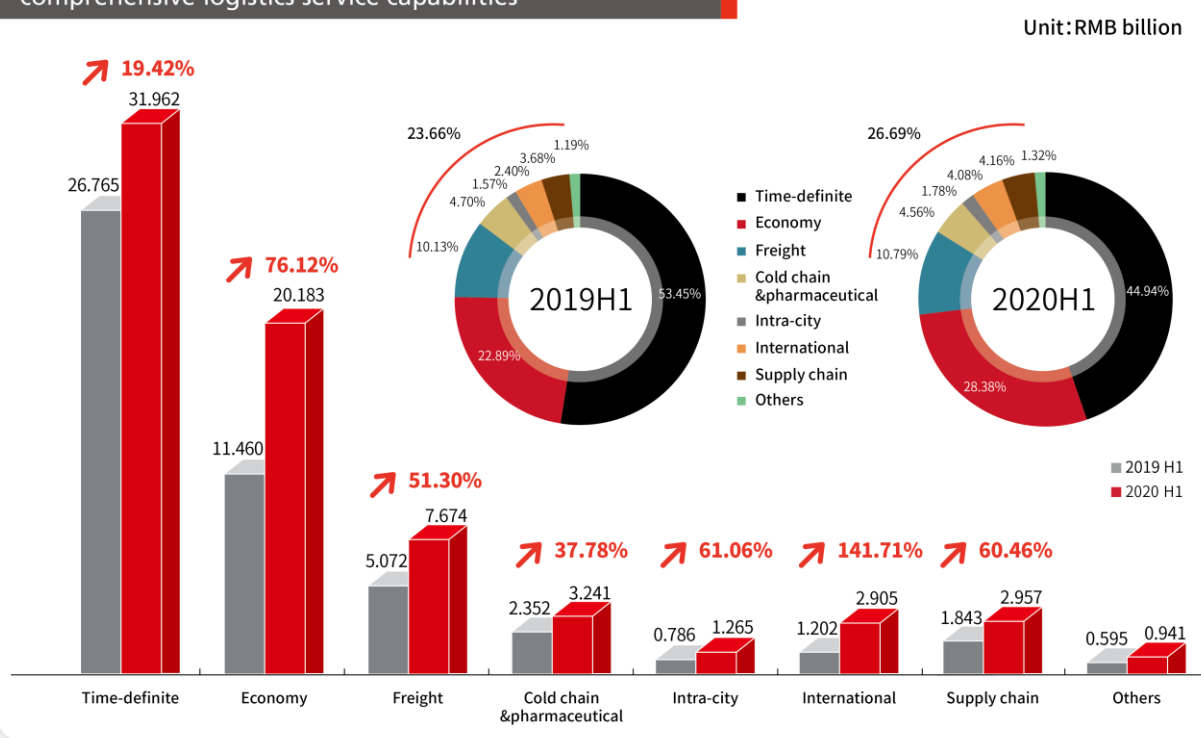
(4) Economy business continued to grow, leading to increased market share and amplified economy of scale

In May 2019, we launched special economy services for the e-commerce market and customers, which turned out to be a key initiative to adjust our economy product business strategy, resulting in rapid development of our special economy services, which in turn led to a sharp increase in the revenue and market share of our economy products. In the first half of 2020, SF Holdings gave full play to its network advantages, relying on its brand and service barriers to continuously tap into the e-commerce market, aiming to enhance its market share, and gradually form a new competitive strength. Our economy product business recorded a revenue of RMB20.183 billion, up 76.12% year-on-year, while our business volume increased by 240.86% year-on-year, resulting in a significant increase in the Company's market share.

In the first half of 2020, the Company continued to optimize and upgrade its economy product business, and precisely cater for the demands of its target e-commerce customers, while further improving its resource utilization efficiency and cost reduction on the basis of balancing cost performance and service quality. On the one hand, in line with our differentiated customer introduction strategy, we concentrated on high-quality small and medium-sized e-commerce customers, while targeting and securing large e-commerce or industry customers, and constantly expanding the ground network business volume; on the other hand, in line with our flexible sales strategies and resources allocation incentive, we focused on introducing light and small parcels within 1kg per order to optimize the e-commerce cargo volume structure and provide cargo volume base for the transformation of operating model and refined cost management. Meanwhile, we constantly promoted the optimization of the business models such as bulk collection and packaging at the collection end, transit by package, direct transportation for trunk routes, so as to improve the efficiency of each link of operations based on the changes in the size and structure of cargo volume. In the sections and regions where the cargo volume has reached the required scale, we promoted the separation of fast and slow-moving parcels in an orderly manner, taking into account both timeliness and quality, aiming to maximize the economy of scale.

3. New businesses maintained its rapid growth, contributing to the formation of our comprehensive logistics service capabilities

Increasingly diversified revenue mix, further strengthened comprehensive logistics service capabilities



(1) Freight

The less-than-truck-load industry in which SF Freight operates is a trillion-dollar market, which is in the early stage of scale and industry consolidation, showing strong growth momentum. Heading into 2020, the less-than-truck-load industry remained hot and favorable in the capital market, leading the competition pattern of the express delivery market into an era of competition among giants. The Company's freight business is operated under the dual brands of SF Freight and SX Freight. SF Freight targets the mid-to-high-end market demanding high timeliness, high quality and superior service experience, while SX Freight focuses on the whole-network mid-end market. The two brands complement each other in terms of product positioning, and are integrated to generate synergy in terms of operating model and resources.

Targeting the mid-to-high-end less-than-truck-load market, SF Freight has 57 transit depots, about 1,400 transit service outlets, a site area of more than 2.09 million square meters, and a daily carrying capacity of 110,000 tons, representing an increase of 29% over December 2019; it operates a fleet of more than 19,000 collection and delivery vehicles, 1,439 trunk routes, and 9,100 branch routes, with its business network covering 362 major cities and regions in 31 provinces. In the first half of 2020, SF Freight upgraded and enhanced its end extension services, aiming to establish competition barriers to C-end services. Meanwhile, it continued to step up its investment in the depots and routes to consolidate its operation infrastructure, resulting in continuously improved timeliness; through investing in its independently developed second-generation sorting equipment, it has significantly improved its distribution efficiency; meanwhile, it emphasized the application of innovative technologies, aiming to build an intelligent logistics network through the digital depot management tools. In the first half of 2020, SF Freight's revenue exceeding RMB7 billion, LTL cargo volume increased by 74% year-on-year, which is an absolute leading growth rate in the mid-to-high-end market, with a daily peak LTL cargo volume of 28,000 tons, and its market share continued to expand.

SX Freight is an independent franchising brand name of SF Freight, targeting the middle-and low-end customer groups in the less-than-truck-load industry. It has more than 9,300 franchised outlets, representing an increase of 55% compared to the end of last year, along with 117 self-operated depots with a total area of 470,000 square meters. Its initially established network now covers 2,207 districts and counties of 303 cities across the country. During the pandemic period, SX Freight adhered to its operation guidelines known as "maintaining stability, expanding scale and increasing growth speed" and was the first in the industry to announce nil-cost franchising, aiming to encourage business start-ups for all people, triggering the industrial reform in franchising admission rules, resulting in a rapid network expansion, a gradual increase in its market share, as well as a rise of its ranking of revenue from sixth to fifth among the wholenetwork franchise platforms. In the first half of 2020, the LTL cargo volume of SX Freight increased by 57% year-on-year, ranking first among the mainstream players, with a daily peak cargo LTL volume of 16,000 tons.

In terms of integration of operation infrastructure, SF Freight and SX Freight have combined their networks and middle platforms, and applied innovative technologies in establishing links between capital flow, information flow and business flow, providing comprehensive support for sharing of networks, integrated operation of depots, mixed loading and unloading for all their routes, nearby hand over for franchisees, and mutual-complementation of delivery advantages, which have helped achieve resource coordination, mutual benefit and win-win with franchisees, cost reduction and revenue increase.

During the first half of 2020, the revenue from the Company's freight business as a whole amounted to RMB7.674 billion, representing a year-on-year increase of 51.30%, higher than that of its peers.

(2) Cold Chain and pharmaceuticals

According to experts from the Cold Chain Logistics Professional Committee of China Federation of Logistics and Purchasing, the total scale of China's cold chain logistics market is expected to reach RMB373 billion in 2020, representing a year-on-year increase of 10%, indicating further growth in the demand in China's cold chain market. However, China's cold chain market is highly fragmented as current cold chain enterprises are mostly regional or local enterprises, with immature cold chain technologies, and varying implementation standards and quality. SF has established a nation-wide cold chain network for food, which has given it an absolute advantage in network coverage, as well as industry-leading cold chain technology and implementation of standards. In the first half of 2020, SF continued to increase its investment in the national cold chain network, resulting in further improvement

in the network coverage and timeliness of service. As at the end of the reporting period, SF had 24 high-standard refrigerated food warehouses integrating multi-temperature section management and distribution capabilities, with a total operation area of 150,000 square meters; it also had 261 refrigerated trucks featuring advanced vehicle GPS and real-time temperature monitoring systems. In 2019, the British Standards Institution (BSI) granted the ISO 22000 food safety management system international standards certificate to SF cold-chain, and in May 2020, the two industry standards in which SF had participated in drafting won the special fund reward in Shenzhen.

Leveraging its powerful transportation networks, leading warehousing services, automated branch warehousing solutions, professional temperature control technology and advanced system management, SF Holding provides its customers with professional, secure, custom-made and highly efficient cold-chain logistics distribution services under whole-process control. The cold chain business currently covers many sectors ranging from production, e-commerce and sales to retail operations. In the first half of 2020, the outbreak of the COVID-19 pandemic ramped up contactless online consumption, resulting in continuous improvement in the Company's B2C cold-chain business. And SF Holding continuously cultivated B2B cold chain business, thus the whole cold chain business maintained high growth. In addition, its operational efficiency and service quality were further improved through continuous model optimization and resource synergy.

To address the pain points e.g. "timeliness, safety and after-sale service" faced by the agricultural products in China, SF Holdings made good use of its advantages such as its well developed logistics network, timeliness, packaging and freshness preservation technology to help China's special agricultural products go out of the mountains and into the markets across the country. While maintaining its focus on the B2C industry chain, SF further expanded into the B2B service market to secure its position in the fresh produce market. Through innovation in its business models such as warehouse-splitting and one package pass-through in B2B2C, SF Holding has achieved cost efficiency, pricing that further close to market and has enhanced its market competitiveness in various business scenarios. Adhering to the concept of "opening-up and win-win cooperation", in the first half of the year, SF joined hands with the government and product origin associations in holding a total of 10 promotion activities under the themes of logistics or product-to-marketing connection, releasing 578 news articles, and covering 197 million people. SF maintained its absolute leading market share in its traditional projects such as Yantai cherry, Lingnan lychee, Xianju waxberry, and continued to develop such new projects as Wuxi peach and Inner Mongolia beef and mutton, with an agreeable growth momentum.

With the deepening of China's pharmaceutical reform, the pharmaceutical resources are extended to the primary medical organizations, resulting in the flattening and deepening of pharmaceutical circulation channels, which have higher requirements for the breadth and depth of the networks as well as product quality and safety of pharmaceutical logistics and distribution enterprises, while the pharmaceutical logistics market appears highly fragmented and disordered, with many small players and varying operational quality. Relying on its own logistics network, technology infrastructure and advanced experience in intensified resource management, SF continued to cultivate a deeper and broader pharmaceutical service network so as to provide its customers with professional, safe and fully controllable one-stop pharmaceutical logistics supply chain solutions and services, covering a number of fields such as the pharmaceutical industry, production, e-commerce, distribution, and retail. As at the end of the reporting period, SF's pharmaceutical network covered 237 prefecture-level cities and 2,046 districts and counties, with 6 pharmaceutical warehouses (4 GSP-certified warehouses and 2 customized warehouses) in a total area of 30,000 square meters, 228 GSP-certified refrigerated trucks running on 46 pharmaceutical trunk routes through the core cities across the country, under the control and monitoring of the advanced logistics information system and self-developed TCEMS full-process visualization monitoring platform.

In the first half of 2020, the Company continued to cultivate its pharmaceutical customers, achieving a rapid growth in its pharmaceutical business, recording a doubled revenue year-on-year, and agreeable results in respect of service timeliness, service quality and cost control. SF's pharmaceutical segment has also gradually shifted from a simple drug transportation to diversified services, further unblocking the medical resource chain to deepen and upgrade its cooperation with the enterprises in the pharmaceutical industry chain such as drug manufacturers, distribution companies, vaccine manufacturers, disease control centers, hospitals and chain pharmacies at all levels. The COVID-19 pandemic has vitalized the Internet medical market, with the demand for C-end home delivery of drugs witnessing a stunning eruption, followed by the unprecedented development of the huge market for chronic disease services. During the pandemic period, SF joined hands with major leading Internet hospitals and over 1,000 grade hospitals in China to provide patients with home delivery of ambient temperature and refrigerated medicines as well as comprehensive pharmacy services. SF made one after another breakthroughs in

the cold chain transportation of biological samples, vaccine supply chain and intelligent pharmaceutical logistics, providing pharmaceutical cold chain services such as high-quality storage, transportation and full-process quality tracing for vaccine manufacturers and the Centers for Disease Control and Prevention.

In the first half of 2020, the Company's revenue from the cold chain and pharmaceutical business amounted to RMB3.241 billion, representing a year-on-year increase of 37.78%, maintaining its rapid growth.

(3) Intra-city instant delivery

With the upgrade of their demand and the popularity of local life, consumers now have higher requirements for "instant" shopping, which helped to optimize and upgrade the industry chain running "from instant consumption to instant logistics", and accelerate the arrival of the era of home delivery of everything. Instant logistics, as the infrastructure of the new retail supply chain, has developed into a market of hundreds of billion yuan, and maintained a rapid growth trend, with bright prospects.

SF's intra-city instant delivery service is committed to building a third-party real-time logistics platform featuring "high quality, high efficiency and full scenario" under the concept of "professional and user-friendly delivery", providing brand merchants, small and medium-sized merchants and individual users with a variety of delivery services covering food & beverage, supermarkets, fresh food, clothing and medicine, with a year-on-year increase of 100% in the number of customers.

SF's intra-city instant delivery service continues to build an open instant delivery network, focusing on serving the "all-product, all-scenario, and all-time" customer demand, aiming to build a full-chain solution with a comprehensive coverage of the B-end, providing customized products, branded products, time-definite intra-city products and economy intra-city products, as well as a product matrix covering deliver, pick-up, buying and errands running on the C-end, which facilitates the reasonable distribution of the multi-category, multi-time and multi-distance orders within the business circle, comprehensively enhances the distribution efficiency; meanwhile, it actively explores the integration with terminal delivery, urban supply chain and other logistics business models, aiming to establish a diversified and healthy product portfolio. Especially in the business scenario, we introduced the countersigning service, which became the first choice of our business customers through more standardized invoice provision and settlement service, more assured after-sales guarantee and more professional end delivery. Meanwhile, we accelerated the expansion of our network coverage, focusing on the enormous pandemic-induced needs for home delivery of fresh goods, online order delivery, and errands running services. Following the mitigation of the pandemic, SF's intra-city instant delivery service was quickly resumed, leading to a significantly improved network coverage. In addition, SF's intra-city instant delivery service continued to promote technology upgrades, aiming to build a closed loop of the ultimately efficient logistics services. Relying on its self-developed intelligent scheduling systems as the core and customer experience and riders' perception as orientation, SF continued to facilitate the refined and flexible multiple-capacity integration, help to reduce costs and increase efficiency, and achieve continuous improvement in timeliness, customer satisfaction, and riders' sense of belonging, so as to provide our customers with consistent and high quality delivery services.

During the first half of 2020, revenue from the Company's intra-city delivery business amounted to RMB1.265 billion, representing an increase of 61.06% over the same period last year, much higher than the average growth rate of the industry.

(4) International Express

SF International is committed to providing convenient and reliable logistics services, such as international express delivery, international freight forwarding, e-commerce parcels, international warehousing, goods consolidation and forwarding services, for domestic and foreign manufacturers, trading companies, cross-border e-commerce companies and consumers. In addition, we can provide integrated and customized import/export supply chain solutions, including market access, transportation, customs clearance, delivery, warehousing and system, based on our customers' needs.

SF's international express business covers 71 countries, with 8 South American countries added, including Argentina, and 1 African country, i.e. Ethiopia, as compared with 2019, and its international small parcel business

covers 225 countries and regions around the world. In the first half of 2020, SF International vigorously developed its international cargo business. In response to the urgent demand for international air transport of pandemic prevention materials and other goods in the external markets, SF International quickly opened 18 international all-cargo air routes including those from China to the Americas, Europe, South Asia and Southeast Asia. In the first half of 2020, the total transportation volume of our international all-cargo air routes exceeded 40,000 tons.

SF International continued to deepen its cooperation with major cross-border e-commerce platforms, including the Russian e-commerce platform “J”. In addition to that, it entered into business cooperation successively with 7 countries including Italy in the first half of 2020. In addition, SF became an officially recognized cross-border direct shipping logistics service provider by global e-commerce platform A and successfully bid for the direct shipping project (first and second leg) of the platform’s logistics subsidiary, which is planned to be officially launched in the second half of the year.

SF International provides its customers with full-scenario, integrated, self-controllable international supply chain solutions to help Chinese enterprises complete their overseas layout and help overseas brands expand at home and abroad. In June 2020, SF International developed an end-to-end solution for the supply chain of an overseas health product manufacturer in the bonded zone, providing it with customized global central warehouse services, i.e. logistics services such as introduction of overseas raw materials, production and packaging, bonded warehousing, customs clearance and distribution.

In addition, SF has gradually developed logistics infrastructure solutions capacity with its own characteristics, and through the formal cooperation projects with National Postal Services abroad, it has taken an important step to export its experience and technology to the world.

During the first half of 2020, the revenue from the Company’s international express business amounted to RMB2.905 billion, representing a year-on-year increase of 141.71%, making it the fastest growing business segment of the Company.

(5) Supply Chain Business

In the first half of 2020, SF continued to apply its advanced technologies in the M&A supply chain business, i.e. New HAVI and SF DHL, and drive the digital transformation and upgrade and the growth of their new business through the synergy of SF’s network resources. On the other hand, SF quickly applied the supply chain solutions and management capabilities of New HAVI and SF DHL, and continued to enhance its ability to provide technology solutions to its customers leveraging its digital technology advantages such as SF’s big data and artificial intelligence. Such efficient resource integration and collaboration has ensured the continuous rapid growth in its supply chain business.

The integration between New HAVI and SF continued to deepen. In respect of information infrastructure, SF focused on both iterative upgrade and innovative development, with its new logistics and supply chain management system put into use in most of its businesses. New HAVI has entered into a long-term intercommunication mechanism with each business segment of SF, for example, it has realized business diversion with SF’s express delivery, cold chain transport and freight segments, and entered into cooperation with SF industrial park in respect of warehouse resources. Through sharing and integration, New HAVI has established 38 logistics centers in 23 core cities and more than 1,000 transportation routes with high efficiency turnover.

Faced with the COVID-19 pandemic, New HAVI successfully turned challenges into opportunities. With its sound and responsive crisis management mechanisms and emergency response plan, it was able to ensure the safety of personnel, food and operation in the whole supply chain, and provide safe and stable refrigerated food service to its customers, winning high recognition from them; while maintaining its high level service and stable operation, New HAVI comprehensively implemented its cost reduction and efficiency improving measures, as well as accelerating the development of its domestic and overseas business. From the beginning of second quarter, despite the weak market performance, New HAVI quickly overcame the negative impact, with all the business indicators beginning to recover and the number of customers continuing to grow.

While the COVID-19 pandemic has posed challenges and uncertainty for many of its corporate customers, SF DHL continued to provide stable and reliable supply chain support for its customers by leveraging the resources of SF's network and its partners' networks. With the on-going resumption of work and production in China, SF DHL continued focus on customization while complementing with standardized solutions, and accelerated the conversion of its supply chain management experience into modular and digital products, so that they can be rapidly rolled out and landed in existing and new projects to create economy of scale. In respect of key industries, SF DHL has explored and started to establish a professional supply chain network and products with industrial characteristics, which can be turned into flexible, efficient and rapid response supply chain solutions according to different business scenarios, thus enhance the flexibility and resilience of its customers' supply chains at a time of uncertainty in the supply chain industry, while supporting the development of their supply chains.

Notwithstanding the impact of the COVID-19 pandemic on the supply chain industry, SF DHL's new business and revenue both recorded an industry-leading double-digit growth year-on-year in the first half of 2020 as its cooperation with customers deepened, with customer satisfaction continuing to improve.

During the first half of 2020, the revenue from the Company's supply chain business as a whole amounted to RMB2.957 billion, representing a year-on-year increase of 60.46%. SF DHL has been incorporated in the parent company since March 2019, and from March to June 2020, the revenue from the Company's supply chain business reported an accumulative increase of 25.34% as compared with the same period of last year, staying ahead of its peers in the industry.

II. Analysis on Main Business

Overview

For details, please refer to "I. Overall Business Performance of the Company during the First Half of 2020" under the section "Chapter 4 Management Discussion and Analysis of Business Operation".

Year-over-year changes to major financial data

Unit: RMB

	Current Reporting Period	The same period of previous year	Increase/Decrease over the same period of previous year	Rationale
Revenue	71,129,007,738.21	50,074,704,033.85	42.05%	Increased due to business growth.
Cost of revenue	57,863,128,901.41	40,152,044,224.73	44.11%	Increased due to the increase in costs caused by business growth.
Selling and distribution expenses	1,056,658,701.93	884,558,139.21	19.46%	
General and administration expenses	5,861,443,162.73	4,844,842,279.57	20.98%	
Financial expenses	472,967,469.92	331,613,346.38	42.63%	Increased due to the increase in interest expenses from increased borrowings.
Income tax expense	1,714,998,647.00	882,642,296.52	94.30%	Increased due to the increase in total profits and deductible tax losses for which no deferred tax asset was recognised.
Research and development investment	1,311,258,210.74	1,208,951,470.76	8.46%	Increased due to the increase in research and development activities.
Net cash flow from operating activities	6,931,712,320.10	4,820,813,616.56	43.79%	Increased due to business growth in the current period.
Net cash flows from investing activities	-17,870,077,628.81	-13,157,679,518.84	35.81%	Increased due to the increase in net cash outflow of wealth management products and the decrease in net cash outflow in

	Current Reporting Period	The same period of previous year	Increase/Decrease over the same period of previous year	Rationale
				acquisition of subsidiaries.
Net cash flows from financing activities	2,545,719,388.91	4,968,519,388.28	-48.76%	Decreased due to the increase in the net cash outflow of borrowings and the increase in the net cash inflow of bonds.
Net increase in cash and cash equivalents	-8,373,723,779.87	-3,371,261,536.58	148.39%	Please refer to the above analysis of cash flow changes for operating activities, investment activities and financing activities.

Did significant changes occur in profit composition or sources of profit?

☐Applicable ☒Not applicable

There were no significant changes in profit composition or sources of profit during the reporting period.

Composition of revenue

Unit: RMB

Item	Current Reporting Period		The same period of previous year		Increase/Decrease over the same period of previous year
	Amount	Proportion of Revenue	Amount	Proportion of Revenue	
Revenue	71,129,007,738.21	100%	50,074,704,033.85	100%	42.05%
Categorized by industry					
Express logistic and supply chain	70,188,001,144.10	98.68%	49,479,804,469.27	98.81%	41.85%
Sales of goods	452,123,296.72	0.64%	253,670,085.55	0.51%	78.23%
Others	488,883,297.39	0.69%	341,229,479.03	0.68%	43.27%
Categorized by product					
Time-definite Express	31,962,052,806.69	44.94%	26,765,052,056.21	53.45%	19.42%
Economy Product	20,183,483,226.59	28.38%	11,460,073,418.28	22.89%	76.12%
Freight	7,674,464,424.81	10.79%	5,072,343,493.02	10.13%	51.30%
Cold Chain and Pharmaceuticals	3,240,731,441.57	4.56%	2,352,046,365.17	4.70%	37.78%
Intra-City Instant Delivery	1,265,413,899.41	1.78%	785,671,660.75	1.57%	61.06%
International Express	2,904,883,603.56	4.08%	1,201,793,431.30	2.40%	141.71%
Supply Chain	2,956,971,741.47	4.16%	1,842,824,044.54	3.68%	60.46%
Others	941,006,594.11	1.32%	594,899,564.58	1.19%	58.18%
Categorized by region					
Express logistic and supply chain –East China	19,336,652,950.23	27.19%	14,440,657,980.91	28.84%	33.90%
Express logistic and supply chain –South China	19,002,148,999.94	26.72%	11,633,487,344.92	23.23%	63.34%
Express logistic and supply chain –North China	14,826,811,732.21	20.84%	11,295,843,131.23	22.56%	31.26%
Express logistic and supply chain – Central China	9,226,900,387.54	12.97%	6,674,286,669.48	13.33%	38.25%
Express logistic and supply chain –West China	5,664,614,722.70	7.96%	3,995,871,735.90	7.98%	41.76%

Item	Current Reporting Period		The same period of previous year		Increase/Decrease over the same period of previous year
	Amount	Proportion of Revenue	Amount	Proportion of Revenue	
Categorized by region					
Express logistic and supply chain –Hong Kong and Macao	1,406,433,781.68	1.98%	1,106,991,784.15	2.21%	27.05%
Express logistic and supply chain – Overseas	724,438,569.80	1.02%	332,665,822.68	0.66%	117.77%
Sales of goods and others	941,006,594.11	1.32%	594,899,564.58	1.19%	58.18%

Note 1: Product revenue and district revenue in the preceding table have not been audited.

Note 2: Any discrepancies in the above table between totals and sums of the amounts are due to rounding.

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

√Applicable □Not applicable

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

Unit: RMB

Item	Revenue	Cost of revenue	Gross Profit Margin	Revenue Increase/Decrease over the same period of previous year	Cost of revenue Increased or Decreased over the same period of previous year	Gross Profit Margin Increased or Decreased over the same period of previous year
Industries						
Express logistic and supply chain	70,188,001,144.10	57,121,320,304.19	18.62%	41.85%	43.97%	-1.19%

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

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

□Applicable √ Not applicable

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

For more details, please refer to the “I. Overall Business Performance of the Company during the First Half of 2020” under the section “Chapter 4 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

For more details, please refer to the “I. Overall Business Performance of the Company during the First Half of 2020” under the section “Chapter 4 Management Discussion and Analysis of Business Operation” .

III. Non-core Business Analysis

√Applicable □Not applicable

Unit: RMB

Item	Amount	Proportion of Total Profit	Reason	Whether sustainable
Investment income	223,418,158.46	4.18%	Mainly including income from expired 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	16,413,953.16	0.31%	Mainly including changes in fair value of financial assets held for trading.	No
Asset impairment losses	-27,469,084.52	-0.51%	Mainly including impairment losses of intangible assets	No
Non-operating income	89,733,785.62	1.68%	Mainly including government grants unrelated to daily activities.	No
Non-operating expenses	99,473,652.09	1.86%	Mainly including compensation expenses, donation and losses on scrapping of assets.	No
Credit impairment losses	-459,541,101.91	-8.61%	Mainly including bad debt losses of accounts receivable, other receivables, loans and advances, and factoring receivables.	No
Other income	645,710,052.98	12.09%	Mainly including government grants related to daily activities.	No

IV. Analysis of Assets and Liabilities

1. Major Changes in Asset Composition

Unit: RMB

Item	End of Current Reporting Period		End of previous year		Increase/Decrease in Proportion	Major Changes
	Amount	Proportion of Total Assets	Amount	Proportion of Total Assets		
Cash at bank and on hand	10,112,591,513.50	9.91%	18,520,991,737.10	20.02%	-10.11%	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.
Financial assets held for trading	13,471,415,608.93	13.20%	2,910,172,928.20	3.14%	10.06%	Mainly due to increase in structured deposits.
Accounts receivable	13,200,537,169.56	12.94%	12,044,542,725.83	13.02%	-0.08%	No major changes.
Inventories	834,416,314.91	0.82%	881,658,973.69	0.95%	-0.13%	No major changes.
Other current assets	7,482,260,841.70	7.33%	3,299,684,720.94	3.57%	3.76%	Mainly due to the increase of wealth management products.
Investment in other equity instruments	5,059,004,416.40	4.96%	4,933,692,937.19	5.33%	-0.37%	No major changes.
Long-term equity investments	2,226,434,362.47	2.18%	2,221,512,673.14	2.40%	-0.22%	No major changes.

Item	End of Current Reporting Period End of previous year		End of Current Reporting Period End of previous year		Increase/ Decrease in Proportion	Major Changes
	Amount	Proportion of Total Assets	Amount	Proportion of Total Assets		
Investment properties	2,119,742,157.85	2.08%	2,019,525,900.61	2.18%	-0.10%	No major changes.
Fixed assets	19,645,792,982.24	19.25%	18,903,827,062.42	20.43%	-1.18%	No major changes.
Construction in progress	3,573,345,371.79	3.50%	3,116,490,618.26	3.37%	0.13%	No major changes.
Intangible assets	10,164,552,265.54	9.96%	10,008,036,356.04	10.82%	-0.86%	No major changes.
Goodwill	3,627,083,179.38	3.55%	3,564,540,458.80	3.85%	-0.30%	No major changes.
Short-term borrowings	6,546,993,089.05	6.42%	6,053,374,642.50	6.54%	-0.12%	The total amount of short-term borrowings, current portion of non-current liabilities, other current liabilities, long-term borrowings, and bonds payable increased by RMB2.604 billion compared with the end of previous year, which was attributable to the issuance of bonds.
Current portion of non-current liabilities	2,350,398,255.88	2.30%	2,091,892,291.74	2.26%	0.04%	Please refer to the above short-term borrowings description.
Other current liabilities	4,048,584,624.75	3.97%	1,017,446,858.50	1.10%	2.87%	Please refer to the above short-term borrowings description.
Long-term borrowings	1,618,059,208.49	1.59%	6,539,556,784.41	7.07%	-5.48%	Please refer to the above short-term borrowings description.
Bonds payable	14,340,521,922.19	14.05%	10,597,985,016.52	11.45%	2.60%	Please refer to the above short-term borrowings description.
Accounts payable	12,185,137,292.01	11.94%	11,988,256,010.34	12.96%	-1.02%	No major changes.
Advances from customers	16,851,919.37	0.02%	669,948,930.72	0.72%	-0.70%	In accordance with the provisions of the new revenue standard, the obligations to transfer goods to customers for which considerations have been received or are due from customers, are accounted for as contract liabilities in the current period, which were presented as advances from customers at the end of previous year.
Contract liabilities	1,117,387,097.90	1.09%	-	0.00%	1.09%	Same as the description of advances from customers above, except for the impact of reclassification, changes were mainly due to the increase in freight advances for certain businesses.

2. Assets and liabilities measured at fair value

✓ Applicable ☐ Not applicable

Unit: RMB

Item	Opening Balance	Changes in Fair Value Gains and Losses in Current Period	Accumulated Fair Value Changes Included in Equity	Provision for Impairment in Current Period	Amount of purchase in current period	Amount of Sales in Current Period	Other Changes	Closing Balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets) ^{Note1}	3,388,967,567.15	16,657,233.30	-	-	10,386,850,316.03	864.84	215,212,313.14	14,007,686,564.78
2. Derivative financial assets	245,792.67	-243,280.14	-	-	-	-	-2,512.53	-
3. Investments in other equity instruments	4,933,692,937.19	-	49,338,455.33	-	-	-	75,973,023.88	5,059,004,416.40
Total financial assets	8,322,906,297.01	16,413,953.16	49,338,455.33	-	10,386,850,316.03	864.84	291,182,824.49	19,066,690,981.18
Total	8,322,906,297.01	16,413,953.16	49,338,455.33	-	10,386,850,316.03	864.84	291,182,824.49	19,066,690,981.18

Note1: Financial assets held for trading include structured deposits that do not carry the characteristics of contract cash flow for principal and interest. The structured deposits have short maturities and are highly liquid, and net purchases and sales for the current period is stated in the current period.

Other changes

Other changes of financial assets held for trading mainly included income from expired wealth management products, other changes of investments in other equity instruments mainly included exchange differences on translation of foreign currency financial statements.

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

☐ Yes ☒ No

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

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

Item	Book Value at the End of Period (RMB)	Limitation Reason
Cash at bank	794,717,467.25	Legal reserves in the Central Bank
Financial assets held for trading	15,000,000.00	Guarantee deposits for bank acceptance notes
Fixed assets	71,487,996.45	Long-term borrowing mortgage
Intangible assets	1,267,201,966.97	Long-term borrowing mortgage
Investment properties	203,339,490.96	Long-term borrowing mortgage
Construction in progress	157,683,272.03	Long-term borrowing mortgage
Total	2,509,430,193.66	

V. Analysis of Investments

1. General situation

☒ Applicable ☐ Not applicable

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

Investment Amount During the Reporting Period (RMB)	Investment Amount During the same period of previous year (Restated) (RMB)	Change
4,073,775,309.03	9,247,382,373.45	-55.95%

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

Item	Investment Amount During the Reporting Period (RMB)
Office and Buildings	200,344,004.13
Land	243,364,028.06
Warehouse	199,728,087.26
Sorting center	647,540,151.02
Aircraft	1,138,931,954.41
Vehicle	272,717,632.65
Information technology equipment	385,198,758.59
Equity investments	99,952,404.12
Others	885,998,288.79
Total	4,073,775,309.03

2. Significant Equity Investment Obtained During the Reporting Period

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

4. Financial Assets Measured at Fair Value

✓ Applicable ☐ Not applicable

Unit: RMB

Asset Type	Initial Investment Cost	Changes in Fair Value Gains and Losses in Current Period	Accumulated Fair Value Changes Included in Equity	Amount of Purchase During the Reporting Period	Amount of Sales During the Reporting Period	Accumulated Investment Income	Closing Balance	Capital source
Stock	784,540,823.67	-	49,338,455.33	-	-	1,110,356.12	867,696,433.34	Self-owned funds
Financial derivatives	-	-243,280.14	-	-	-	189,333.30	-	Self-owned funds
Others ^{Note 1}	16,892,687,960.70	16,657,233.30	-	10,386,850,316.03	864.84	213,058,095.41	18,198,994,547.84	Self-owned funds/raised funds
Total	17,677,228,784.37	16,413,953.16	49,338,455.33	10,386,850,316.03	864.84	214,357,784.83	19,066,690,981.18	--

Note1: Financial assets held for trading include structured deposits that do not carry the characteristics of contract cash flow for principal and interest. The structured deposits have short maturities and are highly liquid, and net purchases and sales for the current period is stated in the current period.

5. Investments in Financial Assets

(1) Investments in Securities

✓ Applicable ☐ Not applicable

Unit: RMB

Security Type	Stock Code	Abbreviation of Security	Initial Investment	Accounting Measurement Model	Book value at the beginning of the reporting period	Gains and losses from changes in fair value during the period	Accumulated fair value changes included in equity	Purchase amount during the reporting period	Sales amount during the reporting period	Gains and losses of the reporting period	Book value at the end of the reporting period	Accounting items	Capital source
Domestic and foreign stock	06166	China VAST	430,474,103.94	Fair value measurement	453,544,426.19	-	41,547,057.89	-	-	-	503,714,489.68	Investments in other equity instruments	Self-owned funds
Domestic and foreign stock	01810	Xiaomi Corporation	217,287,287.17	Fair value measurement	133,964,459.19	-	25,879,682.49	-	-	-	162,490,900.83	Investments in other equity instruments	Self-owned funds
Domestic and foreign stock	01492	Zhongdi Dairy	115,402,432.56	Fair value measurement	42,024,305.02	-	-9,069,535.05	-	-	-	33,659,042.83	Investments in other equity instruments	Self-owned funds
Domestic and foreign stock	300771	Zhilai Technology	21,377,000.00	Fair value measurement	176,850,750.00	-	-9,018,750.00	-	-	1,110,356.12	167,832,000.00	Investments in other equity instruments	Self-owned funds
Other securities held at the end of the period			-	--	-	-	-	-	-	-	-	--	--
Total			784,540,823.67	--	806,383,940.40	-	49,338,455.33	-	-	1,110,356.12	867,696,433.34	--	--
Disclosure Date of Securities Investment Approval Board Announcement											N/A		
Disclosure Date of Securities Investment Approval Shareholders Meeting Announcement											N/A		

(2) Investments in Derivatives

√ Applicable □ Not applicable

Unit: RMB10 thousands

Counterparty	Related-party relationship (Y/N)	Related-party transactions (Y/N)	Type of derivatives	Initial investment amount	Starting date	Ending date	Amount of purchase in the reporting period	Amount of sales in the reporting period	Investment amount at the beginning of the reporting period	Provision for impairment (if any)	Investment amount at the end of the reporting period	Investment amount at the end of the reporting period to net assets of the Company	Gains/(losses) recognized during the reporting period
Bank	No	No	Interest Rate swap contracts	-	2016/7/25	2020/4/21	-	-	3,296.07	-	-	-	18.93
Total				-	--	--	-	-	3,296.07	-	-	-	18.93
Source of funds													Self-owned funds
Lawsuit if applicable													N/A
Disclosure Date of Derivatives Investment Approval Board Announcement (if any)													N/A
Disclosure Date of Derivatives Investment Approval Shareholders Meeting Announcement (if any)													N/A

<p>Risk analysis and control measures for derivatives investment during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)</p>	<p>(I) Risk analysis</p> <p>The foreign exchange hedging business is carried out by the Company based on the principles of lawfulness, prudence, safety and effectiveness, and not for speculative purposes. All foreign exchange hedging transactions are derived from normal cross-border business, but certain risks may exist in foreign exchange hedging transactions.</p> <ol style="list-style-type: none"> 1. Market risk: The foreign exchange hedging business carried out by the Company and its subsidiaries mainly involves daily cross-border intermodal transportation fees and investment and financing activities denominated in foreign currencies related to the main business. The associated market risk refer to losses which may arise from changes in price of foreign exchange hedging products due to fluctuations in market prices of underlying exchange rates and interest rates. 2. Liquidity risk: Since all foreign exchange hedging business is conducted through financial institutions, we are subject to the risk of having to pay fees to banks due to losses in closing out positions caused by insufficient liquidity in the market. 3. Non-performance risk: The Company and its subsidiaries conduct foreign exchange hedging business mainly based on rolling forecasts for risk management. We are subject to the risk that the actual cash flow deviates from forecast, resulting in failure to fulfill obligations under relevant hedging contracts when due. 4. Other risks: In the course of business, if the person concerned fails to report and seek approval in accordance with the prescribed procedures, or fails to make records on foreign exchange hedging business accurately, timely and completely, losses may be incurred or trading opportunities may be lost. At the same time, if the person concerned fails to fully understand the terms of the transaction contract and product information, we are exposed to related legal risks and transaction losses as a result. <p>(II) Risk control measures</p> <ol style="list-style-type: none"> 1. Clarify the criteria of initiating transaction of foreign exchange hedging product: All foreign exchange hedging businesses are derived from normal cross-border business for the purpose of averting and preventing exchange rate and interest rate risk. No foreign exchange derivatives trading shall be carried out for speculative purposes. 2. Selection of products: Hedging products with simple structure, strong liquidity and controllable risk are selected to carry out foreign exchange hedging business. 3. Counterparty selection: The counterparties of the Company's foreign exchange hedging business are large state-owned commercial banks and international banks with sound operation, good credit, long history of cooperation with the Company and good credit standing. 4. Determination of fair value of foreign exchange hedging products: The foreign exchange hedging products operated by the Company are mainly for the management of foreign exchange transactions in the predictable future period, with high market transparency and active trading; the transaction price and settlement unit price of which can fully reflect their fair value. The Company confirms the fair value of the hedging products in accordance with the transaction data provided by or obtained from the public domain including banks and Reuters. 5. Equipped with professional staff: The Company has maintained a team of professionals with expertise in financial derivatives, responsible for the company's exchange rate risk management, market analysis, product research and the Company's overall management policy recommendations, etc. 6. Establishing a comprehensive risk alarm and reporting mechanism: The Company sets risk limits for foreign exchange hedging business where transactions have been made, timely evaluates changes in risk exposure and derived gains and losses, and provides regular risk analysis report to the management and the Board of Directors. Appropriate risk assessment models or monitoring systems are used to continuously monitor and report various risks. More frequent reports are made when the market fluctuates drastically or when risks are higher. A response plan will be made promptly. 7. Separation of duties and personnel between the front end and back end is strictly implemented. Dealers cannot concurrently hold the position as accounting personnel and vice versa.
<p>Changes in fair value or market price of invested derivatives during the reporting period (the specific methods, relevant assumptions and parameters used in the analysis of the fair value should be disclosed)</p>	<p>The Company's analysis of the fair value of derivatives is based on the financial market fair value valuation report provided by the bank at month end.</p>
<p>Explanation of whether the accounting policies and accounting principles of the Company's derivatives are significantly changed compared with the previous reporting period during the reporting period</p>	<p>No</p>
<p>Opinions of independent directors on the Company's derivatives investment and risk control</p>	<p>The independent directors believed that the company had established an internal control system for foreign exchange hedging and effective risk control measures in accordance with the requirements stipulated by relevant laws. Under the premise of complying with national laws and regulations and ensuring that the company's daily operation were not affected, the company used its own funds to carry out foreign exchange hedging in a timely manner, which was conducive to preventing interest rate and exchange rate risks, reducing the impact of interest rate fluctuations on the company, in line with the company, the interests of all shareholders and was no harm to the company and all shareholders, especially the interests of minority shareholders.</p>

6. Use of Raised Funds√ Applicable ☐ Not applicable**(1) Overall use of Raised Funds**√ Applicable ☐ Not applicable

Unit: RMB10 thousands

Total Raised Funds	577,717.37
Total Raised Funds invested in the current year	65,040.24
Accumulative Raised Funds invested (Note 1)	284,286.45
Total Raised Funds with usage altered in the reporting period	—
Accumulative Raised Funds with usage altered	—
Proportion of accumulative total Raised Funds with usage altered	—
Description for overall utilisation of Raised Funds	
<p>As at 30 Juner 2020, the accumulated Funds Raised from Convertible Corporate Debentures that were utilised amounted to RMB2,842,864,500. Proceeds used for Aircraft Purchasing and Aviation Materials Purchasing and Maintenance Project totaled RMB733,556,500; that used for Intelligent Logistics Information System Construction Project totalled RMB137,567,900; that used for Express Delivery Equipment Automation Upgrade Project totalled RMB333,871,000; that used for Land Transport Capacity Improvement Project totalled RMB437,869,100; and that used for Repayment of Bank Loans totaled RMB1,200,000,000.</p> <p>To improve the utilisation of idle Funds Raised from Convertible Debentures and strengthen the profitability of the Raised Funds, according to the resolution at the 3th meeting of the 5th section of Board dated 23 March and the 2019 Annual General Meeting held on 15 April 2020, the Company was allowed to conduct cash management with the temporarily idle Funds Raised from Convertible Debentures on condition that the investment projects and utilisation of Funds Raised from Convertible Debentures are not affected. No more than RMB3.2 billion of idle Funds Raised shall be used for cash management, and funds within the quota may be reused. The effective period starts from the date of review and approval at the 2019 Annual General Meeting and ends at the 2021 Annual General Meeting. In the first half of 2020, within the quota as considered by the Board and the general meeting, the Company used idle Funds Raised to purchase capital-guaranteed wealth management products of commercial banks and other financial institutions.</p> <p>As at 30 Juner 2020, the Company's unused Funds Raised from Convertible Corporate Debentures were RMB2,934,309,200, and bank interest received and income from wealth management received were RMB53,728,200. The balance of principal-guaranteed wealth management products purchased from banks and other financial institutions for cash management of idle Funds Raised from Convertible Corporate Debentures of RMB2,800,000,000 and the balance of special accounts for the funds raised from Convertible Corporate Debentures was RMB188,037,400.</p>	

(2) Statement of committed investment projects of Raised Funds

√ Applicable □ Not applicable

Unit: RMB10 thousands

Committed investment projects and allocation of over-raised funds	Whether project has been (or partially) altered	Total committed investment based on net Raised Funds	Total investment after alteration (a)	Investment in the current year	Accumulative investment at the end of the period (b)	Investment progress at the end of the period (%) (d) = (b)/(a)	Date of asset ready for intended use	Benefits achieved in the current year	Whether expected benefits have been achieved	Whether feasibility of project has changed significantly
Committed investment projects										
1. Aircraft Purchasing and Aviation Materials Purchasing and Maintenance Project	No	152,000.00	152,000.00	30,570.79	73,355.65	48.26%	2022/11/22	Note: 2	N/A	No
1.1 Aircraft Purchasing Project	No	4,000.00	4,000.00	-	4,000.00	100.00%	2019/11/30	Note: 2	N/A	No
1.2 Aviation Materials Purchasing and Maintenance Project	No	148,000.00	148,000.00	30,570.79	69,355.65	46.86%	2022/11/22	Note: 2	N/A	No
2. Intelligent Logistics Information System Construction Project	No	146,717.37	146,717.37	4,104.95	13,756.79	9.38%	2022/11/22	Note: 3	N/A	No
2.1 Hardware Purchasing	No	139,217.37	139,217.37	4,104.95	13,617.81	9.78%	2022/11/22	Note: 3	N/A	No

Committed investment projects and allocation of over-raised funds	Whether project has been (or partially) altered	Total committed investment based on net Raised Funds	Total investment after alteration (a)	Investment in the current year	Accumulative investment at the end of the period (b)	Investment progress at the end of the period (%) (d) = (b)/(a)	Date of asset ready for intended use	Benefits achieved in the current year	Whether expected benefits have been achieved	Whether feasibility of project has changed significantly
Committed investment projects										
2.2 Software Purchasing	No	7,500.00	7,500.00	-	138.98	1.85%	2022/11/22	Note: 3	N/A	No
3.Express Delivery Equipment Automation Upgrade Project	No	100,000.00	100,000.00	8,416.54	33,387.10	33.39%	2022/11/22	Note: 4	N/A	No
4. Land Transport Capacity Improvement Project	No	59,000.00	59,000.00	21,947.96	43,786.91	74.22%	2022/11/22	Note: 5	N/A	No
5. Repayment of Bank Loans	No	120,000.00	120,000.00	-	120,000.00	100.00%	2019/11/30	Note: 6	N/A	No
Subtotal of committed investment projects	--	577,717.37	577,717.37	65,040.24	284,286.45	--	--	--	--	--
Investment of excess proceeds		N/A								
Total	--	577,717.37	577,717.37	65,040.24	284,286.45	--	--	--	--	--
Status of and reason for planned progress or estimated income not achieved (of a specific project)			N/A							
Significant changes in the feasibility of projects			N/A							
Amount, usage and use progress of over-raised Funds			N/A							
Change in implementation location of investment			N/A							

projects of Raised Funds	
Adjustment to implementation method of investment projects of Raised Funds	N/A
Upfront investment and replacement of investment projects of Raised Funds	Pursuant to the resolution of the 27th meeting of the 4th Board of Directors on 25 November 2019 and the explicit consent given by the sponsor institution, the independent directors and the supervisory board, the Company was approved to replace upfront self-raised funds of RMB1,178,871,300 invested in the Aircraft Purchasing and Aviation Materials Purchasing and Maintenance Project, Intelligent Logistics Information System Construction Project, Express Delivery Equipment Automation Upgrade Project, Land Transport Capacity Improvement Project and Repayment of Bank Loans with the Raised Funds. Refer to the announcement (No. 2019-127) disclosed at the website of CNINFO (http://www.cninfo.com.cn) by the Company on 26 November 2019 for more details.
Supplementing working capital temporarily with idle Raised Funds	N/A
Balances of the Raised Funds during the project implementation and the reasons	N/A
Usage and allocation of the unused Raised Funds	N/A
Defects and other problems in utilisation and disclosure of the Raised Funds	N/A

Note 1 : “Accumulative Raised Funds invested” include accumulative Raised Funds invested and upfront investment replaced after the receipt of Raised Funds of RMB1,178,871,300.

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

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

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

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

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

(3) Statement of Altered Investment Projects of Raised Funds

☐ Applicable ☒ Not applicable

(4) Statement of Fundraising projects

Overview of Fundraising projects	Disclosure date	Disclosure method
For more, please refer to "First Half 2020 Special Report on the Deposit Status and Actual Use of Funds Raised"	August 26, 2020	http://www.cninfo.com.cn

7. Major projects not involving fundraising

☐ Applicable ☒ Not applicable

VI. Sale of Significant Assets and Equity**1. Sale of significant assets**

☐ Applicable ☒ Not applicable

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

2. Sale of significant equity

☐ Applicable ☒ Not applicable

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

VII. Analysis of Major Holdings and Participating Companies

☒ Applicable ☐ Not applicable

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

Unit: RMB

Company name	Company Type	Primary Business	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
Shenzhen S.F. Taisen Holdings (Group) Co., Ltd.	Subsidiary	Investments in industrial businesses, Investment consulting and other information consulting, supply chain management, asset management, capital management, investment management, etc.	RMB 2 billion	38,422,900,226.23	22,685,536,594.39	2,198,370,225.18	728,901,437.36	516,834,116.17

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
SF Supply Chain Chongqing (Hong Kong) Limited	New establishment	No major impact
EXEL Supply Chain (Shanghai) Co., Ltd.	New establishment	No major impact
Zonghao Supply Chain Consulting (Shenzhen) Co., Ltd.	New establishment	No major impact
Hunan SF Pharmaceutical Supply Chain Co., Ltd.	New establishment	No major impact
SF Express (Middle East) DWC-LLC	New establishment	No major impact
S.F. E&L INTERNATIONAL (CAMBODIA) CO., LTD.	New establishment	No major impact
SF EXPRESS PHILIPPINES INC.	New establishment	No major impact
SF EXPRESS (PANAMA), S.A.	New establishment	No major impact
Jiangxi SF Zhida Network Technology Co., Ltd.	New establishment	No major impact
Chongqing Fonair UAS Technologies Co., Ltd.	New establishment	No major impact
SF EXPRESS (BELGIUM) BV	New establishment	No major impact
FS TECHNOLOGY MACAU CO.,LTD.	New establishment	No major impact
Cheng Run Limited	New establishment	No major impact
NH Logistics Limited	New establishment	No major impact
Shanghai Bingzhi Supply Chain Management Co., Ltd.	New establishment	No major impact
EXEL Supply Chain (Nanjing) Co., Ltd.	New establishment	No major impact
EXEL Supply Chain (Xiamen) Co., Ltd.	New establishment	No major impact
EXEL Supply Chain (Dalian) Co., Ltd.	New establishment	No major impact
Shenzhen SF Kuaicha Technology Co., Ltd.	New establishment	No major impact
Shenzhen Weifengqi Technology Co., Ltd.	New establishment	No major impact
SF Express (Germany) GmbH	New establishment	No major impact
SF Technology Solution (HongKong)Limited	New establishment	No major impact
SF Xiangyu (Shandong) Pharmaceutical Logistics Co., Ltd.	New establishment	No major impact
Luoyang Fengtai Industrial Park Management Co., Ltd.	New establishment	No major impact
Liuzhou Fengyutai Industrial Park Management Co., Ltd.	New establishment	No major impact
Shenzhen Fengwang Express Co., Ltd.	New establishment	No major impact
Hangzhou Fengwang Express Co., Ltd.	New establishment	No major impact
Henan SF Pharmaceutical Supply Chain Co., Ltd.	New establishment	No major impact
SF International Holding Company Limited	New establishment	No major impact
Moral Up Corporation Limited	New establishment	No major impact
ABUNDANT HARVEST INVESTMENTS LIMITED	New establishment	No major impact
Hefei EXEL Supply Chain Co., Ltd.	New establishment	No major impact
Beijing Zhenlanwuxian Technology Co., Ltd.	New establishment	No major impact
EXEL Supply Chain (Xi'an) Co., Ltd.	New establishment	No major impact
Shanghai Yongfang Supply Chain Technology Co., Ltd.	New establishment	No major impact
Guangdong Shuangjie Supply Chain Technology Co., Ltd.	New establishment	No major impact
Shanghai Fengzan Technology Co., Ltd.	New establishment	No major impact
Guangzhou SF Cold Chain Co., Ltd.	New establishment	No major impact
Xiamen Fengyi Supply Chain Management Co., Ltd.	New establishment	No major impact
Changsha Fengyi Supply Chain 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
Tianjin SF Juyi Logistics Co., Ltd.	New establishment	No major impact
Wuhan SF Cold Chain Co., Ltd.	New establishment	No major impact
SF Express (France) SAS	New establishment	No major impact
SF EXPRESS NIGERIA LIMITED	New establishment	No major impact
Fujian Lijie Supply Chain Management Co., Ltd.	New establishment	No major impact
SZSF GLOBAL EXPRESS (KENYA) LIMITED	New establishment	No major impact
EXEL Supply Chain Management (Shanghai) Co., Ltd.	New establishment	No major impact
SF International (Hong Kong) Management Company Limited	New establishment	No major impact
SF LOGISTICS MEXICO, S.A. DE C.V.	New establishment	No major impact
Shanghai SF Cold Chain Co., Ltd.	New establishment	No major impact
Shenzhen Fengyun Investment Co., Ltd.	New establishment	No major impact
HIGH SPRING GLOBAL LIMITED	Acquisition	No major impact
JADE AFFLUENT LIMITED	Acquisition	No major impact
HE CHANG TRADE LIMITED	Acquisition	No major impact
Shenzhen Nianfeng DDJ Technology Co., Ltd.	Sale	No major impact
Shenzhen Nianfeng DDJ Commerce Co., Ltd.	Sale	No major impact
Shenzhen Youli Technology Co., Ltd.	Sale	No major impact
SF DDJ TECHNOLOGY (HONG KONG) CO., LIMITED	Sale	No major impact
Chengdu Yifeng Daojia Technology Service Co., Ltd.	cancellation	No major impact
Hengyang Hongyue Network Co., Ltd.	cancellation	No major impact
Hengyang Wanwei Information Co., Ltd.	cancellation	No major impact
Guangdong Zhifan Technology Co., Ltd.	cancellation	No major impact

Descriptions for major holdings and participating Companies

Net profit of Shenzhen S.F. Taisen Holdings (Group) Co., Ltd. mainly came from its principal operations.

VIII. Structured Entities Controlled by the Company

☐ Applicable ☒ Not applicable

IX. Performance forecast for the first nine months of 2020

☐ Applicable ☒ Not applicable

X. Possible risks and countermeasures

1. Market risks

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

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

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

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

2. Policy risks

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

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

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

3. Business risks

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

Risk response: SF Holding has continued to increase investment in areas such as logistics framework optimization and system component innovation, including in areas such as bringing the entire logistics process online by applying smart technologies to reduce manpower and offline operations, while upgrading service points

and route planning and using scientific and technological means to enhance efficiency and reduce labor costs, hence leading transformation of the express delivery industry from a labor-intensive to a technology intensive industry.

Risks from fuel price fluctuation: Transportation cost is one of the major costs of the express delivery industry, and fuel cost is a component of transportation cost. Fluctuation of fuel price will have a certain impact on the profitability of express delivery companies. If the fuel price rises significantly in the future, the Company will experience pressure of increased costs. Generally speaking, however, fuel costs accounted for only 1.65% of revenue in the first half of 2020, 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 RMB116 million for the current year, which will either increase or decrease net profit attributable to the parent company by a maximum of RMB87 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

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

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

5. Information system risk

Information system risk: To cope with our diversified development of, the complex and diverse needs of customers, and the strategic direction of technology-led business expansion to enhance market position, the Company has built and applied various information systems and technologies. Rapid development of the industry and changing market also pose challenge of rapid change in technology and services to the construction of core business systems of the Company. With the wide variety and rapid replacement of professional technologies in the

Company along with emerging new technologies, changes in information technology and future business requirements may cause certain information system risks. Meanwhile, despite the series of information security control mechanisms established for the large amount of data accumulated for years by the Company, there still exists certain human or system caused information security risks.

Risk Responses: The Company has formulated comprehensive response measure for information system risks. On the one hand, the Company continues to carry out operation and optimization of the ISO27001 information security management system and the ISO27701 privacy information management system. 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 pre-warning and response 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 carried out 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.

Chapter 5 Significant Events

I. Annual general meeting of shareholders and extraordinary general meeting of shareholders held during the period

1. Shareholder meetings held during the reporting period

Meeting	Meeting Type	Investor Participation %	Date Convened	Disclosure Date	Disclosure Index
2019 Annual General Meeting	Annual General Meeting	75.74%	April 15, 2020	April 16, 2020	“2019 Annual General Meeting Resolutions” (2020-034)(http://www.cninfo.com.cn)

2. Extraordinary general meetings convened at the request of preferred stockholders whose voting rights have been restored

☐ Applicable ☒ Not applicable

II. Profit distribution or increase of share capital from equity reserves during the reporting period

☐ Applicable ☒ Not applicable

The Company does not plan to issue cash or equity dividends, nor to convert equity reserves into share capital.

III. Commitments made by the Company's actual controllers, shareholders, related parties, purchasers, and others that were fulfilled during the reporting period or were not fulfilled and exceed the time limit as of the end of the reporting period

☒ Applicable ☐ Not applicable

Commitment	Committed By	Commitment Type	Commitment Details	Committed Time	Commitment Period	Fulfillment Status
Commitments made during asset restructuring	Mingde Holding	Restricted sale of shares	1. The shares of Dingtai New Materials subscribed by the company in this restructuring shall not be transferred in any way within 36 months from the date of registration of such shares in the name of the company, nor shall a third party be entrusted to manage such shares. 2. When the aforementioned lock-up period expires, if the underlying company fails to meet the committed net profits as stipulated in the “Profit Forecasting Compensation Agreement,” which requires the company to perform the share compensation obligation to Dingtai New Materials, and the share compensation obligation has not been fulfilled, the aforementioned lock-up period shall be extended to the date of completion of the company’s share-based compensation obligations under the “Profit Forecasting Compensation Agreement.”	January 23, 2017	3 years	Fulfilled

			<p>3. Within six months after completion of the restructuring, if the closing price of Dingtai New Materials stock is lower than the issuance price for consecutive 20 trading days, or the closing price of the stock at the end of 6 months after the restructuring is completed is lower than the issuance price, the lock-up period of such stock held by the company is automatically extended for at least 6 months. (If dividend distribution, gifted shares, transfer of capital stock, or allotment to Dingtai New Materials occurred during the above period, the aforementioned issuance price is calculated based on the price adjusted by factors such as ex-dividend and ex-rights.)</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>			
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					

IV. Appointment and dismissal of accounting firms

Is the semi-annual financial report audited?

☐ Yes ☒ No

The Company's semi-annual financial report has not been audited

V. Explanations provided by the Board of Directors, the Supervisory Committee, regarding the “non-standard audit report” issued by the auditor for the reporting period

☐ Applicable ☒ Not applicable

VI. Explanations provided by the Board of Directors regarding the “non-standard audit report” issued by the auditor for the last year

☐ Applicable ☒ Not applicable

VII. Bankruptcy and Reorganization

☐ Applicable ☒ Not applicable

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

VIII. Significant lawsuit or arbitration

Significant lawsuit or arbitration

☐ Applicable ☒ Not applicable

There was no significant lawsuit or arbitration during the reporting period.

Other legal cases

☒ Applicable ☐ Not applicable

As of June 30, 2020, the 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 RMB81.14 million.
2. Cases not yet resolved during the reporting period include: Cases involving the Company and its subsidiaries as defendants amounted to RMB129.35 million, accounting for 0.30% of audited net assets attributable to shareholders of the parent Company at the end of 2019. The above-mentioned litigation matters include a number of independent traffic accident cases and transportation claims with small amounts involved. The Company and its subsidiaries have already purchased commercial insurance for operating vehicles, transportation and other business activities. Based on the historical experience, the insurance purchased can basically cover the losses caused by the case. Cases involving the Company and its subsidiaries as plaintiffs amounted to RMB404.32 million, accounting for 0.95% of audited net assets attributable to shareholders of the parent Company at the end of 2019. The described legal proceedings will not have a material adverse effect on the Company's financial status and ability to continue operations.

IX. Questioning by the Media

☐ Applicable ☒ Not applicable

The company did not experience widespread media questioning during the reporting period.

X. Punishment and rectification

☐ Applicable ☒ Not applicable

There was no such situation during the reporting period.

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

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

2. At the 3th meeting of the 5th session of the Board and the 2019 annual general meeting convened by the Company on March 23, 2020 and April 15, 2020 respectively, the “Resolution regarding the Repurchase and Cancellation of Certain Restricted Shares” was considered and approved. Accordingly, the Company was authorised to repurchase and cancel a total of 2,182,222 restricted shares held by 944 incentive participants who failed to fulfil the unlocking conditions due to failure of the Company to meet the performance assessment requirement for the second lock-up period of its 2018 restricted stock incentive plan, at the repurchase price of RMB24.741 per share.

3. At the 3th meeting of the 5th session of the Board convened by the Company on March 23, 2020, the “Resolution on the Cancellation of Certain Share Appreciation Rights” was considered and approved. Accordingly, the Company was authorised to cancel a total of 57,825 share appreciation rights held by 24 incentive participants who ceased to have exercise qualification due to failure of the Company to meet the performance assessment requirement for the second exercise period under the 2018 Share Appreciation Rights Incentive Plan.

4. As the Company has implemented the 2019 dividend distribution plan prior to implementing the repurchase and cancellation of restricted shares, according to the authorization of the Board, the management of the Company adjusted the repurchase prices of the aforesaid repurchases based on relevant provisions. The repurchase price was adjusted from RMB24.741 per share to RMB24.464 per share. As of June 19, 2020, the Company has completed the repurchase and cancellation of the aforesaid restricted shares.

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

Announcement	Disclosure Date	Disclosure Website
Announcement on Completion of Repurchase and Cancellation of Certain Restricted Shares (2020-016)	March 17, 2020	http://www.cninfo.com.cn
Announcement on Repurchase and Cancellation of Certain Restricted Shares (2020-028)	March 24, 2020	http://www.cninfo.com.cn
Announcement on Cancellation of Certain Share Appreciation Rights (2020-029)	March 24, 2020	http://www.cninfo.com.cn
Announcement on Capital Reduction due to Repurchase and Cancellation of Certain Restricted Shares (2020-035)	April 16, 2020	http://www.cninfo.com.cn
Announcement on Adjustment to Repurchase Price for the Repurchase and Cancellation of Restricted Shares by the Company due to Dividend Distribution (2020-040)	April 17, 2020	http://www.cninfo.com.cn
Announcement on Completion of Repurchase and Cancellation of Certain Restricted Shares (2020-058)	June 19, 2020	http://www.cninfo.com.cn

XIII. Significant related-party transactions

1. Related-party transactions relevant to routine operations

√ Applicable □ Not applicable

Related Party	Relationship	Type of related-party transaction	Details of related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (10 thousands RMB)	Proportion of same category of transactions	Approved transaction quota (10 Thousands RMB)	Was the approved quota exceeded?	Related-party Transaction settlement method	Similar Market price	Disclosure date	Disclosure index
Mingde Holding and its subsidiaries	Controlling shareholder of the Company	Provide services to related parties	Courier service, communication service, technology development service, etc.	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	5,751.46	0.08%	37,000	No	Settlement based on the settlement period and terms in the contract	N/A	December 7, 2019	Announcement on the “Proposal on Estimated Daily Related-party Transaction Amount in 2020” disclosed at CNINFO (Announcement No. 2019-138) (http://www.cninfo.com.cn)
M China Management Limited and its subsidiaries and its franchisees	A director of The Company serves as a director of the parent company of M China Management Limited	Provide services to related parties	Supply chain service and distribution service	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	54,982.69	0.77%	130,000	No	Settlement based on the settlement period and terms in the contract	N/A	December 7, 2019	Announcement on the “Proposal on Estimated Daily Related-party Transaction Amount in 2020” disclosed at CNINFO (Announcement No. 2019-138) (http://www.cninfo.com.cn)
CR-SF International Express Co., Ltd.	A senior manager of the Company serves as a director of CR-SF International Express Co., Ltd.	Provide services to related parties	Transportation services	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	3,442.21	0.05%	10,000	No	Settlement based on the settlement period and terms in the contract	N/A	December 7, 2019	Announcement on the “Proposal on Estimated Daily Related-party Transaction Amount in 2020” disclosed at CNINFO (Announcement No. 2019-138) (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, etc.	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	10,462.93	0.18%	18,000	No	Settlement based on the settlement period and terms in the contract	N/A	December 7, 2019	Announcement on the “Proposal on Estimated Daily Related-party Transaction Amount in 2020” disclosed at CNINFO (Announcement No. 2019-138) (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
CR-SF International Express Co., Ltd.	A senior manager of the Company serves as a director of CR-SF International Express Co., Ltd.	Receive services from related parties	Transportation services	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	19,112.87	0.33%	50,000	No	Settlement based on the settlement period and terms in the contract	N/A	December 7, 2019	Announcement on the “Proposal on Estimated Daily Related-party Transaction Amount in 2020” disclosed at CNINFO (Announcement No. 2019-138) (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	15,414.04	0.27%	33,000	No	Settlement based on the settlement period and terms in the contract	N/A	December 7, 2019	Announcement on the “Proposal on Estimated Daily Related-party Transaction Amount in 2020” disclosed at CNINFO (Announcement No. 2019-138) (http://www.cninfo.com.cn)
Zhejiang Galaxy Technology Company Limited	A director of the Company served as a director of Zhejiang Galaxy Technology Company Limited in the past 12 months	Purchase of assets from related parties	Purchase of assets	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	10.96	0.00%	10,000	No	Settlement based on the settlement period and terms in the contract	N/A	December 7, 2019	Announcement on the “Proposal on Estimated Daily Related-party Transaction Amount in 2020” disclosed at CNINFO (Announcement No. 2019-138) (http://www.cninfo.com.cn)
Mingde Holding and its subsidiaries	Controlling shareholder of the Company	Lease of premises from related parties	Lease of premises	Fair pricing based on market prices in accordance with the principle of independent transactions	Contract price	2,339.28	0.04%	7,000	No	Settlement based on the settlement period and terms in the contract	N/A	December 7, 2019	Announcement on the “Proposal on Estimated Daily Related-party Transaction Amount in 2020” disclosed at CNINFO (Announcement No. 2019-138) (http://www.cninfo.com.cn)
Total				--	--	111,516.44	--	295,000	--	--	--	--	--
Details of large amount of sales returns						N/A							
Actual performance in the reporting period versus predicted total amount of daily related-party transactions, by types (if any)						The Company’s 28th meeting of the 4th session of the Board on December 5, 2019 and the third Extraordinary General Meeting of Shareholders of 2019 on December 27, 2019 reviewed and approved the “Proposal on Estimated Daily Related-party Transaction Amount in 2020.” 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

No significant related-party transactions relevant to purchases and sales of assets during the reporting period.

3. Related-party transactions with joint investments☐ Applicable ☒ Not applicable

No significant related-party transactions with joint investments during the reporting period.

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) Issuance of convertible bonds by SF Express to related parties**

In order to maintain the continuous development of the Company's freight business and enhance its brand and core competitiveness, Shenzhen S.F. Express Co., Ltd. ("S.F. Express"), a subsidiary of the Company, introduced new investors during the reporting period. On February 28, 2020, S.F. Express signed an Investment Agreement with relevant investors under which the parties unanimously agreed that the investors will provide S.F. Express with a total amount of US\$300 million or its equivalent in renminbi in the form of convertible bonds. The term of the convertible bonds is one year and that no interest is calculated. Under the premise that the agreed conditions are met, the convertible bonds will be converted into 150 million ordinary shares newly issued by S.F. Express at a price of US\$2 per share or its equivalent in renminbi. Within six months from the date of completion of conversion from the bonds into stock, SF Holding Limited, an overseas wholly-owned subsidiary of the Company, will subscribe for 200 million shares newly issued by S.F. Express.

CCP Freight Investment Limited ("CCP"), an investor in this transaction, is a wholly-owned subsidiary of a fund initiated and established by an indirectly controlled subsidiary of CITIC Capital Holdings Limited ("CITIC Capital") as a general partner. Zhang Yichen, Chairman and CEO of CITIC Capital, concurrently serves as director of the listed company. In addition, Zhang Yichen has been appointed as a representative for the executive partner of Beijing Xinrunheng Equity Investment Partnership (Limited Partnership) ("Beijing Xinrunheng"), an investor in this transaction. According to the Stock Listing Rules of Shenzhen Stock Exchange and other related regulations, Beijing Xinrunheng and CCP are related parties of the Company, and this transaction constitutes a related party transaction. The above transaction was considered and approved at the 2nd meeting of the 5th session of the Board, the contents of which are detailed in the Company's announcement (2020-013) disclosed on Cninfo.

(2) Joint establishment of a logistics real estate fund by the Company's subsidiary with related parties

In order to promote the healthy development of the Company's logistics real estate industry, integrate advantageous resources, promote the Company to achieve a benign interaction between industrial operation and capital management, and enhance the Company's core competitiveness, on April 23, 2020, Prosperity Sino Limited ("Prosperity Sino"), a subsidiary of the Company, signed a cooperation agreement with a subsidiary of CITIC Capital and other parties. The Company's subsidiary plans to jointly establish a logistics real estate fund with a subsidiary of CITIC Capital to invest in logistics properties or project companies holding logistics properties in China's first-tier and central cities. The target size of the fund is approximately US\$350 million. The general partnership of the fund is jointly invested by Prosperity Sino and a subsidiary of CITIC Capital, each of which holds 50% of the shares. Meanwhile, the Company's subsidiary, being a limited partner and a carried interest partner of the Fund, will subscribe to the

fund with a total investment of not exceeding 30% of the fund size and not exceeding US\$105 million. The subsidiary of CITIC Capital and other affiliates, being limited partners and carried interest partners of the Fund, will subscribe to the fund with a total investment of not exceeding 10% of the fund size and not exceeding US\$35 million.

The counterparty of this transaction is a subsidiary of CITIC Capital. Zhang Yichen, director of the listed company, serves as the chairman and CEO of CITIC Capital. According to the Stock Listing Rules of Shenzhen Stock Exchange and other related regulations, this transaction constitutes a related party transaction. The above transaction was considered and approved at the 4th meeting of the 5th session of the Board, the contents of which are detailed in the Company's announcements (2020-006, 2020-045) disclosed on Cninfo.

(3) Waiver of preemptive rights on the capital increase of an investee company

In order to expand and strengthen the smart express lockers business, integrate high-quality industry resources, quickly seize an advantageous position in the last-mile express logistics market, and provide better services to couriers and consumers, during the reporting period, Hive Box Holdings Limited ("Hive Box"), an investee company of the Company, made an important layout in the smart express lockers market, and completed the merger and acquisition of China Post Zhidi Technology Co., Ltd. ("China Post Zhidi") through a package deal agreement. After this transaction has been completed, the original shareholder of China Post Zhidi will reduce their capital and withdraw from China Post Zhidi. China Post Zhidi will become a domestic wholly-owned subsidiary of Hive Box. The original shareholder of China Post Zhidi (including subsidiaries designated by the original shareholder) will have the right to subscribe for shares newly issued by Hive Box and become a shareholder of Hive Box. The Company is not the original shareholder of China Post Zhidi and will not participate in the subscription for this new shares issuance of Hive Box. After the original shareholder of China Post Zhidi (including subsidiaries designated by the original shareholder) has exercised the warrants, the Company's shareholdings in Hive Box will be diluted from 13.67% to 9.75%.

In view of the fact that this package deal involves the original shareholders of Hive Box waiving their preemptive rights to increase capital, and that the Company's controlling shareholder Mingde Holdings, being the original shareholder of China Post Zhidi, has the right to subscribe for part of the shares of Hive Box, and Hive Box is an overseas subsidiary of Mingde Holdings, the controlling shareholder of the Company, according to the Stock Listing Rules of Shenzhen Stock Exchange and other related regulations, Mingde Holdings and Hive Box are related parties of the Company and therefore the Company's waiver of preemptive rights on the capital increase of its investee company Hive Box constitutes a related party transaction. The Company's waiver of preemptive rights on the capital increase of its investee company Hive Box was considered and approved at the 5th meeting of the 5th session of the Board, the contents of which are detailed in the Company's announcement (2020-048) disclosed on Cninfo.

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

Announcement	Disclosure Date	Disclosure Website
Announcement on Signing of a Memorandum of Cooperation by an Wholly-owned Subsidiary with Related Parties (2020-006)	February 15, 2020	http://www.cninfo.com.cn
Announcement on Signing of an Investment Agreement by the Company's Subsidiary with Related Parties (2020-013)	February 29, 2020	http://www.cninfo.com.cn
Announcement on Establishment of a Logistics Real Estate Fund by the Company's Subsidiary with Related Parties (2020-045)	April 24, 2020	http://www.cninfo.com.cn
Announcement on Waiver of Preemptive Rights on Capital Increase of an Investee Company and Related Party Transaction (2020-048)	May 6, 2020	http://www.cninfo.com.cn

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

☐ Applicable ☒ Not applicable

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

XV. 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

Guarantees provided by the Company

Unit: RMB 10 thousands

The listed Company and its subsidiaries' guarantees to external parties(Guarantees to subsidiaries are not included)								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
—	—	—	—	—	—	—	—	—
Total guarantee quota approved for external parties during the reporting period (B1)		375,520.00		Total actual amount of guarantees for external parties during the reporting period (B2)			-	
Total guarantee quota approved for external parties at the end of the reporting period (B3)		375,520.00		Total actual guarantee balance for external parties at the end of the reporting period (B4)			-	
The listed Company's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
SF Holding Investment Limited	2017/12/28	354,055.00	2018/7/26	354,055.00	Joint liability guarantee	2018/7/26-2023/7/26	No	No
SF Holding Limited	2019/3/16	1,013,659.00	2019/6/21	371,893.09	Joint liability guarantee	2019/06/21-2020/02/28	Yes	No
SF Holding Limited	2019/3/16	1,013,659.00	2019/7/12	59,385.95	Joint liability guarantee	2019/7/12-2020/02/28	Yes	No
SF Holding Limited	2019/3/16	1,013,659.00	2019/7/19	25,535.96	Joint liability guarantee	2019/7/19-2020/02/28	Yes	No
SF Holding Investment Limited	2019/1/4	600,000.00	2020/2/20	495,677.00	Joint liability guarantee	2020/2/20-2030/2/20	No	No
Total guarantee quota approved for subsidiaries during the reporting period (B1)		-		Total actual amount of guarantees for subsidiaries during the reporting period (B2)			495,677.00	
Total guarantee quota approved for the subsidiaries at the end of the reporting period (B3)		849,732.00		Total actual guarantee balance for subsidiaries at the end of the reporting period (B4)			849,732.00	
Subsidiary's guarantees to subsidiaries								

Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	2,210.00	Joint liability guarantee	2016/1/21-2020/6/5	Yes	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	500.00	Joint liability guarantee	2016/1/21-2020/6/5	Yes	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	1,500.00	Joint liability guarantee	2016/1/21-2020/6/5	Yes	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	1,500.00	Joint liability guarantee	2016/1/21-2020/6/5	Yes	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	100.00	Joint liability guarantee	2016/1/21-2020/6/5	Yes	No
Quanzhou Fengyutai Enterprise Management Co., Ltd.			2015/9/24	1,870.00	Joint liability guarantee	2016/1/21-2020/6/5	Yes	No
Ningbo Fengtai E-commerce Industrial Park Management Co., Ltd.			2016/8/11	2,092.50	Joint liability guarantee	2016/8/11-2020/6/15	Yes	No
Tianjin SF Fengtai E-commerce Industrial Park Co., Ltd.	2018/3/14	28,000.00	2018/10/19	6,877.00	Joint liability guarantee	2018/10/19-2033/10/19	No	No
Tianjin SF Fengtai E-commerce Industrial Park Co., Ltd.	2018/3/14	28,000.00	2018/10/19	2,200.00	Joint liability guarantee	2018/11/9-2033/10/19	No	No
Tianjin SF Fengtai E-commerce Industrial Park Co., Ltd.	2018/3/14	28,000.00	2018/10/19	1,100.00	Joint liability guarantee	2018/12/19-2033/10/19	No	No
Tianjin SF Fengtai E-commerce Industrial Park Co., Ltd.	2018/3/14	28,000.00	2018/10/19	2,150.00	Joint liability guarantee	2019/01/28-2033/10/19	No	No
Wuhu Fengtai E-commerce Industrial Park Management Co., Ltd.	2018/3/14	18,000.00	2019/1/18	160.50	Joint liability guarantee	2019/1/18-2020/4/20	Yes	No
Wuhu Fengtai E-commerce Industrial Park Management Co., Ltd.	2018/3/14	18,000.00	2019/1/18	589.50	Joint liability guarantee	2019/1/18-2034/1/18	No	No
Wuhu Fengtai E-commerce Industrial Park Management Co., Ltd.	2018/3/14	18,000.00	2019/1/18	6,688.00	Joint liability guarantee	2019/4/1-2034/1/18	No	No
Shunyu Financial Lease (Tianjin) Co., Ltd.	2019/3/16	70,000.00	2019/4/22	2,000.00	Joint liability guarantee	2019/5/10-2020/4/20	Yes	No
Shunyu Financial Lease (Tianjin) Co., Ltd.	2019/3/16	70,000.00	2019/4/22	16,000.00	Joint liability guarantee	2019/5/10-2024/01/24	No	No
HAVI Logistics (Dongguan) Co., Ltd.	2019/3/16	6,400.00	2019/5/10	375.00	Joint liability guarantee	2019/5/10-2020/4/18	Yes	No
HAVI Logistics (Dongguan) Co., Ltd.	2019/3/16	6,400.00	2019/5/10	4,875.00	Joint liability guarantee	2019/5/10-2021/4/18	No	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	1,205.31	Joint liability guarantee	2015/5/18-2020/5/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	2,102.65	Joint liability guarantee	2015/5/18-2020/5/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	1,401.77	Joint liability guarantee	2015/5/18-2020/5/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	1,407.03	Joint liability guarantee	2015/5/18-2020/5/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	771.23	Joint liability guarantee	2015/5/18-2020/5/26	Yes	No
S.F. EXPRESS (CHINA) LIMITED			2013/8/26	84.64	Joint liability guarantee	2015/5/18-2020/5/26	Yes	No
SF Holding Limited			2016/7/25	3,289.07	Joint liability guarantee	2016/7/25-2020/4/27	Yes	No
SF Holding Limited	2016/12/30	509,400.00	2018/1/16	13,704.45	Joint liability guarantee	2018/1/16-2020/2/28	Yes	No
SF Holding Limited	2020/3/24	824,760.00	2020/5/25	9,136.30	Joint liability guarantee	2020/5/25-2021/5/25	No	No
SF Holding Limited	2018/3/14	522,300.00	2019/1/8	31,977.05	Joint liability guarantee	2019/1/8-2020/1/8	Yes	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2019/3/16	1,000.00	2020/4/14	1,000.00	Joint liability guarantee	2020/4/23-2021/4/23	No	No
Shenzhen Shunlu Air Freight Forwarding Co., Ltd.	2019/3/16	1,000.00	2020/4/14	1,000.00	Joint liability guarantee	2020/4/22-2021/4/22	No	No
SF Holding Limited	2016/12/30	509,400.00	2017/6/22	13.31	Joint liability guarantee	2017/6/22-2020/7/16	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500.00	2018/9/13	17.56	Joint liability guarantee	2018/9/13-2020/7/14	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500.00	2018/9/14	48.64	Joint liability guarantee	2018/9/14-2020/9/30	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500.00	2018/10/10	30.44	Joint liability guarantee	2018/10/10-2021/7/30	No	No
SF Express ChongQing CO.LTD	2018/3/14	1,700.00	2018/11/2	20.81	Joint liability guarantee	2018/11/2-2020/2/28	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500.00	2018/11/26	13.08	Joint liability guarantee	2018/11/26-2020/8/12	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500.00	2018/11/2	10.65	Joint liability guarantee	2018/11/2-2020/10/4	No	No
Shanghai Fengtaiyuanxing Property Management Service Co., Ltd.	2018/3/14	10,000.00	2018/9/1	4,578.29	Joint liability guarantee	2018/09/01-2021/08/31	No	No
SF Airlines Company Limited	2018/3/14	58,000.00	2018/12/25	2,500.00	Joint liability guarantee	2019/2/7-2021/2/7	No	No
Anhui S.F. Express Co., Ltd.	2018/3/14	900.00	2019/1/25	5.00	Joint liability guarantee	2019/1/25-2020/1/21	Yes	No
S.F. EXPRESS (CHINA) LIMITED	2018/3/14	1,500.00	2019/1/18	9.14	Joint liability guarantee	2019/1/18-2020/1/4	Yes	No
Guangxi ShunFeng Express Co.,Ltd.	2018/3/14	1,000.00	2019/1/21	100.00	Joint liability guarantee	2019/1/21-2020/1/31	Yes	No
Hubei S.F. Express Co., Ltd.	2018/3/14	1,800.00	2019/1/25	42.79	Joint liability guarantee	2019/1/25-2020/1/15	Yes	No
NINGBO SHUNFENG EXPRESS CO.,LTD.	2018/3/14	3,300.00	2019/1/7	500.00	Joint liability guarantee	2019/1/7-2020/12/31	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100.00	2019/1/28	36.77	Joint liability guarantee	2019/1/28-2020/1/20	Yes	No
Shenzhen Shunlu Air Freight Forwarding Co., Ltd.	2018/3/14	3,000.00	2019/1/31	50.00	Joint liability guarantee	2019/1/31-2020/1/1	Yes	No
Shenzhen Shunlu Logistics Co., Ltd.	2018/3/14	1,000.00	2019/1/10	123.91	Joint liability guarantee	2019/1/10-2020/1/31	Yes	No
SF Airlines Company Limited	2018/3/14	58,000.00	2019/1/10	18.19	Joint liability guarantee	2019/1/10-2020/5/31	Yes	No
S. F. Express (Shenyang) Co., Ltd	2018/3/14	2,300.00	2019/1/21	10.00	Joint liability guarantee	2019/1/21-2020/4/30	Yes	No
S. F. Express (Shenyang) Co., Ltd	2018/3/14	2,300.00	2019/1/21	10.00	Joint liability guarantee	2019/1/21-2020/4/30	Yes	No
S.F.EXPRESS (TIANJIN) CO., LTD.	2018/3/14	1,000.00	2019/1/23	61.35	Joint liability guarantee	2019/1/23-2020/1/20	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500.00	2019/1/2	3.30	Joint liability guarantee	2019/1/2-2020/11/22	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2018/3/14	1,500.00	2019/1/3	12.77	Joint liability guarantee	2019/1/3-2020/9/30	No	No
Sichuan S.F. Express Co., Ltd.	2018/3/14	1,800.00	2019/1/29	5.00	Joint liability guarantee	2019/1/29-2020/1/31	Yes	No
TIANJIN S.F. EXPRESS CO., LTD.	2018/3/14	1,400.00	2019/1/10	80.90	Joint liability guarantee	2019/1/10-2020/1/31	Yes	No
S.F. EXPRESS (CHINA) LIMITED	2018/3/14	1,500.00	2019/1/31	54.82	Joint liability guarantee	2019/1/31-2020/1/14	Yes	No
Chongqing Huiyifeng Logistics Co., Ltd.	2018/3/14	3,000.00	2019/1/31	1,500.00	Joint liability guarantee	2019/1/31-2020/1/24	Yes	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Wenzhou Shunheng Express Co., Ltd.	2018/3/14	500.00	2019/2/20	2.00	Joint liability guarantee	2019/2/20-2020/1/6	Yes	No
Jiangxi Shunlu Logistics Co.,Ltd.	2018/3/14	100.00	2019/3/4	50.00	Joint liability guarantee	2019/3/4-2020/2/29	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100.00	2019/3/5	1,300.00	Joint liability guarantee	2019/3/5-2020/3/28	Yes	No
S.F. Express Co., Ltd.	2018/3/14	30,000.00	2019/3/5	300.00	Joint liability guarantee	2019/3/5-2020/3/1	Yes	No
Zhanjiang S.F. Express Co., Ltd.	2018/3/14	700.00	2019/3/5	25.00	Joint liability guarantee	2019/3/5-2020/1/23	Yes	No
Xi'an Shunlu Logistics Co., Ltd.	2018/3/14	1,000.00	2019/3/13	222.02	Joint liability guarantee	2019/3/13-2020/3/9	Yes	No
Xinjiang SF Express Co.,LTD.	2018/3/14	600.00	2019/3/13	2.00	Joint liability guarantee	2019/3/13-2020/3/7	Yes	No
SF Airlines Company Limited	2018/3/14	58,000.00	2019/3/18	10.00	Joint liability guarantee	2019/3/18-2020/3/31	Yes	No
Shenzhen Shunlu Logistics Co., Ltd.	2018/3/14	1,000.00	2019/3/19	80.00	Joint liability guarantee	2019/3/19-2020/6/30	Yes	No
Shenzhen SF Fix Technology Co., Ltd.	2018/3/14	23,000.00	2019/3/26	400.00	Joint liability guarantee	2019/3/26-2020/1/31	Yes	No
Yantai S.F. Express Co., Ltd.	2018/3/14	500.00	2019/3/26	65.00	Joint liability guarantee	2019/3/26-2020/1/31	Yes	No
SF Airlines Company Limited	2018/3/14	58,000.00	2019/3/26	21.84	Joint liability guarantee	2019/3/26-2020/3/7	Yes	No
Jiangsu S.F. Express Co., Ltd.	2018/3/14	500.00	2019/3/27	28.15	Joint liability guarantee	2019/3/27-2020/3/19	Yes	No
Tibet S.F. Express Co., Ltd.	2018/3/14	100.00	2019/3/27	5.00	Joint liability guarantee	2019/3/27-2020/2/29	Yes	No
S.F. Express (Huizhou) Co., Ltd.	2018/3/14	2,500.00	2019/3/28	19.57	Joint liability guarantee	2019/3/28-2020/3/24	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2018/3/14	26,100.00	2019/3/28	600.00	Joint liability guarantee	2019/3/28-2020/2/29	Yes	No
S.F. Express Co., Ltd.	2018/3/14	30,000.00	2019/3/28	200.00	Joint liability guarantee	2019/3/28-2020/3/1	Yes	No
S.F. Express Co., Ltd.	2018/3/14	30,000.00	2019/3/29	3,000.00	Joint liability guarantee	2019/3/29-2020/3/14	Yes	No
Jiangxi S.F. Express Co., Ltd.	2018/3/14	1,300.00	2019/3/29	223.43	Joint liability guarantee	2019/3/29-2020/3/15	Yes	No
ZHONGSHAN S.F. EXPRESS CO. LTD	2018/3/14	1,000.00	2019/3/27	141.98	Joint liability guarantee	2019/3/27-2020/3/26	Yes	No
Zhejiang Shun Feng Express Co., Ltd.	2019/3/16	2,000.00	2019/4/29	50.00	Joint liability guarantee	2019/4/29-2020/4/28	Yes	No
Beijing S.F. Express Co., LTD.	2018/3/14	5,000.00	2019/4/3	100.00	Joint liability guarantee	2019/4/3-2020/4/20	Yes	No
NINGBO SHUNFENG EXPRESS CO.,LTD.	2019/3/16	2,500.00	2019/4/10	550.00	Joint liability guarantee	2019/4/10-2020/5/7	Yes	No
Shenzhen Shunlu Logistics Co., Ltd.	2019/3/16	2,100.00	2019/4/19	380.61	Joint liability guarantee	2019/4/19-2020/1/31	Yes	No
SF Airlines Company Limited	2019/3/16	26,000.00	2019/4/19	2,000.00	Joint liability guarantee	2019/4/19-2020/5/26	Yes	No
S.F.Express(Dong Guan)Limited	2019/3/16	1,800.00	2019/4/10	15.03	Joint liability guarantee	2019/4/10-2020/4/2	Yes	No
S.F. Express Group (Shanghai) Co., Ltd.	2019/3/16	800.00	2019/4/24	100.00	Joint liability guarantee	2019/4/24-2020/5/4	Yes	No
SF Express ChongQing CO.LTD	2019/3/16	800.00	2019/4/10	264.85	Joint liability guarantee	2019/4/10-2020/4/30	Yes	No
SF Transportation (Nanjing) Co., Ltd.	2019/3/16	300.00	2019/4/19	100.00	Joint liability guarantee	2019/4/19-2020/4/8	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	8,200.00	2019/4/26	13.84	Joint liability guarantee	2019/4/26-2021/5/15	No	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Sichuan S.F. Express Co., Ltd.	2019/3/16	500.00	2019/4/10	20.00	Joint liability guarantee	2019/4/10-2020/5/14	Yes	No
Xinjiang SF Express Co.,LTD.	2018/3/14	600.00	2019/4/3	6.00	Joint liability guarantee	2019/4/3-2020/2/29	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	8,200.00	2019/5/23	91.36	Joint liability guarantee	2019/5/23-2022/5/31	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	8,200.00	2019/5/23	154.04	Joint liability guarantee	2019/5/23-2022/5/31	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	1,000.00	2019/5/29	45.68	Joint liability guarantee	2019/5/29-2020/7/6	No	No
Anhui S.F. Express Co., Ltd.	2019/3/16	500.00	2019/5/31	180.00	Joint liability guarantee	2019/5/31-2020/5/31	Yes	No
Chengdu Taishun Logistics Co.,Ltd.	2019/3/16	1,500.00	2019/5/22	900.00	Joint liability guarantee	2019/5/22-2020/4/30	Yes	No
Hebei S.F. Express Co., Ltd.	2019/3/16	300.00	2019/4/30	90.00	Joint liability guarantee	2019/4/30-2020/5/11	Yes	No
Henan Huihai Logistics Co., Ltd.	2018/3/14	300.00	2019/4/8	151.72	Joint liability guarantee	2019/4/8-2020/1/31	Yes	No
Hubei S.F. Transportation Co., Ltd.	2018/3/14	500.00	2019/4/8	323.29	Joint liability guarantee	2019/4/8-2020/3/20	Yes	No
Liaoning Shunlu Logistics Co., Ltd.	2019/3/16	700.00	2019/5/6	191.30	Joint liability guarantee	2019/5/6-2020/4/23	Yes	No
Inner Mongolia S.F. Express CO.Ltd.	2019/3/16	100.00	2019/5/28	10.00	Joint liability guarantee	2019/5/28-2020/3/31	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	10,900.00	2019/4/30	3,000.00	Joint liability guarantee	2019/4/30-2020/3/31	Yes	No
SF-Express(Ningxia)Co.,Ltd	2018/3/14	200.00	2019/4/8	100.00	Joint liability guarantee	2019/4/8-2020/1/31	Yes	No
S.F. Express Co., Ltd.	2019/3/16	25,000.00	2019/5/6	100.00	Joint liability guarantee	2019/5/6-2020/4/30	Yes	No
Wuxi S.F. Express Co., Ltd.	2019/3/16	500.00	2019/5/23	20.00	Joint liability guarantee	2019/5/23-2020/5/24	Yes	No
S.F. Express Co., Ltd.	2019/3/16	25,000.00	2019/6/11	200.00	Joint liability guarantee	2019/6/11-2020/4/16	Yes	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2019/3/16	1,000.00	2019/6/19	23.00	Joint liability guarantee	2019/6/19-2020/5/31	Yes	No
S.F. Express Co., Ltd.	2019/3/16	25,000.00	2019/6/19	4.00	Joint liability guarantee	2019/6/19-2020/4/16	Yes	No
Shanghai Shuncheng Logistics Co., Ltd.	2019/3/16	2,000.00	2019/6/21	400.00	Joint liability guarantee	2019/6/21-2020/6/22	Yes	No
FS ELECTRONIC TECHNOLOGY CO., LIMITED	2019/3/16	4,000.00	2019/6/20	27.41	Joint liability guarantee	2019/6/20-2020/3/31	Yes	No
Shenzhen SF Fix Technology Co., Ltd.	2019/3/16	20,800.00	2019/6/5	1,600.00	Joint liability guarantee	2019/6/5-2020/6/30	Yes	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000.00	2019/6/10	60.00	Joint liability guarantee	2019/6/10-2020/5/31	Yes	No
XI'AN S.F. EXPRESS CO.,LTD	2019/3/16	300.00	2019/6/21	53.84	Joint liability guarantee	2019/6/21-2020/6/17	Yes	No
Tibet S.F. Express Co., Ltd.	2019/3/16	200.00	2019/5/29	2.00	Joint liability guarantee	2019/5/29-2020/4/30	Yes	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	1,000.00	2019/6/11	45.68	Joint liability guarantee	2019/6/11-2020/5/31	Yes	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000.00	2019/6/10	14.00	Joint liability guarantee	2019/6/10-2020/1/31	Yes	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000.00	2019/6/21	255.00	Joint liability guarantee	2019/6/21-2020/6/30	Yes	No
Xi'an Shunlu Logistics Co., Ltd.	2019/3/16	400.00	2019/6/24	80.00	Joint liability guarantee	2019/6/24-2020/5/31	Yes	No
S.F. Express Co., Ltd.	2019/3/16	25,000.00	2019/6/26	300.00	Joint liability guarantee	2019/6/26-2020/5/31	Yes	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Wuxi S.F. Express Co., Ltd.	2019/3/16	500.00	2019/6/27	73.08	Joint liability guarantee	2019/6/27-2020/6/27	Yes	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	3,100.00	2019/5/10	237.86	Joint liability guarantee	2019/5/10-2020/7/15	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	3,100.00	2019/5/13	58.86	Joint liability guarantee	2019/5/13-2020/7/15	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	3,100.00	2019/6/13	24.85	Joint liability guarantee	2019/6/13-2020/7/31	No	No
EXEL LOGISTICS CHINA CO.,LTD.	2019/3/16	1,100.00	2019/6/13	63.61	Joint liability guarantee	2019/6/13-2020/1/31	Yes	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	3,100.00	2019/4/17	50.00	Joint liability guarantee	2019/4/17-2020/3/21	Yes	No
Yunnan S.F. Express Co., Ltd.	2019/3/16	800.00	2019/6/24	221.86	Joint liability guarantee	2019/6/24-2020/5/31	Yes	No
Chongqing Huiyifeng Logistics Co., Ltd.	2019/3/16	3,000.00	2019/6/24	500.00	Joint liability guarantee	2019/6/24-2020/6/20	Yes	No
SF Airlines Company Limited	2019/3/16	26,000.00	2019/6/24	2.00	Joint liability guarantee	2019/6/24-2020/4/30	Yes	No
SF Airlines Company Limited	2018/3/14	58,000.00	2019/3/26	49.76	Joint liability guarantee	2019/3/26-2020/3/7	Yes	No
SF Airlines Company Limited	2019/3/16	26,000.00	2019/7/1	106.22	Joint liability guarantee	2019/7/1-2020/6/21	Yes	No
Jinhua S.F. Express Co., Ltd.	2019/3/16	200.00	2019/7/4	5.00	Joint liability guarantee	2019/7/4-2020/4/30	Yes	No
Jiangsu S.F. Express Co., Ltd.	2019/3/16	300.00	2019/7/10	18.02	Joint liability guarantee	2019/7/10-2020/4/30	Yes	No
Jinhua S.F. Express Co., Ltd.	2019/3/16	200.00	2019/7/18	83.68	Joint liability guarantee	2019/7/18-2020/8/9	No	No
Jiangsu S.F. Express Co., Ltd.	2019/3/16	300.00	2019/7/18	5.00	Joint liability guarantee	2019/7/18-2020/12/14	No	No
Lanzhou S.F. Express Co., Ltd.	2019/3/16	200.00	2019/7/18	15.00	Joint liability guarantee	2019/7/18-2020/6/30	Yes	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000.00	2019/7/8	45.00	Joint liability guarantee	2019/7/8-2020/6/24	Yes	No
Shanghai Shuncheng Logistics Co., Ltd.	2019/3/16	2,000.00	2019/7/4	380.00	Joint liability guarantee	2019/7/4-2020/5/31	Yes	No
Shanghai Shunheng Logistics Co., Ltd.	2019/3/16	400.00	2019/7/4	100.00	Joint liability guarantee	2019/7/4-2020/9/30	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	11,900.00	2019/7/16	110.54	Joint liability guarantee	2019/7/16-2020/10/15	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2019/7/2	200.00	Joint liability guarantee	2019/7/2-2020/6/30	Yes	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900.00	2019/7/18	300.00	Joint liability guarantee	2019/7/18-2020/8/30	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900.00	2019/7/19	178.84	Joint liability guarantee	2019/7/19-2020/6/30	Yes	No
Changchun Fengtai E-commerce Industrial Park Management Co., Ltd.	2019/3/16	600.00	2019/7/16	209.00	Joint liability guarantee	2019/7/16-2021/7/23	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200.00	2019/7/4	26.99	Joint liability guarantee	2019/7/4-2021/2/19	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200.00	2019/7/3	70.81	Joint liability guarantee	2019/7/3-2020/3/31	Yes	No
Hunan,S.F.Express(Group)Co.,Ltd.	2019/3/16	2,000.00	2019/7/4	12.00	Joint liability guarantee	2019/7/4-2020/11/30	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2019/7/11	3.54	Joint liability guarantee	2019/7/11-2020/6/28	Yes	No
SF Airlines Company Limited	2019/3/16	26,000.00	2019/7/11	14.16	Joint liability guarantee	2019/7/11-2020/6/28	Yes	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Hunan,S.F.Express(Group)Co.,Ltd.	2019/3/16	2,000.00	2019/8/19	12.00	Joint liability guarantee	2019/8/19-2020/11/30	No	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500.00	2019/7/4	1,300.00	Joint liability guarantee	2019/7/4-2020/6/29	Yes	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500.00	2019/7/4	500.00	Joint liability guarantee	2019/7/4-2020/6/27	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	11,900.00	2019/8/5	104.17	Joint liability guarantee	2019/8/5-2020/10/15	No	No
Guang Zhou S.F. Express Co., Ltd.	2019/3/16	4,000.00	2019/8/20	200.00	Joint liability guarantee	2019/8/20-2020/8/8	No	No
Guang Zhou S.F. Express Co., Ltd.	2019/3/16	4,000.00	2019/8/8	1,500.00	Joint liability guarantee	2019/8/8-2020/8/8	No	No
Beijing S.F. Express Co., LTD.	2019/3/16	1,500.00	2019/8/6	10.00	Joint liability guarantee	2019/8/6-2020/5/31	Yes	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2019/3/16	1,000.00	2019/7/16	20.45	Joint liability guarantee	2019/7/16-2020/6/30	Yes	No
S.F.Express(Dong Guan)Limited	2019/3/16	3,500.00	2019/8/15	11.74	Joint liability guarantee	2019/8/15-2020/6/4	Yes	No
Shenzhen Shunlu Logistics Co., Ltd.	2019/3/16	2,100.00	2019/7/31	140.00	Joint liability guarantee	2019/7/31-2020/9/30	No	No
S.F.Express(Dong Guan)Limited	2019/3/16	3,500.00	2019/8/15	508.77	Joint liability guarantee	2019/8/15-2020/7/14	No	No
Quanzhou Shunlu Logistics Co., Ltd.	2019/3/16	800.00	2019/8/16	15.00	Joint liability guarantee	2019/8/16-2020/6/30	Yes	No
SF Express ChongQing CO.LTD	2019/3/16	1,400.00	2019/7/31	253.77	Joint liability guarantee	2019/7/31-2020/9/30	No	No
TIANJIN S.F. EXPRESS CO., LTD.	2019/3/16	800.00	2019/7/4	130.00	Joint liability guarantee	2019/7/4-2020/7/29	No	No
HaiNan S.F.Express LTD.	2019/3/16	700.00	2019/8/16	177.28	Joint liability guarantee	2019/8/16-2020/8/31	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2019/8/23	5,000.00	Joint liability guarantee	2019/8/23-2021/8/15	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2019/8/22	3,000.00	Joint liability guarantee	2019/8/22-2021/8/15	No	No
EXEL LOGISTICS CHINA CO.,LTD.	2019/3/16	1,700.00	2019/7/24	156.01	Joint liability guarantee	2019/7/24-2020/7/31	No	No
EXEL LOGISTICS CHINA CO.,LTD.	2019/3/16	1,700.00	2019/7/10	50.01	Joint liability guarantee	2019/7/10-2020/7/31	No	No
DHL LOGISTICS(CHINA) CO.,LTD.	2019/3/16	5,900.00	2019/7/19	1,086.87	Joint liability guarantee	2019/7/19-2020/7/31	No	No
S.F. EXPRESS (SINGAPORE) PRIVATE LIMITED	2019/3/16	3,500.00	2019/8/31	162.30	Joint liability guarantee	2019/8/31-2020/8/31	No	No
Wuxi S.F. Express Co., Ltd.	2019/3/16	600.00	2019/7/3	174.68	Joint liability guarantee	2019/7/3-2020/7/31	No	No
Hubei S.F. Express Co., Ltd.	2019/3/16	1,000.00	2019/8/21	29.00	Joint liability guarantee	2019/8/21-2020/7/31	No	No
SF-Express(Ningxia)Co.,Ltd	2019/3/16	200.00	2019/8/29	12.00	Joint liability guarantee	2019/8/29-2020/8/31	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000.00	2019/8/21	10.00	Joint liability guarantee	2019/8/21-2020/7/31	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900.00	2019/8/22	205.17	Joint liability guarantee	2019/8/22-2020/9/23	No	No
Shenzhen SF Fix Technology Co., Ltd.	2019/3/16	20,800.00	2019/8/28	40.00	Joint liability guarantee	2019/8/28-2020/5/30	Yes	No
SF Technology Co., Ltd.	2019/3/16	100.00	2019/8/29	5.00	Joint liability guarantee	2019/8/29-2020/1/8	Yes	No
Shenzhen SF Comprehensive Logistics Service Co., Ltd.	2019/3/16	2,500.00	2019/9/3	30.00	Joint liability guarantee	2019/9/3-2021/1/31	No	No
Dongguan DHL Supply Chain Co., Ltd.	2019/3/16	510.00	2019/9/2	148.63	Joint liability guarantee	2019/9/2-2020/9/30	No	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100.00	2019/9/27	53.30	Joint liability guarantee	2019/9/27-2020/9/30	No	No
Shanghai Shunheng Logistics Co., Ltd.	2019/3/16	400.00	2019/9/5	10.00	Joint liability guarantee	2019/9/5-2020/6/30	Yes	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2019/3/16	1,000.00	2019/9/20	25.04	Joint liability guarantee	2019/9/20-2020/8/31	No	No
S. F. Express (Shenyang) Co., Ltd.	2019/3/16	600.00	2019/9/18	100.00	Joint liability guarantee	2019/9/18-2020/9/7	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900.00	2019/9/17	3.00	Joint liability guarantee	2019/9/17-2020/7/31	No	No
TIANJIN S.F. EXPRESS CO., LTD.	2019/3/16	800.00	2019/9/6	106.05	Joint liability guarantee	2019/9/6-2020/11/6	No	No
XI'AN S.F. EXPRESS CO., LTD.	2019/3/16	600.00	2019/9/6	125.74	Joint liability guarantee	2019/9/6-2020/8/31	No	No
Jiangxi S.F. Express Co., Ltd.	2019/3/16	300.00	2019/9/3	17.27	Joint liability guarantee	2019/9/3-2020/10/31	No	No
XI'AN S.F. EXPRESS CO., LTD.	2019/3/16	600.00	2019/9/10	50.47	Joint liability guarantee	2019/9/10-2020/7/31	No	No
Henan Huihai Logistics Co., Ltd.	2019/3/16	300.00	2019/9/17	3.00	Joint liability guarantee	2019/9/17-2020/12/31	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900.00	2019/9/27	5.00	Joint liability guarantee	2019/9/27-2020/8/15	No	No
Shantou S.F. Express Co., Ltd.	2019/3/16	200.00	2019/9/27	4.00	Joint liability guarantee	2019/9/27-2020/7/12	No	No
Jiangxi S.F. Express Co., Ltd.	2019/3/16	300.00	2019/9/27	15.00	Joint liability guarantee	2019/9/27-2020/9/14	No	No
Hunan S.F. Express (Group) Co., Ltd.	2019/3/16	2,000.00	2019/9/27	143.10	Joint liability guarantee	2019/9/27-2020/10/31	No	No
Hubei S.F. Express Co., Ltd.	2019/3/16	1,000.00	2019/9/27	100.00	Joint liability guarantee	2019/9/27-2020/7/31	No	No
Zhejiang Shun Feng Express Co., Ltd.	2019/3/16	2,800.00	2019/9/26	1,000.00	Joint liability guarantee	2019/9/26-2020/6/30	Yes	No
S.F. Express Co., Ltd.	2019/3/16	25,000.00	2019/9/26	75.88	Joint liability guarantee	2019/9/26-2020/7/31	No	No
Anhui S.F. Express Co., Ltd.	2019/3/16	1,000.00	2019/9/27	40.00	Joint liability guarantee	2019/9/27-2020/7/31	No	No
Jiangsu S.F. Express Co., Ltd.	2019/3/16	300.00	2019/9/18	47.26	Joint liability guarantee	2019/9/18-2020/7/14	No	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500.00	2019/9/10	300.00	Joint liability guarantee	2019/9/10-2020/5/31	Yes	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500.00	2019/9/10	100.00	Joint liability guarantee	2019/9/10-2020/5/31	Yes	No
Anhui S.F. Express Co., Ltd.	2019/3/16	1,000.00	2019/9/18	115.10	Joint liability guarantee	2019/9/18-2020/8/14	No	No
Zhejiang Shun Feng Express Co., Ltd.	2019/3/16	2,800.00	2019/9/20	56.01	Joint liability guarantee	2019/9/20-2020/7/31	No	No
Zhejiang Shunlu Logistics Co., Ltd.	2019/3/16	5,000.00	2019/9/29	1,500.00	Joint liability guarantee	2019/9/29-2020/8/31	No	No
Xi'an Shunlu Logistics Co., Ltd.	2019/3/16	1,300.00	2019/9/29	9.42	Joint liability guarantee	2019/9/29-2020/8/31	No	No
EXEL LOGISTICS CHINA CO., LTD.	2019/3/16	1,700.00	2019/10/12	145.63	Joint liability guarantee	2019/10/12-2020/7/30	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100.00	2019/10/30	300.00	Joint liability guarantee	2019/10/30-2020/9/30	No	No
S.F. EXPRESS CORPORATION	2019/3/16	1,000.00	2019/10/29	7.08	Joint liability guarantee	2019/10/29-2020/12/31	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000.00	2019/10/25	27.41	Joint liability guarantee	2019/10/25-2020/9/30	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000.00	2019/10/21	182.73	Joint liability guarantee	2019/10/21-2020/6/30	Yes	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Jiangxi S.F. Express Co., Ltd.	2019/3/16	300.00	2019/10/23	50.00	Joint liability guarantee	2019/10/23-2020/5/31	Yes	No
Sichuan S.F. Express Co., Ltd.	2019/3/16	500.00	2019/10/24	5.19	Joint liability guarantee	2019/10/24-2020/11/30	No	No
S. F. Express (Huzhou) Co., Ltd.	2019/3/16	100.00	2019/10/28	10.00	Joint liability guarantee	2019/10/28-2020/7/31	No	No
S. F. Express (Shenyang) Co., Ltd.	2019/3/16	600.00	2019/10/30	46.41	Joint liability guarantee	2019/10/30-2020/10/30	No	No
S.F.EXPRESS (TIANJIN) CO., LTD.	2019/3/16	300.00	2019/10/25	76.58	Joint liability guarantee	2019/10/25-2020/10/31	No	No
S.F. Express Group (Shanghai) Co., Ltd.	2019/3/16	800.00	2019/10/29	200.00	Joint liability guarantee	2019/10/29-2020/10/31	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000.00	2019/10/23	30.00	Joint liability guarantee	2019/10/23-2020/10/15	No	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000.00	2019/10/30	50.18	Joint liability guarantee	2019/10/30-2020/9/30	No	No
Sichuan S.F. Express Co., Ltd.	2019/3/16	500.00	2019/10/30	21.35	Joint liability guarantee	2019/10/30-2020/12/31	No	No
Zhejiang Shun Feng Express Co., Ltd.	2019/3/16	2,800.00	2019/10/30	300.00	Joint liability guarantee	2019/10/30-2020/12/7	No	No
Zhejiang Shunlu Logistics Co., Ltd.	2019/3/16	5,000.00	2019/10/23	30.00	Joint liability guarantee	2019/10/23-2020/9/15	No	No
Zhenjiang S.F. Express Co., Ltd.	2019/3/16	100.00	2019/10/25	14.77	Joint liability guarantee	2019/10/25-2020/6/30	Yes	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500.00	2019/10/16	527.59	Joint liability guarantee	2019/10/16-2020/9/30	No	No
Jiangsu S.F. Express Co., Ltd.	2019/3/16	300.00	2019/10/9	10.00	Joint liability guarantee	2019/10/9-2020/6/30	Yes	No
Shenzhen SF Fix Technology Co., Ltd.	2019/3/16	20,800.00	2019/10/9	250.00	Joint liability guarantee	2019/10/9-2020/12/31	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200.00	2019/10/2	21.93	Joint liability guarantee	2019/10/2-2022/7/14	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200.00	2019/10/2	11.50	Joint liability guarantee	2019/10/2-2021/8/25	No	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500.00	2019/11/1	600.00	Joint liability guarantee	2019/11/1-2020/10/19	No	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500.00	2019/11/11	563.53	Joint liability guarantee	2019/11/11-2020/10/26	No	No
Liaoning Shunlu Logistics Co., Ltd.	2019/3/16	1,600.00	2019/11/11	420.00	Joint liability guarantee	2019/11/11-2020/10/31	No	No
Shanghai Shunheng Logistics Co., Ltd.	2019/3/16	400.00	2019/11/29	49.56	Joint liability guarantee	2019/11/29-2020/10/31	No	No
Hunan,S.F.Express(Group)Co.,Ltd.	2019/3/16	2,000.00	2019/11/7	400.00	Joint liability guarantee	2019/11/7-2020/7/31	No	No
Hunan,S.F.Express(Group)Co.,Ltd.	2019/3/16	2,000.00	2019/11/7	200.00	Joint liability guarantee	2019/11/7-2020/7/31	No	No
Beijing S.F. Express Co., LTD.	2019/3/16	1,500.00	2019/11/7	464.88	Joint liability guarantee	2019/11/7-2020/9/22	No	No
SF Data Service (Wuhan) Co., Ltd.	2019/3/16	200.00	2019/11/7	77.76	Joint liability guarantee	2019/11/7-2020/10/31	No	No
Beijing Shuncheng Logistics Co., Ltd.	2019/3/16	8,500.00	2019/11/22	57.88	Joint liability guarantee	2019/11/22-2020/2/6	Yes	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	11,900.00	2019/11/22	1,000.00	Joint liability guarantee	2019/11/22-2020/10/30	No	No
GZ SF Pharmaceutical Supply Chain Co., Ltd.	2019/3/16	500.00	2019/11/29	10.00	Joint liability guarantee	2019/11/29-2020/1/24	Yes	No
Anhui S.F. Express Co., Ltd.	2019/3/16	1,000.00	2019/11/22	73.64	Joint liability guarantee	2019/11/22-2020/6/30	Yes	No
Xi'an Shunlu Logistics Co., Ltd.	2019/3/16	1,300.00	2019/11/13	547.78	Joint liability guarantee	2019/11/13-2020/10/31	No	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Weihai S.F. Express Co., Ltd.	2019/3/16	100.00	2019/11/15	1.00	Joint liability guarantee	2019/11/15-2021/1/31	No	No
Weihai S.F. Express Co., Ltd.	2019/3/16	100.00	2019/11/15	1.00	Joint liability guarantee	2019/11/15-2021/1/31	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2019/11/15	300.00	Joint liability guarantee	2019/11/15-2020/5/13	Yes	No
Nantong S.F. Express Co., Ltd.	2019/3/16	100.00	2019/11/1	13.47	Joint liability guarantee	2019/11/1-2020/2/29	Yes	No
SF Airlines Company Limited	2019/3/16	26,000.00	2019/11/20	7.08	Joint liability guarantee	2019/11/20-2020/9/1	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000.00	2019/11/29	18.27	Joint liability guarantee	2019/11/29-2020/11/30	No	No
DHL LOGISTICS(CHINA) CO.,LTD.	2019/3/16	5,900.00	2019/11/21	135.00	Joint liability guarantee	2019/11/21-2020/2/28	Yes	No
DHL LOGISTICS(CHINA) CO.,LTD.	2019/3/16	5,900.00	2019/11/21	6.00	Joint liability guarantee	2019/11/21-2020/2/28	Yes	No
FS ELECTRONIC TECHNOLOGY CO., LIMITED	2019/3/16	4,000.00	2019/11/12	31.98	Joint liability guarantee	2019/11/12-2020/9/22	No	No
ZHONGSHAN S.F. EXPRESS CO. LTD	2019/3/16	200.00	2019/11/21	17.16	Joint liability guarantee	2019/11/21-2020/9/14	No	No
Shenzhen SF Fix Technology Co., Ltd.	2019/3/16	20,800.00	2019/12/3	20.00	Joint liability guarantee	2019/12/3-2020/7/31	No	No
S. F. Express (Shenyang) Co., Ltd	2019/3/16	600.00	2019/12/3	107.75	Joint liability guarantee	2019/12/3-2020/11/30	No	No
Shanghai Shunxiaofeng Transportation Co., Ltd.	2019/3/16	200.00	2019/12/12	20.00	Joint liability guarantee	2019/12/12-2020/11/24	No	No
Hebei S.F. Express Co., Ltd.	2019/3/16	300.00	2019/12/18	1.00	Joint liability guarantee	2019/12/18-2020/11/14	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	11,900.00	2019/12/12	1,500.00	Joint liability guarantee	2019/12/12-2020/3/31	Yes	No
GZ SF Pharmaceutical Supply Chain Co., Ltd.	2019/3/16	500.00	2019/12/20	10.00	Joint liability guarantee	2019/12/20-2020/10/31	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2019/12/18	150.00	Joint liability guarantee	2019/12/18-2020/5/13	Yes	No
HaiNan S.F.Express LTD.	2019/3/16	700.00	2019/12/30	100.00	Joint liability guarantee	2019/12/30-2020/11/30	No	No
Hubei S.F. Express Co., Ltd.	2019/3/16	1,000.00	2019/12/13	16.07	Joint liability guarantee	2019/12/13-2020/11/30	No	No
Jiangxi S.F. Express Co., Ltd.	2019/3/16	300.00	2019/12/18	36.85	Joint liability guarantee	2019/12/18-2020/2/29	Yes	No
S.F.Express(Dong Guan)Limited	2019/3/16	3,500.00	2019/12/30	993.23	Joint liability guarantee	2019/12/30-2020/12/20	No	No
XIAMEN SHUNFENG EXPRESS CO.,LTD.	2019/3/16	300.00	2019/12/30	40.00	Joint liability guarantee	2019/12/30-2020/12/31	No	No
SF Express ChongQing CO.LTD	2019/3/16	1,400.00	2019/12/24	21.65	Joint liability guarantee	2019/12/24-2020/11/30	No	No
Zhejiang Shunlu Logistics Co.,Ltd.	2019/3/16	5,000.00	2019/12/30	108.78	Joint liability guarantee	2019/12/30-2020/12/25	No	No
S.F. Express Group (Shanghai) Co., Ltd.	2019/3/16	800.00	2019/12/24	11.76	Joint liability guarantee	2019/12/24-2020/11/30	No	No
Shenzhen Shunlu Air Freight Forwarding Co., Ltd.	2019/3/16	6,500.00	2019/12/30	2,238.00	Joint liability guarantee	2019/12/30-2020/12/31	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100.00	2019/12/3	32.43	Joint liability guarantee	2019/12/3-2020/11/30	No	No
EXEL LOGISTICS CHINA CO.,LTD.	2019/3/16	1,700.00	2019/12/3	86.22	Joint liability guarantee	2019/12/3-2020/9/30	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100.00	2019/12/2	53.21	Joint liability guarantee	2019/12/2-2021/2/28	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100.00	2019/12/27	0.31	Joint liability guarantee	2019/12/27-2021/2/28	No	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
SF Airlines Company Limited	2019/3/16	26,000.00	2019/12/13	1,416.22	Joint liability guarantee	2019/12/13-2020/11/30	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200.00	2019/12/23	5,832.29	Joint liability guarantee	2019/12/23-2020/6/19	Yes	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200.00	2019/12/23	3,468.22	Joint liability guarantee	2019/12/23-2020/6/19	Yes	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000.00	2019/12/10	1,272.69	Joint liability guarantee	2019/12/10-2020/12/14	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000.00	2019/12/30	9.14	Joint liability guarantee	2019/12/30-2021/1/4	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000.00	2019/12/30	13.70	Joint liability guarantee	2019/12/30-2020/12/31	No	No
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100.00	2019/7/31	1,139.00	Joint liability guarantee	2019/7/31-2020/12/31	No	No
Shenzhen Fengtai E-commerce Industrial Park Property Service Co., Ltd.	2019/3/16	3,700.00	2019/8/1	3,342.61	Joint liability guarantee	2019/8/1-2022/7/31	No	No
Yiwu Fengyutai Enterprise Management Co., Ltd.	2019/3/16	1,400.00	2019/8/1	1,239.44	Joint liability guarantee	2019/8/1-2022/7/31	No	No
Huai'an Fengtai Enterprise Management Co., Ltd.	2019/3/16	400.00	2019/8/1	315.54	Joint liability guarantee	2019/8/1-2022/7/31	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	11,900.00	2020/1/17	36.77	Joint liability guarantee	2020/1/17-2021/1/20	No	No
S.F. EXPRESS CORPORATION	2019/3/16	1,000.00	2020/1/9	56.65	Joint liability guarantee	2020/1/9-2020/12/31	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000.00	2020/1/8	91.36	Joint liability guarantee	2020/1/8-2021/1/14	No	No
Anhui S.F. Express Co., Ltd.	2019/3/16	1,000.00	2020/1/3	59.72	Joint liability guarantee	2020/1/3-2020/5/31	Yes	No
Beijing S.F. Express Co., LTD.	2019/3/16	1,500.00	2020/1/17	35.00	Joint liability guarantee	2020/1/17-2020/12/20	No	No
Beijing S.F. Express Co., LTD.	2019/3/16	1,500.00	2020/1/16	73.09	Joint liability guarantee	2020/1/16-2020/12/31	No	No
NINGBO SHUNFENG EXPRESS CO.,LTD.	2019/3/16	2,500.00	2020/1/16	9.55	Joint liability guarantee	2020/1/16-2020/11/20	No	No
Yunnan S.F. Express Co., Ltd.	2019/3/16	600.00	2020/1/19	24.00	Joint liability guarantee	2020/1/19-2020/12/31	No	No
Jiangxi Shunlu Logistics Co.,Ltd.	2019/3/16	200.00	2020/1/3	88.00	Joint liability guarantee	2020/1/3-2020/8/31	No	No
NINGBO SHUNFENG EXPRESS CO.,LTD.	2019/3/16	2,500.00	2020/1/7	41.92	Joint liability guarantee	2020/1/7-2020/12/31	No	No
Hubei S.F. Express Co., Ltd.	2019/3/16	1,000.00	2020/1/19	55.33	Joint liability guarantee	2020/1/19-2020/5/31	Yes	No
Liaoning Shunlu Logistics Co., Ltd.	2019/3/16	1,600.00	2020/1/19	18.95	Joint liability guarantee	2020/1/19-2020/2/29	Yes	No
Shanghai Shunheng Logistics Co., Ltd.	2019/3/16	400.00	2020/1/19	58.44	Joint liability guarantee	2020/1/19-2021/1/10	No	No
SF Express ChongQing CO.LTD	2019/3/16	1,400.00	2020/1/19	110.00	Joint liability guarantee	2020/1/19-2020/12/31	No	No
XI'AN S.F EXPRESS CO.,LTD	2019/3/16	600.00	2020/1/19	1.33	Joint liability guarantee	2020/1/19-2020/11/30	No	No
Xinjiang SF Express Co.,LTD.	2019/3/16	100.00	2020/1/19	2.00	Joint liability guarantee	2020/1/19-2021/1/17	No	No
Ezhou Shunlu Logistics Co., Ltd.	2019/3/16	154,000.00	2020/1/20	10.00	Joint liability guarantee	2020/1/20-2020/12/31	No	No
Jiangsu S.F. Express Co., Ltd.	2019/3/16	300.00	2020/1/20	67.36	Joint liability guarantee	2020/1/20-2021/1/10	No	No
QINGDAO S.F.EXPRESS CO.,LTD.	2019/3/16	800.00	2020/1/10	50.00	Joint liability guarantee	2020/1/10-2020/12/31	No	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Quanzhou Shunlu Logistics Co., Ltd.	2019/3/16	800.00	2020/1/17	300.00	Joint liability guarantee	2020/1/17-2020/12/31	No	No
Quanzhou Shunlu Logistics Co., Ltd.	2019/3/16	800.00	2020/1/17	300.00	Joint liability guarantee	2020/1/17-2020/12/31	No	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000.00	2020/1/15	101.91	Joint liability guarantee	2020/1/15-2020/11/30	No	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2019/3/16	2,000.00	2020/1/17	5.23	Joint liability guarantee	2020/1/17-2021/2/28	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	11,900.00	2020/1/10	120.13	Joint liability guarantee	2020/1/10-2021/2/28	No	No
Shenzhen SF Comprehensive Logistics Service Co., Ltd.	2019/3/16	2,500.00	2020/1/3	1,870.00	Joint liability guarantee	2020/1/3-2020/12/31	No	No
Shenzhen Shunlu Air Freight Forwarding Co., Ltd.	2019/3/16	7,500.00	2020/1/10	1,850.00	Joint liability guarantee	2020/1/10-2020/12/31	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000.00	2020/1/13	140.46	Joint liability guarantee	2020/1/13-2020/12/31	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000.00	2020/1/13	233.15	Joint liability guarantee	2020/1/13-2020/12/31	No	No
TIANJIN S.F. EXPRESS CO., LTD.	2019/3/16	800.00	2020/1/17	80.90	Joint liability guarantee	2020/1/17-2021/12/31	No	No
Wenzhou Shunheng Express Co., Ltd.	2019/3/16	200.00	2020/1/17	110.00	Joint liability guarantee	2020/1/17-2021/1/10	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2020/1/23	25.49	Joint liability guarantee	2020/1/23-2020/6/29	Yes	No
Guangxi ShunFeng Express Co., Ltd.	2019/3/16	200.00	2020/2/19	10.00	Joint liability guarantee	2020/2/19-2020/12/31	No	No
Guangxi ShunFeng Express Co., Ltd.	2019/3/16	200.00	2020/2/19	100.00	Joint liability guarantee	2020/2/19-2021/1/31	No	No
Guizhou S.F. Express Co., Ltd.	2019/3/16	200.00	2020/2/19	12.74	Joint liability guarantee	2020/2/19-2021/2/28	No	No
Jiangxi Shunlu Logistics Co., Ltd.	2019/3/16	200.00	2020/2/19	88.00	Joint liability guarantee	2020/2/19-2020/8/31	No	No
Shandong S.F. Express Co., Ltd.	2019/3/16	1,000.00	2020/2/24	5.00	Joint liability guarantee	2020/2/24-2020/11/30	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2020/2/24	2.00	Joint liability guarantee	2020/2/24-2021/2/21	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2020/2/24	22.03	Joint liability guarantee	2020/2/24-2021/3/6	No	No
S. F. Express (Shenyang) Co., Ltd.	2019/3/16	600.00	2020/2/26	6.00	Joint liability guarantee	2020/2/26-2020/5/31	Yes	No
S.F.EXPRESS (TIANJIN) CO., LTD.	2019/3/16	300.00	2020/2/24	61.35	Joint liability guarantee	2020/2/24-2020/11/30	No	No
Yantai S.F. Express Co., Ltd.	2019/3/16	200.00	2020/2/24	65.00	Joint liability guarantee	2020/2/24-2021/1/31	No	No
Zhanjiang S.F. Express Co., Ltd.	2019/3/16	50.00	2020/2/19	25.00	Joint liability guarantee	2020/2/19-2021/8/5	No	No
Chongqing Huiyifeng Logistics Co., Ltd.	2019/3/16	2,800.00	2020/2/14	1,500.00	Joint liability guarantee	2020/2/14-2021/1/21	No	No
Guang Zhou S.F. Express Co., Ltd.	2019/3/16	4,000.00	2020/3/4	1,000.00	Joint liability guarantee	2020/3/4-2020/8/8	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2020/3/3	16.64	Joint liability guarantee	2020/3/3-2021/2/24	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2019/3/16	11,900.00	2020/3/5	600.00	Joint liability guarantee	2020/3/5-2021/2/28	No	No
Shenzhen SF Comprehensive Logistics Service Co., Ltd.	2019/3/16	2,500.00	2020/3/5	100.00	Joint liability guarantee	2020/3/5-2021/1/31	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900.00	2020/3/5	50.00	Joint liability guarantee	2020/3/5-2021/2/28	No	No
Shanxi S.F. Express Co., Ltd.	2019/3/16	200.00	2020/3/12	6.00	Joint liability guarantee	2020/3/12-2020/12/31	No	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Shanxi S.F. Express Co., Ltd.	2019/3/16	200.00	2020/3/12	35.00	Joint liability guarantee	2020/3/12-2020/12/31	No	No
Shenzhen SF Comprehensive Logistics Service Co., Ltd.	2019/3/16	2,500.00	2020/3/16	250.00	Joint liability guarantee	2020/3/16-2020/12/31	No	No
Foshan S.F. Express Co., Ltd.	2019/3/16	500.00	2020/3/16	76.99	Joint liability guarantee	2020/3/16-2020/10/15	No	No
Jiangsu S.F. Express Co., Ltd.	2019/3/16	300.00	2020/3/16	10.30	Joint liability guarantee	2020/3/16-2020/3/7	Yes	No
Shenzhen Shunlu Logistics Co., Ltd.	2019/3/16	2,100.00	2020/3/16	100.00	Joint liability guarantee	2020/3/16-2021/4/15	No	No
Shenzhen Shunlu Logistics Co., Ltd.	2019/3/16	2,100.00	2020/3/16	80.00	Joint liability guarantee	2020/3/16-2021/6/30	No	No
S. F. Express (Shenyang) Co., Ltd.	2019/3/16	600.00	2020/3/16	45.37	Joint liability guarantee	2020/3/16-2021/3/9	No	No
Beijing S.F. Express Co., LTD.	2019/3/16	1,500.00	2020/3/16	100.00	Joint liability guarantee	2020/3/16-2021/4/20	No	No
DHL LOGISTICS(CHINA) CO.,LTD.	2019/3/16	5,900.00	2020/3/19	20.00	Joint liability guarantee	2020/3/19-2021/3/31	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000.00	2020/3/3	500.00	Joint liability guarantee	2020/3/3-2021/3/1	No	No
Shenzhen SF Comprehensive Logistics Service Co., Ltd.	2019/3/16	2,500.00	2020/3/16	150.00	Joint liability guarantee	2020/3/16-2020/8/31	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000.00	2020/3/18	27.41	Joint liability guarantee	2020/3/18-2020/11/30	No	No
E COMMERCE FULFILLMENT COMPANY LIMITED	2019/3/16	7,060.00	2020/3/5	23.44	Joint liability guarantee	2020/3/5-2020/11/11	No	No
S.F. EXPRESS (CHINA) LIMITED	2019/3/16	4,000.00	2020/3/19	54.82	Joint liability guarantee	2020/3/19-2021/3/31	No	No
Chengdu Shunyifeng Pharmaceutical Co., Ltd.	2019/3/16	100.00	2020/3/20	43.63	Joint liability guarantee	2020/3/20-2021/3/12	No	No
ZHONGSHAN S.F. EXPRESS CO. LTD	2019/3/16	200.00	2020/3/26	141.98	Joint liability guarantee	2020/3/26-2020/12/15	No	No
Zhejiang Shunlu Logistics Co.,Ltd.	2019/3/16	5,000.00	2020/3/30	350.00	Joint liability guarantee	2020/3/30-2021/3/12	No	No
Xi'an Shunlu Logistics Co., Ltd.	2019/3/16	1,300.00	2020/3/30	230.90	Joint liability guarantee	2020/3/30-2021/3/27	No	No
Sichuan S.F. Express Co., Ltd.	2019/3/16	500.00	2020/3/26	5.00	Joint liability guarantee	2020/3/26-2021/1/31	No	No
S.F. Express Co., Ltd.	2019/3/16	25,000.00	2020/3/23	3,000.00	Joint liability guarantee	2020/3/23-2021/3/11	No	No
S.F. Express (Huizhou) Co., Ltd.	2019/3/16	450.00	2020/3/23	19.57	Joint liability guarantee	2020/3/23-2021/6/30	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2020/3/20	106.22	Joint liability guarantee	2020/3/20-2020/12/31	No	No
SF Airlines Company Limited	2019/3/16	26,000.00	2020/3/23	57.77	Joint liability guarantee	2020/3/23-2021/3/12	No	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2019/3/16	2,000.00	2020/3/23	22.84	Joint liability guarantee	2020/3/23-2021/2/28	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2019/3/16	13,200.00	2020/3/25	70.81	Joint liability guarantee	2020/3/25-2021/5/26	No	No
Jiangsu S.F. Express Co., Ltd.	2019/3/16	300.00	2020/3/23	5.00	Joint liability guarantee	2020/3/23-2020/4/30	Yes	No
SF-Express(Ningxia)Co.,Ltd	2019/3/16	200.00	2020/3/31	100.00	Joint liability guarantee	2020/3/31-2021/1/31	No	No
EXEL LOGISTICS CHINA CO.,LTD.	2019/3/16	2,700.00	2020/4/3	173.39	Joint liability guarantee	2020/4/3-2022/7/31	No	No
EXEL LOGISTICS CHINA CO.,LTD.	2019/3/16	2,700.00	2020/4/3	328.86	Joint liability guarantee	2020/4/3-2022/7/31	No	No
EXEL LOGISTICS CHINA CO.,LTD.	2019/3/16	2,700.00	2020/4/3	500.00	Joint liability guarantee	2020/4/3-2023/4/3	No	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
DHL Logistics (Beijing) Co., Ltd.	2019/3/16	5,100.00	2020/4/3	50.00	Joint liability guarantee	2020/4/3-2020/12/31	No	No
XI'AN S.F EXPRESS CO.,LTD	2019/3/16	600.00	2020/4/10	56.87	Joint liability guarantee	2020/4/10-2021/3/19	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2019/3/16	1,900.00	2020/4/15	28.39	Joint liability guarantee	2020/4/15-2021/6/30	No	No
DHL Logistics (Beijing) Co., Ltd.	2020/3/24	2,000.00	2020/4/28	70.35	Joint liability guarantee	2020/4/28-2022/9/30	No	No
S.F. EXPRESS (AUSTRALIA) PTY LTD	2020/3/24	1,500.00	2020/4/21	18.18	Joint liability guarantee	2020/4/21-2021/3/31	No	No
Anhui S.F. Express Co., Ltd.	2020/3/24	1,200.00	2020/4/29	10.00	Joint liability guarantee	2020/4/29-2021/4/21	No	No
Chengdu Shunyifeng Pharmaceutical Co., Ltd.	2020/3/24	100.00	2020/4/23	20.00	Joint liability guarantee	2020/4/23-2020/12/31	No	No
Chengdu Taishun Logistics Co.,Ltd.	2020/3/24	2,000.00	2020/4/28	100.00	Joint liability guarantee	2020/4/28-2021/1/31	No	No
FS ELECTRONIC TECHNOLOGY CO., LIMITED	2020/3/24	1,000.00	2020/4/16	316.13	Joint liability guarantee	2020/4/16-2021/7/31	No	No
Guangxi ShunFeng Express Co.,Ltd.	2020/3/24	300.00	2020/4/16	70.00	Joint liability guarantee	2020/4/16-2020/12/31	No	No
Guizhou S.F. Express Co., Ltd.	2020/3/24	300.00	2020/4/29	64.96	Joint liability guarantee	2020/4/29-2021/4/21	No	No
Hebei S.F. Express Co., Ltd.	2020/3/24	400.00	2020/4/16	12.68	Joint liability guarantee	2020/4/16-2021/4/10	No	No
Hubei S.F. Transportation Co., Ltd.	2020/3/24	700.00	2020/4/28	323.29	Joint liability guarantee	2020/4/28-2021/4/15	No	No
Jiangxi S.F. Express Co., Ltd.	2020/3/24	1,000.00	2020/4/16	223.43	Joint liability guarantee	2020/4/16-2021/4/10	No	No
NINGBO SHUNFENG EXPRESS CO.,LTD.	2020/3/24	3,000.00	2020/4/16	550.00	Joint liability guarantee	2020/4/16-2021/5/7	No	No
QINGDAO S.F.EXPRESS CO.,LTD.	2020/3/24	800.00	2020/4/16	260.00	Joint liability guarantee	2020/4/16-2020/11/30	No	No
Shandong S.F. Express Co., Ltd.	2020/3/24	1,500.00	2020/4/16	30.00	Joint liability guarantee	2020/4/16-2021/1/31	No	No
Shandong S.F. Express Co., Ltd.	2020/3/24	1,500.00	2020/4/29	309.71	Joint liability guarantee	2020/4/29-2021/4/21	No	No
Shanghai Shunheng Logistics Co., Ltd.	2020/3/24	3,000.00	2020/4/26	107.41	Joint liability guarantee	2020/4/26-2021/4/15	No	No
Shenzhen SF Fix Technology Co., Ltd.	2020/3/24	10,000.00	2020/4/23	400.00	Joint liability guarantee	2020/4/23-2021/1/31	No	No
Shenzhen Fengyi Technology Co., Ltd.	2020/3/24	10,000.00	2020/4/29	500.00	Joint liability guarantee	2020/4/29-2021/4/26	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2020/3/24	10,000.00	2020/4/16	230.00	Joint liability guarantee	2020/4/16-2021/4/30	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2020/3/24	10,000.00	2020/4/29	500.00	Joint liability guarantee	2020/4/29-2021/3/27	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2020/3/24	10,000.00	2020/4/29	1,000.00	Joint liability guarantee	2020/4/29-2020/7/30	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2020/3/24	10,000.00	2020/4/29	500.00	Joint liability guarantee	2020/4/29-2021/5/5	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2020/3/24	10,000.00	2020/4/23	60.00	Joint liability guarantee	2020/4/23-2021/4/14	No	No
SF Airlines Company Limited	2020/3/24	20,000.00	2020/4/16	2,000.00	Joint liability guarantee	2020/4/16-2021/4/15	No	No
SF Airlines Company Limited	2020/3/24	20,000.00	2020/4/27	39.63	Joint liability guarantee	2020/4/27-2020/8/31	No	No
S.F.Express(Dong Guan)Limited	2020/3/24	3,000.00	2020/4/29	15.03	Joint liability guarantee	2020/4/29-2021/4/24	No	No
S.F.EXPRESS (TIANJIN) CO., LTD.	2020/3/24	300.00	2020/4/23	52.91	Joint liability guarantee	2020/4/23-2020/10/26	No	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
S.F. Express Group (Shanghai) Co., Ltd.	2020/3/24	1,200.00	2020/4/28	100.00	Joint liability guarantee	2020/4/28-2021/5/4	No	No
SF Express ChongQing CO.LTD	2020/3/24	1,000.00	2020/4/26	169.01	Joint liability guarantee	2020/4/26-2021/4/15	No	No
SF Pharmaceutical Supply Chain Hubei Co., Ltd.	2020/3/24	100.00	2020/4/23	5.00	Joint liability guarantee	2020/4/23-2021/3/31	No	No
Sichuan S.F. Express Co., Ltd.	2020/3/24	500.00	2020/4/27	11.61	Joint liability guarantee	2020/4/27-2021/4/21	No	No
Sichuan S.F. Express Co., Ltd.	2020/3/24	500.00	2020/4/23	56.69	Joint liability guarantee	2020/4/23-2020/8/31	No	No
Suzhou Industrial Park S.F. Express Co., Ltd.	2020/3/24	1,500.00	2020/4/16	20.00	Joint liability guarantee	2020/4/16-2021/4/7	No	No
Xinjiang SF Express Co.,LTD.	2020/3/24	210.00	2020/4/16	6.00	Joint liability guarantee	2020/4/16-2020/12/31	No	No
Zhejiang Shunhefeng Freight Co., Ltd.	2020/3/24	700.00	2020/4/29	10.00	Joint liability guarantee	2020/4/29-2021/4/21	No	No
Zhejiang Shunlu Logistics Co.,Ltd.	2020/3/24	3,000.00	2020/4/28	749.32	Joint liability guarantee	2020/4/28-2021/4/21	No	No
S.F. Transportation (Changzhou) Co., Ltd.	2020/3/24	200.00	2020/4/30	74.85	Joint liability guarantee	2020/4/30-2021/4/21	No	No
Jiangsu Shunhefeng Freight Co., Ltd.	2020/3/24	1,200.00	2020/5/26	18.02	Joint liability guarantee	2020/5/26-2021/4/30	No	No
DHL LOGISTICS(CHINA) CO.,LTD.	2020/3/24	4,000.00	2020/5/19	1,086.87	Joint liability guarantee	2020/5/19-2022/12/14	No	No
Jiangsu Shunhefeng Freight Co., Ltd.	2020/3/24	1,200.00	2020/5/29	692.81	Joint liability guarantee	2020/5/29-2021/4/30	No	No
DHL Logistics (Beijing) Co., Ltd.	2020/3/24	2,000.00	2020/5/18	58.86	Joint liability guarantee	2020/5/18-2022/7/31	No	No
DHL Logistics (Beijing) Co., Ltd.	2020/3/24	2,000.00	2020/5/18	237.86	Joint liability guarantee	2020/5/18-2022/7/31	No	No
Shaanxi SF Freight Co., Ltd.	2020/3/24	400.00	2020/5/13	59.55	Joint liability guarantee	2020/5/13-2021/7/31	No	No
S.F. EXPRESS (CHINA) LIMITED	2020/3/24	2,000.00	2020/5/27	91.36	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Shandong S.F. Express Co., Ltd.	2020/3/24	1,500.00	2020/5/28	31.58	Joint liability guarantee	2020/5/28-2021/5/25	No	No
Shandong S.F. Express Co., Ltd.	2020/3/24	1,500.00	2020/5/27	94.74	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Beijing S.F. Express Co., LTD.	2020/3/24	1,500.00	2020/5/27	250.00	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Chengdu Taishun Logistics Co.,Ltd.	2020/3/24	2,000.00	2020/5/27	900.00	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Guizhou S.F. Express Co., Ltd.	2020/3/24	300.00	2020/5/27	12.28	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Hangzhou Zhentai Asset Management Co., Ltd.	2020/3/24	3,500.00	2020/5/27	226.60	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Hangzhou Zhentai Asset Management Co., Ltd.	2020/3/24	3,500.00	2020/5/27	290.10	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Hangzhou Zhentai Asset Management Co., Ltd.	2020/3/24	3,500.00	2020/5/27	183.20	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Hangzhou Zhentai Asset Management Co., Ltd.	2020/3/24	3,500.00	2020/5/27	183.20	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Hebei S.F. Express Co., Ltd.	2020/3/24	400.00	2020/5/27	30.00	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Hebei S.F. Express Co., Ltd.	2020/3/24	400.00	2020/5/27	90.00	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Jiangsu S.F. Express Co., Ltd.	2020/3/24	450.00	2020/5/27	60.35	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Shenzhen SF Comprehensive Logistics Service Co., Ltd.	2020/3/24	5,500.00	2020/5/27	75.00	Joint liability guarantee	2020/5/27-2021/2/28	No	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Shenzhen Shunlu Logistics Co., Ltd.	2020/3/24	2,000.00	2020/5/27	391.19	Joint liability guarantee	2020/5/27-2021/2/28	No	No
SF Pharmaceutical Supply Chain Hubei Co., Ltd.	2020/3/24	100.00	2020/5/27	10.00	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Liaoning Shunlu Logistics Co., Ltd.	2020/3/24	1,000.00	2020/5/27	191.30	Joint liability guarantee	2020/5/27-2021/2/28	No	No
Shenzhen Fengyi Technology Co., Ltd.	2020/3/24	10,000.00	2020/6/10	1,825.00	Joint liability guarantee	2020/6/10-2021/2/28	No	No
EXEL LOGISTICS CHINA CO.,LTD.	2020/3/24	700.00	2020/6/10	169.71	Joint liability guarantee	2020/6/10-2021/3/31	No	No
DHL Logistics (Beijing) Co., Ltd.	2020/3/24	2,000.00	2020/6/10	40.00	Joint liability guarantee	2020/6/10-2020/12/31	No	No
DHL Logistics (Beijing) Co., Ltd.	2020/3/24	2,000.00	2020/6/10	519.61	Joint liability guarantee	2020/6/10-2021/12/31	No	No
DHL Logistics (Beijing) Co., Ltd.	2020/3/24	2,000.00	2020/6/10	116.56	Joint liability guarantee	2020/6/10-2021/12/31	No	No
DHL Logistics (Beijing) Co., Ltd.	2020/3/24	2,000.00	2020/6/11	24.85	Joint liability guarantee	2020/6/11-2022/7/31	No	No
Shenzhen SF Fix Technology Co., Ltd.	2020/3/24	10,000.00	2020/6/29	1,600.00	Joint liability guarantee	2020/6/29-2020/12/31	No	No
S.F. EXPRESS (HONG KONG) LIMITED	2020/3/24	10,000.00	2020/6/18	3,468.22	Joint liability guarantee	2020/6/18-2020/9/19	No	No
Anhui S.F. Express Co., Ltd.	2020/3/24	1,200.00	2020/6/15	100.00	Joint liability guarantee	2020/6/15-2020/7/31	No	No
Anhui S.F. Express Co., Ltd.	2020/3/24	1,200.00	2020/6/29	180.00	Joint liability guarantee	2020/6/29-2021/5/31	No	No
Anhui S.F. Express Co., Ltd.	2020/3/24	1,200.00	2020/6/8	59.72	Joint liability guarantee	2020/6/8-2021/5/31	No	No
Anhui S.F. Express Co., Ltd.	2020/3/24	1,200.00	2020/6/29	99.37	Joint liability guarantee	2020/6/29-2021/6/30	No	No
S.F.EXPRESS OF DALIAN L.T.D	2020/3/24	200.00	2020/6/1	42.48	Joint liability guarantee	2020/6/1-2020/8/31	No	No
Guizhou S.F. Express Co., Ltd.	2020/3/24	300.00	2020/6/1	11.38	Joint liability guarantee	2020/6/1-2021/4/30	No	No
HaiNan S.F.Express LTD.	2020/3/24	500.00	2020/6/29	35.00	Joint liability guarantee	2020/6/29-2021/1/31	No	No
Hangzhou SF Zhida Logistics Co., Ltd.	2020/3/24	550.00	2020/6/1	256.59	Joint liability guarantee	2020/6/1-2021/5/19	No	No
Hubei S.F. Express Co., Ltd.	2020/3/24	1,000.00	2020/6/1	24.93	Joint liability guarantee	2020/6/1-2021/7/30	No	No
Hubei S.F. Express Co., Ltd.	2020/3/24	1,000.00	2020/6/1	80.00	Joint liability guarantee	2020/6/1-2021/5/31	No	No
Jiangsu S.F. Express Co., Ltd.	2020/3/24	450.00	2020/6/17	3.00	Joint liability guarantee	2020/6/17-2021/6/14	No	No
Jiangsu S.F. Express Co., Ltd.	2020/3/24	450.00	2020/6/1	82.33	Joint liability guarantee	2020/6/1-2021/5/31	No	No
Jinhua S.F. Express Co., Ltd.	2020/3/24	200.00	2020/6/1	5.00	Joint liability guarantee	2020/6/1-2021/4/30	No	No
Liaoning Shunhe Supply Chain Management Co., Ltd.	2020/3/24	500.00	2020/6/1	7.00	Joint liability guarantee	2020/6/1-2021/4/30	No	No
Nantong S.F. Express Co., Ltd.	2020/3/24	100.00	2020/6/1	12.27	Joint liability guarantee	2020/6/1-2021/5/18	No	No
QINGDAO S.F.EXPRESS CO.,LTD.	2020/3/24	800.00	2020/6/12	3.00	Joint liability guarantee	2020/6/12-2020/12/31	No	No
Shandong S.F. Express Co., Ltd.	2020/3/24	1,500.00	2020/6/1	150.00	Joint liability guarantee	2020/6/1-2021/5/31	No	No
Shandong S.F. Express Co., Ltd.	2020/3/24	1,500.00	2020/6/1	2.00	Joint liability guarantee	2020/6/1-2021/5/14	No	No
Zhejiang Shuangjie Supply Chain Technology Co., Ltd.	2020/3/24	1,600.00	2020/6/10	30.40	Joint liability guarantee	2020/6/10-2021/5/25	No	No

Subsidiary's guarantees to subsidiaries								
Guaranteed party	Disclosure date of Quota announcement	Amount of guaranteed Quota approved	Actual date of occurrence	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed?	Guarantee for a related party?
Shanghai Shuncheng Logistics Co., Ltd.	2020/3/24	1,500.00	2020/6/12	400.00	Joint liability guarantee	2020/6/12-2021/9/30	No	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2020/3/24	200.00	2020/6/10	14.54	Joint liability guarantee	2020/6/10-2021/5/31	No	No
Shenzhen Shuncheng Supply Chain Service Co., Ltd.	2020/3/24	200.00	2020/6/30	23.00	Joint liability guarantee	2020/6/30-2021/5/31	No	No
SF Airlines Company Limited	2020/3/24	20,000.00	2020/6/24	1,200.00	Joint liability guarantee	2020/6/24-2021/5/13	No	No
SF Airlines Company Limited	2020/3/24	20,000.00	2020/5/22	9.43	Joint liability guarantee	2020/5/22-2021/4/30	No	No
SF Airlines Company Limited	2020/3/24	20,000.00	2020/6/22	106.22	Joint liability guarantee	2020/6/22-2021/3/31	No	No
S.F. Express Co., Ltd.	2020/3/24	17,300.00	2020/6/8	100.00	Joint liability guarantee	2020/6/8-2021/4/30	No	No
Sichuan Shunhefeng Freight Co., Ltd.	2020/3/24	300.00	2020/6/4	43.35	Joint liability guarantee	2020/6/4-2021/5/31	No	No
Wuxi S.F. Express Co., Ltd.	2020/3/24	500.00	2020/6/3	20.00	Joint liability guarantee	2020/6/3-2021/5/23	No	No
Xinjiang SF Express Co.,LTD.	2020/3/24	210.00	2020/6/29	104.78	Joint liability guarantee	2020/6/29-2021/6/19	No	No
Zhaoqing S.F. Express Co., Ltd.	2020/3/24	100.00	2020/6/10	16.20	Joint liability guarantee	2020/6/10-2021/6/5	No	No
Zhejiang Shuangjie Supply Chain Technology Co., Ltd.	2020/3/24	1,600.00	2020/6/11	21.65	Joint liability guarantee	2020/6/11-2021/11/30	No	No
Zhejiang Shunlu Logistics Co.,Ltd.	2020/3/24	3,000.00	2020/6/8	115.00	Joint liability guarantee	2020/6/8-2020/10/31	No	No
Zhejiang Shunlu Logistics Co.,Ltd.	2020/3/24	3,000.00	2020/6/8	40.00	Joint liability guarantee	2020/6/8-2021/5/28	No	No
ZHONGSHAN S.F. EXPRESS CO. LTD	2020/3/24	200.00	2020/6/15	20.72	Joint liability guarantee	2020/6/15-2020/12/15	No	No
Anhui S.F. Express Co., Ltd.	2020/3/24	1,200.00	2020/6/24	5.00	Joint liability guarantee	2020/6/24-2021/6/15	No	No
Hubei S.F. Express Co., Ltd.	2020/3/24	1,000.00	2020/6/24	1.00	Joint liability guarantee	2020/6/24-2021/6/19	No	No
Shenzhen S.F. Supply Chain Co., Ltd.	2020/3/24	10,000.00	2020/6/30	300.00	Joint liability guarantee	2020/6/30-2020/6/30	Yes	No
Shenzhen SF Freight Co., Ltd.	2020/3/24	2,000.00	2020/6/24	325.15	Joint liability guarantee	2020/6/24-2021/6/11	No	No
SF Airlines Company Limited	2020/3/24	20,000.00	2020/6/19	3.54	Joint liability guarantee	2020/6/19-2021/6/20	No	No
SF Airlines Company Limited	2020/3/24	20,000.00	2020/6/19	14.16	Joint liability guarantee	2020/6/19-2021/6/28	No	No
TIANJIN S.F. EXPRESS CO., LTD.	2020/3/24	700.00	2020/6/29	130.00	Joint liability guarantee	2020/6/29-2021/7/29	No	No
Tibet S.F. Express Co., Ltd.	2020/3/24	100.00	2020/6/24	5.00	Joint liability guarantee	2020/6/24-2021/3/31	No	No
Zhejiang Shunlu Logistics Co.,Ltd.	2020/3/24	3,000.00	2020/6/24	100.00	Joint liability guarantee	2020/6/24-2021/5/31	No	No
Anhui Shunhe Freight Co., Ltd.	2020/3/24	350.00	2020/6/24	45.17	Joint liability guarantee	2020/6/24-2021/6/9	No	No
Liaoning Shunlu Logistics Co., Ltd.	2020/3/24	1,000.00	2020/6/24	172.09	Joint liability guarantee	2020/6/24-2021/6/11	No	No
S.F. EXPRESS (CHINA) LIMITED	2020/3/24	2,000.00	2020/6/18	45.68	Joint liability guarantee	2020/6/18-2021/7/6	No	No
EXEL LOGISTICS CHINA CO.,LTD.	2019/3/16	2,700.00	2020/1/2	153.35	Joint liability guarantee	2020/1/2-2020/12/31	No	No
Total guarantee quota approved for subsidiaries during the reporting period (C1)		2,124,480.00		Total actual amount of guarantees for subsidiaries during the reporting period (C2)			54,331.86	
Total guarantee quota approved for the subsidiaries at the end of the reporting period (C3)		2,227,049.79		Total actual guarantee balance for subsidiaries at the end of the reporting period (C4)			138,287.24	

Total guarantee amount provided by the Company			
Total guarantee quota approved during the reporting period (A1+B1+C1)	2,500,000.00	Total actual amount of guarantee during the reporting period (A2+B2+C2)	550,008.86
Total guarantee quota approved at the end of the reporting period (A3+B3+C3)	3,452,301.79	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)	988,019.24
Total guarantee amount (A4+B4+C4) to net assets of the Company			21.09%
Of which:			
Amount of guarantee for shareholders, actual controller, and their related parties (D)			
Amount of debt guarantee provided for guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (E)			50,488.72
Amount of total guarantee over 50% of net assets (F)			-
Total amount of the above three guarantees (D+E+F)			50,488.72
Explanation of warranty liability or possible joint liquidation (if any)			N/A
Explanation of provision of guarantees for external parties in violation of the prescribed procedure (if any)			N/A

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

(2) Illegal provision of guarantees for external parties

☐ Applicable ☒ Not applicable

No such cases in the reporting period.

3. 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	1,497,000.00	1,478,500.00	-
Bank wealth management products	Raised funds	301,000.00	178,000.00	-
Brokerage wealth management products	Raised funds	115,000.00	102,000.00	-
Total		-	1,758,500.00	-

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

4. Other significant contracts

☐ Applicable ☒ Not applicable

No such cases in the reporting period.

XVI. Social Responsibilities**1. 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.

2. Targeted Poverty Alleviation Program

☐ Applicable ☒ Not applicable

During the reporting period, the Company did not carry out any Targeted Poverty Alleviation Program.

XVII. Other Major Issues

☒ Applicable ☐ Not applicable

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

In order to satisfy the development requirements of domestic and international business, reduce financing costs and optimize the debt structure according to the development strategies of the Company, at the 18th meeting of the 4th session of the Board and the 2019 first extraordinary general meeting convened by the Company on January 3, 2019 and January 23, 2019 respectively, the “Resolution regarding the Issuance of Debt Financing Products in Domestic and International Markets by Wholly-owned Subsidiaries” was considered and approved, and the Company was authorised to issue debt financing products in domestic and international markets through Taisen Holding and SF Holding Investment Limited (“SFHI”), the wholly-owned subsidiaries, for an equivalent amount of no more than RMB16 billion (inclusive), including RMB10 billion which are the expected size of issuance in domestic market and RMB6 billion which are the expected size of issuance in international market.

On January 22, 2020, Taisen Holding received the Notice of Acceptance for Registration (Zhong Shi Xie Zhu [2020] MTN No.22) issued by the National Association of Financial Market Institutional Investors (“NAFMII”). The registration of Taisen Holding for medium-term notes was accepted by NAFMII, and the registered amount is RMB2 billion.

According to the Notice of Acceptance for Registration issued by NAFMII (Zhong Shi Xie Zhu [2019] SCP No.71), Taisen Holding completed altogether four issuances of Super Short-Term Commercial Paper on February 21, 2020, March 12, 2020, April 14, 2020, and May 7, 2020 respectively, each with an issuance quota of RMB500 million.

According to the authorization by the resolution of the first extraordinary general meeting in 2019, on February 20, 2020, SFHI completed the issuance of US\$700 million bonds overseas. The bonds were listed on The Stock Exchange of Hong Kong Limited on February 21, 2020.

For details, please refer to the Company’s announcements (2020-004, 2020-005, 2020-007, 2020-008, 2020-015, 2020-036 and 2020-049) disclosed on Cninfo.

2. Issuance of convertible bonds by the Company

In accordance with the Company's development strategy, aiming at improving the Company's competitiveness, further strengthening its core competitiveness, and enhancing its sustainable development capabilities, the Company publicly issued 58 million convertible corporate bonds (bond abbreviation: SF Convertible Bonds; bond code: 128080) on November 18, 2019, each with a face value of RMB100 amounting to RMB5.8 billion. These convertible corporate bonds were listed for trading on the Shenzhen Stock Exchange starting from December 9, 2019. On May 22, 2020, these convertible corporate bonds entered the conversion period. The closing price of the Company's stocks (stock abbreviation: SF Holding; stock code: 002352) was, for at least 15 out of the 30 consecutive trading days from May 22, 2020 to July 6, 2020, not less than 130% of the current stock conversion price of "SF Convertible Bonds" (the stock conversion price from May 22 to June 18 was RMB40.14 per share, and the stock conversion price from June 19 to July 6 was RMB40.15 per share) (that is, RMB52.19 per share and RMB52.20 per share, respectively), and the conditional redemption clause under the Prospectus had been triggered. On July 7, 2020, the Proposal on Early Redemption of "SF Convertible Bonds" was considered and approved at the 7th meeting of the 5th session of the Board and the 7th meeting of the 5th session of the board of supervisors. It was decided that the conditional redemption rights on "SF Convertible Bonds" will be exercised to redeem all the unconverted "SF Convertible Bonds" at the price of the face value of the bonds plus current accrued interest. The redemption price of "SF Convertible Bonds" was RMB100.14 per unit (the face value of the bonds plus current accrued interest (including taxes)). The redemption registration date of "SF Convertible Bonds" was August 3, 2020; the redemption date of "SF Convertible Bonds" was August 4, 2020; and the trading suspension and conversion date of "SF Convertible Bonds" was August 4, 2020. The investor redemption payment date was August 11, 2020. On August 12, 2020, "SF Convertible Bonds" were delisted from the Shenzhen Stock Exchange. For details, please refer to the Company's announcements (2020-039, 2020-052, 2020-059, 2020-068, 2020-089) on Cninfo.

3. Commencement of asset securitization

In order to revitalize existing assets and enhance the capital utilization efficiency, the Company has established a special asset-backed plan by using the logistics industrial park held by the subsidiary Shenzhen Fengtai E-Commerce Industrial Park Asset Management Co., Ltd. as the principal and raised funds by means of the issuance of asset-backed securities under the plan. On November 21, 2018, the Company obtained the "No Objection Letter regarding Huatai Asset Management's 'Huatai Jiayue - Shunfeng Industrial Park Phase I Asset-Backed Special Plan' being in line with the Conditions for Listing on the Shenzhen Stock Exchange" (Shen Zheng Han (深证函) [2018] No. 666) issued by the Shenzhen Stock Exchange, and the total size of issuance by way of shelf-offering approved in the No Objection Letter was RMB5 billion for a valid period of two years. In 2018, the Company issued the first tranche of asset-backed securities with a total size of RMB1.846 billion. In 2019, the Company issued the second tranche of asset-backed securities with a total size of RMB1.36 billion. On June 29, 2020, the Company held the 6th meeting of the 5th session of the Board and the 6th meeting of the 5th session of the board of supervisors respectively at which the Proposal on Carrying out Asset Securitization and Related Party Transactions was considered and approved. The Company intends to continue carry out the asset securitization business and raise funds through the issuance of asset-backed securities by means of a special plan. The special plan for this period is the third tranche within the shelf quota. The total size of asset-backed securities to be issued in this period does not exceed RMB1.5 billion. For details, please refer to the announcement (2020-062) disclosed by the Company on Cninfo. As of the disclosure date of this report, transaction documents relating to the special plan have yet to be signed, and the special plan has not been formally established.

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

Announcement	Disclosure Date	Disclosure Website
Announcement on Receipt of the Notice of Acceptance for Registration by the Wholly-owned Subsidiary Shenzhen S.F. Taisen Holding (Group) Co., Ltd. from the National Association of Financial Market Institutional Investors (2020-004)	January 23, 2020	http://www.cninfo.com.cn

Announcement	Disclosure Date	Disclosure Website
Announcement on Progress of Issuance of Overseas US Dollar Bonds by an Overseas Wholly-owned Subsidiary (2020-005)	February 14, 2020	http://www.cninfo.com.cn
Announcement on Completion of Issuance of Overseas US Dollar Bonds by an Overseas Wholly-owned Subsidiary (2020-007)	February 22, 2020	http://www.cninfo.com.cn
Announcement on Results of Issuance of the 2020 First Tranche of Super Short-Term Commercial Paper (Epidemic Prevention and Control Bonds) by the Wholly-owned Subsidiary Shenzhen S.F. Taisen Holding (Group) Co., Ltd. (2020-008)	February 22, 2020	http://www.cninfo.com.cn
Announcement on Results of Issuance of the 2020 Second Tranche of Super Short-Term Commercial Paper (Epidemic Prevention and Control Bonds) by Shenzhen S.F. Taisen Holding (Group) Co., Ltd. (2020-015)	March 17, 2020	http://www.cninfo.com.cn
Announcement on Results of Issuance of the 2020 Third Tranche of Super Short-Term Commercial Paper by Shenzhen S.F. Taisen Holding (Group) Co., Ltd. (2020-036)	April 16, 2020	http://www.cninfo.com.cn
Announcement on Implementation of Annual Dividend Distribution in 2019 (2020-038)	April 17, 2020	http://www.cninfo.com.cn
Announcement on Adjustment of Stock Conversion Price of “SF Convertible Bonds” (2020-039)	April 17, 2020	http://www.cninfo.com.cn
Announcement on Results of Issuance of the 2020 Fourth Tranche of Super Short-Term Commercial Paper by the Wholly-owned Subsidiary Shenzhen S.F. Taisen Holding (Group) Co., Ltd. (2020-049)	May 11, 2020	http://www.cninfo.com.cn
Indicative Announcement on Commencement of Conversion of “SF Convertible Bonds” (2020-052)	May 19, 2020	http://www.cninfo.com.cn
Announcement on Adjustment of Stock Conversion Price of “SF Convertible Bonds” (2020-059)	June 19, 2020	http://www.cninfo.com.cn
Announcement on Carrying out Asset Securitization and Related Party Transactions (2020-062)	June 30, 2020	http://www.cninfo.com.cn
Announcement on Increase of Capital in Subsidiaries (2020-063)	June 30, 2020	http://www.cninfo.com.cn
Announcement on Status of Conversion of Convertible Corporate Bonds in Second Quarter of 2020 (2020-065)	July 2, 2020	http://www.cninfo.com.cn
First Announcement on Implementation of Redemption of “SF Convertible Bonds” (2020-068)	July 8, 2020	http://www.cninfo.com.cn
Announcement on the Delisting of SF Convertible Bonds (2020-089)	August 12, 2020	(http://www.cninfo.com.cn)

XVIII. Significant events of subsidiaries

☐ Applicable ☒ Not applicable

Chapter 6 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	2,783,633,172	63.06%	-	-	-	-2,717,187,436	-2,717,187,436	66,445,736	1.49%
3. Other shares held by domestic capital	2,783,588,909	63.05%	-	-	-	-2,717,143,173	-2,717,143,173	66,445,736	1.49%
Of which:									
Other shares held by domestic legal person	2,701,927,139	61.20%	-	-	-	-2,701,927,139	-2,701,927,139	-	-
Other shares held by domestic natural person	81,661,770	1.85%	-	-	-	-15,216,034	-15,216,034	66,445,736	1.49%
4. Shares held by overseas capital	44,263	0.00%	-	-	-	-44,263	-44,263	-	-
Of which:									
Other shares held by overseas legal person	-	-	-	-	-	-	-	-	-
Other shares held by overseas natural person	44,263	0.00%	-	-	-	-44,263	-44,263	-	-
II. Unrestricted sales of shares	1,630,952,093	36.94%	-	-	-	2,750,975,667	2,750,975,667	4,381,927,760	98.51%
1. RMB-denominated ordinary shares	1,630,952,093	36.94%	-	-	-	2,750,975,667	2,750,975,667	4,381,927,760	98.51%
III. Total number of shares	4,414,585,265	100.00%	-	-	-	33,788,231	33,788,231	4,448,373,496	100.00%

Reasons of share changes

✓ Applicable □ Not applicable

On November 18, 2019, the Company publicly issued 58 million convertible corporate bonds in the total amount of RMB5.8 billion. On May 22, 2020, these convertible corporate bonds entered the conversion period. As of June 30, 2020, the number of shares converted during the reporting period was 36,244,799 shares.

Due to the implementation of the 2018 restricted stock incentive plan, the Company completed the repurchase and cancellation of restricted shares that have been awarded but not yet been released from restriction held by eligible participants no longer meeting the conditions for incentives in the amount of 274,346 shares and 2,182,222 shares on March 17, 2020 and June 19, 2020 respectively.

In summary, during the reporting period, the Company's shares increased by 33,788,231 shares and the total number of shares changed from 4,414,585,265 shares to 4,448,373,496 shares.

Approval of share changes

□ Applicable ✓ Not applicable

Transfer of share ownership

□ Applicable ✓ Not applicable

Implementation progress of share repurchase

□ Applicable ✓ Not applicable

Implementation of share reduction through aggregate auction

□ Applicable ✓ Not applicable

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

√ Applicable □ Not applicable

During the reporting period, the share capital of the Company increased by 33,788,231 shares, which had a dilution effect on the basic EPS, diluted EPS and net assets per share attributable to ordinary shareholders of the Company.

Other contents that the Company considers necessary, or are 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
Liu Jilu	67,559,346	1,953,375	11,250	65,617,221	restricted shares for senior managers	1,953,375 lock-up shares of senior management were unlocked at the beginning of 2020.
Liu Lingyun	4,456,942	4,456,942	-	-	restricted shares for IPO	January 23, 2020
Gong Weiping	2,040,640	2,040,640	-	-	restricted shares for IPO	January 23, 2020
Huang Xuechun	1,735,024	1,735,024	-	-	restricted shares for IPO	January 23, 2020
Yuan Fuxiang	1,020,322	510,161	-	510,161	restricted shares for IPO	January 23, 2020
Lin Anxia	680,214	680,214	-	-	restricted shares for IPO	January 23, 2020
Zhao Ming	636,707	318,353	-	318,354	restricted shares for IPO	January 23, 2020
Wu Cuihua	510,162	510,162	-	-	restricted shares for IPO	January 23, 2020
Tang Linlin	170,054	170,054	-	-	restricted shares for IPO	January 23, 2020
Wang Nengying	170,054	170,054	-	-	restricted shares for IPO	January 23, 2020
Others	2,726,568	2,726,568	-	-	-	-
Total	2,783,633,172	2,717,198,686	11,250	66,445,736	--	--

II. Issuance and Listing of Securities

□ Applicable √ Not applicable

III. Total number of shareholders and their holdings

Unit: number of shares

Total number of shareholders at the end of reporting period	53,990			Total number of preferred shareholders with voting rights restored (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	60.74%	2,701,927,139	-	-	2,701,927,139	Pledged	990,000,000
Shenzhen Zhaoguang Investment Co., Ltd.	State-owned legal person	5.99%	266,637,546	-	-	266,637,546		
Ningbo Shunda Fengrun Venture Capital Partnership (Limited Partnership)	Domestic non-state-owned legal person	4.96%	220,715,478	-53,489,400	-	220,715,478	Pledged	144,648,802
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	2.65%	117,671,581	45,129,175	-	117,671,581		
Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership)	Domestic non-state-owned legal person	2.44%	108,609,055	-74,742,683	-	108,609,055	-	-
Liu Jilu	Domestic natural person	1.62%	71,995,048	-15,479,580	65,617,221	6,377,827	-	-
Norges Bank – Own Funds	Overseas legal person	0.53%	23,621,963	1,559,129	-	23,621,963		
Perseverance Asset Management L.L.P. – Gaoyi Linshan. No. 1 Yuanwang Fund	Other	0.52%	23,000,000	-4,000,000	-	23,000,000		
Industrial Bank Co., Ltd. – Aegon-Industrial Trend Investment Hybrid Securities Investment Fund	Other	0.51%	22,512,013	6,888,300	-	22,512,013		
Industrial Bank Co., Ltd. – Aegon-Industrial New Horizons Flexible Allocation Regular Open-end Hybrid Securities Investment Seed Fund	Other	0.46%	20,319,012	11,629,965	-	20,319,012		
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
Shenzhen Mingde Holding Development Co., Ltd.	2,701,927,139	RMB-denominated ordinary shares	2,701,927,139
Shenzhen Zhaoguang Investment Co., Ltd.	266,637,546	RMB-denominated ordinary shares	266,637,546
Ningbo Shunda Fengrun Venture Capital Partnership (Limited Partnership)	220,715,478	RMB-denominated ordinary shares	220,715,478
Hong Kong Securities Clearing Company Ltd.	117,671,581	RMB-denominated ordinary shares	117,671,581
Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership)	108,609,055	RMB-denominated ordinary shares	108,609,055
Norges Bank – Own Funds	23,621,963	RMB-denominated ordinary shares	23,621,963
Perseverance Asset Management L.L.P. – Gaoyi Linshan. No. 1 Yuanwang Fund	23,000,000	RMB-denominated ordinary shares	23,000,000
Industrial Bank Co., Ltd. – Aegon-Industrial Trend Investment Hybrid Securities Investment Fund	22,512,013	RMB-denominated ordinary shares	22,512,013
Industrial Bank Co., Ltd. – Aegon-Industrial New Horizons Flexible Allocation Regular Open-end Hybrid Securities Investment Seed Fund	20,319,012	RMB-denominated ordinary shares	20,319,012
Bank of Communications Co., Ltd. – Wanjia Industry Preferred Hybrid Securities Investment Fund (LOF)	18,380,380	RMB-denominated ordinary shares	18,380,380
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.

IV. Change of controlling shareholder or actual controller

Change of controlling shareholder in the reporting period

☐ Applicable ☒ Not applicable

Controlling shareholder did not change during the reporting period.

Change of actual controller during the reporting period

☐ Applicable ☒ Not applicable

The actual controller did not change during the reporting period.

Chapter 7 Preferred Shares

☐ Applicable ☒ Not applicable

No such cases in the reporting period.

Chapter 8 Convertible Corporate Bonds

✓ Applicable ☐ Not applicable

I. Previous Adjustments of Stock Conversion Price

With the approval of the Zheng Jian Xu Ke [2019] No.1903 document of the China Securities Regulatory Commission, the Company publicly issued 58 million convertible corporate bonds on November 18, 2019, each with a face value of RMB100 amounting to RMB5.8 billion for a term of six years. With the approval of the Shen Zheng Shang [2019] No.786 document of the Shenzhen Stock Exchange, the RMB5.8 billion convertible corporate bonds of the Company were listed for trading on the Shenzhen Stock Exchange starting from December 9, 2019. The abbreviation of the bonds is “SF Convertible Bonds” and the code of the bonds is “128080”. According to relevant provisions of the Prospectus for the Public Issuance of Convertible Corporate Bonds by S.F. Holdings Co., Ltd., the initial stock conversion price of “SF Convertible Bonds” was RMB40.41 per share.

The Company implemented the 2019 annual dividend distribution plan on April 24, 2020. In accordance with the issuance clauses of the Prospectus for the Public Issuance of Convertible Corporate Bonds by S.F. Holdings Co., Ltd. and relevant provisions of the China Securities Regulatory Commission on the issuance of convertible bonds, the stock conversion price of “SF Convertible Bonds” was adjusted from the original price of RMB40.41 per share to RMB40.14 per share starting from April 24, 2020.

The Company held the 3rd meeting of the 5th session of the Board on March 23, 2020 and the 2019 annual general meeting on April 15, 2020 at which the “Resolution regarding the Repurchase and Cancellation of Certain Restricted Shares” was considered and approved. In view of the Company’s failure to meet the performance assessment requirements for the second lock-up period of its 2018 restricted stock incentive plan. According to the 2018 Restricted Stock Incentive Plan of S.F. Holding Co., Ltd. (Draft), the Administrative Measures for Implementation and Assessment of the 2018 Equity Incentive Plan and other related regulations, all restricted stocks that have been awarded but not yet been released from restriction during the second lock-up period held by 944 eligible participants shall not be released from restriction and shall be repurchased and cancelled by the Company. The Company’s board of directors agreed to the Company’s repurchase and cancellation of 2,182,222 restricted shares held by the above-mentioned persons, all of which have been awarded but not yet been released from restriction. The Company completed the repurchase and cancellation of the above restricted shares on June 19, 2020, and the stock conversion price of “SF Convertible Bonds” was adjusted from RMB40.14 per share to RMB 40.15 per share starting from June 19, 2020.

II. Share Conversions (Cumulative)

✓ Applicable ☐ Not applicable

Bond abbreviation	Start date of share conversion	Total issuance volume (unit)	Total issuance amount (RMB)	Cumulative share conversion amount (RMB)	Cumulative number of shares converted (share)	Number of shares converted as a percentage of the Company’s total number of shares outstanding before the start date of share conversion	Non-converted amount (RMB)	Non-converted amount as a percentage of total issuance amount
SF Convertible Bonds	May 22, 2020	58,000,000	5,800,000,000.00	1,455,121,300.00	36,244,799	0.82%	4,344,878,700.00	74.91%

III. Top 10 Holders of the Convertible Bond

SN	Name of convertible bond holders	Nature of convertible bond holder	The number of convertible bonds held at the end of the reporting period(number of units)	The amount of convertible bonds held at the end of the reporting period(RMB)	Percentage of convertible bonds held at the end of the reporting period
1	Bank of China Limited – Guangfa Juxin Debt Securities Investment Fund 中国银行股份有限公司—广发聚鑫债券型证券投资基金	Others	2,381,384	238,138,400.00	5.48%
2	Industrial and Commercial Bank of China Limited-Xingquan Convertible Bond Mixed Securities Investment Fund 中国工商银行股份有限公司—兴全可转债混合型证券投资基金	Others	2,377,428	237,742,800.00	5.47%
3	Industrial and Commercial Bank of China Limited – China Universal Convertible Bond Debt Securities Investment Fund 中国工商银行股份有限公司—汇添富可转换债券债券型证券投资基金	Others	1,600,829	160,082,900.00	3.68%
4	GuoYuan Securities Co.,Ltd 国元证券股份有限公司	State-owned legal person	980,000	98,000,000.00	2.26%
5	Guangfa Fund-China Merchants Bank-China Merchants Wealth Asset Management Co.,Ltd.广发基金—招商银行—招商财富资产管理有限公司	Others	821,419	82,141,900.00	1.89%
6	China Construction Bank Corporation Limited – Lombarda China New Blue Chip Flexible Allocation Hybrid Securities Investment Fund 中国建设银行股份有限公司—中欧新蓝筹灵活配置混合型证券投资基金	Others	735,690	73,569,000.00	1.69%
7	Basic Pension Fund 107 基本养老保险基金—零七组合	Others	654,387	65,438,700.00	1.51%
8	Industrial and Commercial Bank of China Limited-Eund Anxin Hubao Bond Securities Investment Fund 中国工商银行股份有限公司—易方达安心回报债券型证券投资基金	Others	650,000	65,000,000.00	1.50%
9	Ping An Fund –Ping An Life Insurance Company of China Ltd. – Dividends – Personal Insurance Dividends – Ping An Life – Ping An Fund Fixed Income Entrusted Investment No. 1 Single Asset Management Plan 平安基金—中国平安人寿保险股份有限公司—分红—一个险分红—平安人寿—平安基金固定收益委托投资 1 号单一资产管理计划	Others	640,797	64,079,700.00	1.47%
10	GF Fund – Industrial and Commercial Bank – GF Fund Mixed Equity-Debt Strategy No. 1 Asset Management Plan 广发基金—工商银行—广发基金股债混合策略 1 号资产管理计划	Others	638,609	63,860,900.00	1.47%

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

☐ Applicable ☒ Not applicable

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

1. The Key Financial Indicators

Items	End of the current reporting period	End of previous year (Restated)	Increase/Decrease over previous year end
Current Ratio	136.88%	138.46%	-1.58%
Asset-liability ratio	53.81%	54.08%	-0.27%
Quick ratio	134.61%	135.61%	-1.00%
Items	Current reporting period	The same period of previous year (Restated)	Increase/Decrease over the same period of previous year
Interest coverage ratio	10.22	9.84	3.86%
Loan repayment rate	100%	100%	0.00%
Interest Payment rate	100%	100%	0.00%

2. Credit rating of the convertible bond this year

On May 21, 2020, China Chengxin International Credit Rating Co., Ltd. issued the Tracking and Rating Report on the Public Issuance of Convertible Bonds by S.F. Holding Co., Ltd. (2020) (Xin Ping Wei Han Zi [2020] Tracking No.0299). The Company and debts relating to the Company during its existence were tracked and rated. The Company's corporate credit rating was maintained at AAA with a stable rating outlook, and the debt credit rating of "SF Convertible Bonds" was maintained at AAA. These ratings reflect that the Company's ability to repay debts is extremely strong, basically not affected by the adverse economic environment, and the risk of default is extremely low.

Chapter 9 Directors, Supervisors and Senior Managers

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

√Applicable ☐ Not applicable

Name	Title	Tenure status	Share 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)	Share held at the end of the period (share)	Restricted shares held at the beginning of the period (share)	Quantity of restricted shares increased during the reporting period (share)	Restricted shares held at the end of the period (share)
Liu Jilu	Supervisor	Current	87,474,628	15,000	15,494,580	71,995,048	-	-	-
Total	--	--	87,474,628	15,000	15,494,580	71,995,048	-	-	-

II. Changes of Directors, Supervisors, and Senior Managers

☐ Applicable ☒ Not applicable

The company's directors, supervisors and senior managers did not change during the reporting period. For details, please refer to the 2019 Annual Report.

Chapter 10 Corporate Bonds

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

No

Chapter 11 Financial Statements

[English Translation for Reference Only]

Review Report

PwC ZT Yue Zi (2020) No. 0073

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

We have reviewed the accompanying interim financial statements of S.F. Holding Co., Ltd. (hereinafter “S.F. Holding”), which comprise the consolidated and company balance sheets as at 30 June 2020, the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company cash flow statements for the six-month period then ended, and the notes to the interim financial statements. Management of S.F. Holding is responsible for the preparation of these interim financial statements in accordance with the requirements of Accounting Standards for Business Enterprises. Our responsibility is to issue a review report on these interim financial statements based on our review.

We conducted our review in accordance with *China Standards on Review Engagement No. 2101, “Review of Financial Statements”*. These standards require that we plan and perform the review to obtain limited assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared in accordance with Accounting Standards for Business Enterprises or do not present fairly, in all material respects, the consolidated and company’s financial position of S.F. Holding as at 30 June 2020, and their financial performance and cash flows for the period then ended.

PricewaterhouseCoopers Zhong Tian LLP

Signing CPA

Chen Anqiang

Shanghai, the People’s Republic of China
25 August 2020

Signing CPA

Liu Jingping

S.F. HOLDING CO., LTD.

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

ASSETS	Note	30 June 2020 Consolidated	31 December 2019 Consolidated
Current assets			
Cash at bank and on hand	4(1)	10,112,591,513.50	18,520,991,737.10
Placements with and loans to banks and other financial institutions	4(2)	-	200,728,611.11
Financial assets held for trading	4(3)	13,471,415,608.93	2,910,172,928.20
Notes receivable		99,520,283.19	43,004,793.59
Accounts receivable	4(4)	13,200,537,169.56	12,044,542,725.83
Advances to suppliers	4(5)	2,663,945,245.24	2,654,244,964.25
Factoring receivables	4(6)	2,510,731.87	52,697,167.86
Loans and advances	4(7)	47,040,678.64	81,742,106.20
Other receivables	4(8)	2,019,189,501.37	2,102,207,239.40
Inventories	4(9)	834,416,314.91	881,658,973.69
Contract assets	4(10)	359,294,568.02	--
Current portion of non-current assets	4(12)	136,696,803.40	105,344,257.09
Other current assets	4(11)	7,482,260,841.70	3,299,684,720.94
Total current assets		50,429,419,260.33	42,897,020,225.26
Non-current assets			
Long-term receivables	4(12)	532,081,662.87	465,733,312.28
Long-term equity investments	4(13)	2,226,434,362.47	2,221,512,673.14
Investments in other equity instruments	4(14)	5,059,004,416.40	4,933,692,937.19
Other non-current financial assets	4(15)	536,270,955.85	479,040,431.62
Investment properties	4(16)	2,119,742,157.85	2,019,525,900.61
Fixed assets	4(17)	19,645,792,982.24	18,903,827,062.42
Construction in progress	4(18)	3,573,345,371.79	3,116,490,618.26
Intangible assets	4(19)	10,164,552,265.54	10,008,036,356.04
Capitalised development expenditures	4(20)	607,607,203.18	582,627,977.20
Goodwill	4(21)	3,627,083,179.38	3,564,540,458.80
Long-term prepaid expenses	4(22)	1,544,666,351.35	1,714,173,133.47
Deferred tax assets	4(39)	1,004,974,716.39	1,066,079,111.56
Other non-current assets	4(23)	974,855,783.36	563,086,609.99
Total non-current assets		51,616,411,408.67	49,638,366,582.58
TOTAL ASSETS		102,045,830,669.00	92,535,386,807.84

S.F. HOLDING CO., LTD.

**CONSOLIDATED BALANCE SHEET (CONT'D)
AS AT 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

LIABILITIES AND EQUITY	Note	30 June 2020 Consolidated	31 December 2019 Consolidated
Current liabilities			
Short-term borrowings	4(25)	6,546,993,089.05	6,053,374,642.50
Deposits from customers		5,164,868.18	3,778,707.92
Notes payable		15,000,000.00	30,000,000.00
Accounts payable	4(26)	12,185,137,292.01	11,988,256,010.34
Advances from customers	4(27)	16,851,919.37	669,948,930.72
Contract liabilities	4(28)	1,117,387,097.90	--
Employee benefits payable	4(29)	3,698,291,918.49	3,281,062,510.03
Taxes payable	4(30)	1,424,548,788.04	1,139,144,005.66
Other payables	4(31)	5,434,784,386.15	4,707,159,830.62
Current portion of non-current liabilities	4(32)	2,350,398,255.88	2,091,892,291.74
Other current liabilities	4(33)	4,048,584,624.75	1,017,446,858.50
Total current liabilities		36,843,142,239.82	30,982,063,788.03
Non-current liabilities			
Long-term borrowings	4(34)	1,618,059,208.49	6,539,556,784.41
Debentures payable	4(35)	14,340,521,922.19	10,597,985,016.52
Long-term payables	4(36)	56,502,003.91	78,310,329.77
Long-term employee benefits payable	4(37)	210,706,387.33	204,466,446.73
Deferred income	4(38)	195,339,843.45	201,496,411.81
Deferred tax liabilities	4(39)	1,599,843,956.54	1,387,699,268.53
Provisions		48,853,639.06	50,197,780.66
Total non-current liabilities		18,069,826,960.97	19,059,712,038.43
Total liabilities		54,912,969,200.79	50,041,775,826.46
Equity			
Share capital	4(40)	4,448,373,496.00	4,414,585,265.00
Other equity instruments	4(41)	576,024,904.25	768,938,484.90
Capital reserve	4(42)	17,906,049,059.17	16,124,018,594.16
Less: Treasury stock	4(43)	(394,992,924.06)	(454,761,306.79)
Other comprehensive income	4(64)	1,149,198,107.09	1,002,715,607.38
General risk reserve		228,127,965.31	225,783,247.34
Surplus reserve	4(45)	601,241,237.54	601,241,237.54
Retained earnings	4(46)	22,340,359,742.76	19,737,192,610.27
Total equity attributable to shareholders of the Company		46,854,381,588.06	42,419,713,739.80
Minority interests	4(47)	278,479,880.15	73,897,241.58
Total equity		47,132,861,468.21	42,493,610,981.38
TOTAL LIABILITIES AND EQUITY		102,045,830,669.00	92,535,386,807.84

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

Legal representative: Principal in charge of accounting: Head of accounting department:

S.F. HOLDING CO., LTD.

**COMPANY BALANCE SHEET
AS AT 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

ASSETS	Note	30 June 2020 Company	31 December 2019 Company
Current assets			
Cash at bank and on hand	16(1)	141,183,142.71	967,647,842.56
Financial assets held for trading		3,008,609,136.97	2,416,892,164.39
Advances to suppliers		2,075,176.35	881,289.27
Other receivables	16(2)	2,939,202,474.46	3,364,547,392.85
Other current assets		93,820,004.65	606,990,464.38
Total current assets		<u>6,184,889,935.14</u>	<u>7,356,959,153.45</u>
Non-current assets			
Long-term receivables	16(3)	7,673,525,251.44	7,691,259,432.16
Long-term equity investments	16(4)	43,323,539,117.29	43,323,539,117.29
Intangible assets		1,938,358.98	1,687,542.87
Capitalised development expenditures		23,756.06	246,398.52
Long-term prepaid expenses		48,320.29	69,028.99
Total non-current assets		<u>50,999,074,804.06</u>	<u>51,016,801,519.83</u>
TOTAL ASSETS		<u>57,183,964,739.20</u>	<u>58,373,760,673.28</u>

S.F. HOLDING CO., LTD.

**COMPANY BALANCE SHEET (CONT'D)
AS AT 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

LIABILITIES AND EQUITY	Note	30 June 2020 Company	31 December 2019 Company
Current liabilities			
Employee benefits payable		680,000.00	380,000.00
Other payables		2,510,498.80	63,611,663.06
Current portion of non-current liabilities		5,356,699.78	1,366,575.34
Taxes payable		4,836,529.80	-
Total current liabilities		13,383,728.38	65,358,238.40
Non-current liabilities			
Debentures payable		3,840,687,390.43	5,031,969,368.14
Deferred tax liabilities		-	1,723,041.10
Total non-current liabilities		3,840,687,390.43	5,033,692,409.24
Total liabilities		3,854,071,118.81	5,099,050,647.64
Equity			
Share capital		4,448,373,496.00	4,414,585,265.00
Other equity instruments		576,024,904.25	768,938,484.90
Capital reserve		48,029,039,339.26	46,642,944,149.90
Less: Treasury stock		(394,992,924.06)	(454,761,306.79)
Surplus reserve		448,196,237.23	448,196,237.23
Retained earnings		223,252,567.71	1,454,807,195.40
Total equity		53,329,893,620.39	53,274,710,025.64
TOTAL LIABILITIES AND EQUITY		57,183,964,739.20	58,373,760,673.28

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

Legal representative: Principal in charge of accounting: Head of accounting department:

S.F. HOLDING CO., LTD.

**CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	For the six months ended 30 June			
		2020 Consolidated	2019 Consolidated (Restated) (Note 5(1))	2020 Company	2019 Company
1. Revenue	4(48)	71,129,007,738.21	50,074,704,033.85	-	-
Less: Cost of revenue	4(48)	(57,863,128,901.41)	(40,152,044,224.73)	-	-
Taxes and surcharges	4(49)	(181,851,687.80)	(121,115,264.44)	(152,793.39)	(30,951.27)
Selling and distribution expenses	4(50)	(1,056,658,701.93)	(884,558,139.21)	-	-
General and administrative expenses	4(51)	(5,861,443,162.73)	(4,844,842,279.57)	(3,945,277.40)	(4,484,483.37)
Research and development expenses	4(52)	(733,339,628.41)	(509,094,373.89)	(10,764.93)	-
Financial (costs)/income	4(53)	(472,967,469.92)	(331,613,346.38)	(92,238,167.70)	10,098,014.14
Including: Interest expenses		(568,057,438.29)	(432,953,909.77)	(100,954,908.22)	(1,373,547.25)
Interest income		78,055,138.82	140,657,963.28	8,727,879.35	11,482,407.08
Add: Other income	4(55)	645,710,052.98	164,346,392.59	24,401.99	-
Investment income	4(56)				
Including: Investment losses from associates and joint ventures	16(5)	223,418,158.46	386,073,900.85	44,903,960.29	1,929,291.51
Gains arising from changes in fair value	4(57)				
Credit impairment losses	4(58)	(18,458,687.72)	(50,985,409.53)	-	-
Asset impairment losses	4(59)	16,413,953.16	330,207,611.55	1,716,972.58	-
Losses on disposal of assets	4(60)	(459,541,101.91)	(148,865,353.45)	-	-
		(27,469,084.52)	(54,112,179.14)	-	-
	4(60)	(9,646,491.49)	(12,876,151.73)	-	-
2. Operating profit/(loss)		5,348,503,672.69	3,896,210,626.30	(49,701,668.56)	7,511,871.01
Add: Non-operating income	4(61)(a)	89,733,785.62	70,153,540.77	4,725,851.13	4,716,981.13
Less: Non-operating expenses	4(61)(b)	(99,473,652.09)	(41,761,260.71)	-	-
3. Total profit/(loss)		5,338,763,806.22	3,924,602,906.36	(44,975,817.43)	12,228,852.14
Less: Income tax (expenses)/credits	4(62)	(1,714,998,647.00)	(882,642,296.52)	1,723,041.10	(2,878,075.90)
4. Net profit/(loss)		3,623,765,159.22	3,041,960,609.84	(43,252,776.33)	9,350,776.24
Including: Net loss of the acquiree in a business combination involving enterprises under common control before the combination date		-	(1,303,632.26)	Not applicable	Not applicable
Classified by continuity of operations:					
Net profit/(loss) from continuing operations		3,623,765,159.22	3,041,960,609.84	(43,252,776.33)	9,350,776.24
Net profit from discontinued operations		-	-	-	-
Classified by ownership of the equity:					
Attributable to shareholders of the Company		3,761,593,296.43	3,099,808,006.37	Not applicable	Not applicable
Minority interests		(137,828,137.21)	(57,847,396.53)	Not applicable	Not applicable

S.F. HOLDING CO., LTD.

**CONSOLIDATED AND COMPANY INCOME STATEMENTS (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	For the six months ended 30 June			
		2020 Consolidated	2019 Consolidated (Restated) (Note 5(1))	2020 Company	2019 Company
5. Other comprehensive income, net of tax		146,353,697.64	(8,045,780.57)	-	-
Attributable to shareholders of the Company, net of tax		146,482,499.71	(8,131,829.98)	-	-
Other comprehensive income items which will not be reclassified subsequently to profit or loss		41,738,101.54	(21,354,283.70)	-	-
Gains or losses arising from changes in fair value of other equity instruments	4(64)	40,865,087.90	(21,354,283.70)	-	-
Other comprehensive income items which will not be transferred to profit or loss under the equity method	4(64)	873,013.64	-	-	-
Other comprehensive income items which will be reclassified subsequently to profit or loss		104,744,398.17	13,222,453.72	-	-
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss		-	(1,956,923.83)	-	-
Exchange differences on translation of foreign currency financial statements	4(64)	104,744,398.17	15,179,377.55	-	-
Attributable to minority interests, net of tax	4(64)	(128,802.07)	86,049.41	-	-
6. Total comprehensive income		3,770,118,856.86	3,033,914,829.27	(43,252,776.33)	9,350,776.24
Attributable to shareholders of the Company		3,908,075,796.14	3,091,676,176.39	Not applicable	Not applicable
Attributable to minority interests		(137,956,939.28)	(57,761,347.12)	Not applicable	Not applicable
7. Earnings per share					
Basic earnings per share (RMB Yuan)	4(63)	0.85	0.70	Not applicable	Not applicable
Diluted earnings per share (RMB Yuan)	4(63)	0.85	0.70	Not applicable	Not applicable

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

Legal representative: Principal in charge of accounting: Head of accounting department:

S.F. HOLDING CO., LTD.

**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	For the six months ended 30 June			
		2020 Consolidated	2019 Consolidated (Restated)	2020 Company	2019 Company
1. Cash flows from operating activities					
Cash received from sales of goods or rendering of services		72,947,979,643.63	53,506,206,887.19	-	-
Net decrease in loans to customers		-	316,421,622.83	-	-
Net decrease in balances with central bank		-	281,029,856.02	-	-
Net decrease in placements with and loans to banks and other financial institutions		200,000,000.00	-	-	-
Net increase in deposits from customers, banks and other financial institutions		1,379,123.94	-	-	-
Refund of taxes and levies		72,251,370.53	23,224,357.25	-	-
Cash received relating to other operating activities	4(65)(a)	36,120,935,884.94	25,628,536,386.72	16,784,720.65	18,173,510.83
Sub-total of operating cash inflows		<u>109,342,546,023.04</u>	<u>79,755,419,110.01</u>	<u>16,784,720.65</u>	<u>18,173,510.83</u>
Cash paid for goods and services		(46,139,569,576.39)	(32,221,148,364.10)	-	-
Net decrease in deposits from customers, banks and other financial institutions		-	(10,220,118.69)	-	-
Net increase in loans to customers		(50,761,631.37)	-	-	-
Net increase in balances with central bank		(9,705,168.79)	-	-	-
Cash paid to and on behalf of employees		(12,231,862,172.78)	(11,037,328,992.91)	(1,060,000.00)	(760,000.00)
Payments of taxes and levies		(2,492,140,114.50)	(1,562,754,409.01)	(1,303,436.03)	(8,754,992.46)
Cash paid relating to other operating activities	4(65)(b)	(41,486,795,039.11)	(30,103,153,608.74)	(4,859,502.53)	(4,927,726.60)
Sub-total of operating cash outflows		<u>(102,410,833,702.94)</u>	<u>(74,934,605,493.45)</u>	<u>(7,222,938.56)</u>	<u>(14,442,719.06)</u>
Net cash flows from operating activities	4(66)(a)	<u>6,931,712,320.10</u>	<u>4,820,813,616.56</u>	<u>9,561,782.09</u>	<u>3,730,791.77</u>
2. Cash flows used in investing activities					
Cash received from disposal of investments		14,054,523.72	144,554,498.39	-	-
Cash received from returns on investments		239,369,492.41	93,138,373.02	1,166,683,179.88	1,002,167,424.66
Cash received from disposal of fixed assets and other long-term assets		21,609,036.69	15,953,688.71	-	-
Net cash received from disposal of subsidiaries and other business units		30,000,000.00	201,048,485.80	-	-
Cash received relating to other investing activities	4(65)(d)	52,830,000,000.00	19,610,047,058.44	9,802,734,180.72	1,005,498,875.49
Sub-total of investing cash inflows		<u>53,135,033,052.82</u>	<u>20,064,742,104.36</u>	<u>10,969,417,360.60</u>	<u>2,007,666,300.15</u>
Cash paid to acquire fixed assets and other long-term assets		(3,973,822,904.91)	(3,298,503,586.46)	(76,698.78)	(2,053,459.01)
Cash paid to acquire investments		(99,952,404.12)	(781,352,136.83)	-	-
Net cash paid to acquire subsidiaries	4(65)(c)	-	(5,167,526,650.16)	-	-
Cash paid relating to other investing activities	4(65)(e)	(66,931,335,372.60)	(23,975,039,249.75)	(10,554,370,000.00)	(1,357,929,526.75)
Sub-total of investing cash outflows		<u>(71,005,110,681.63)</u>	<u>(33,222,421,623.20)</u>	<u>(10,554,446,698.78)</u>	<u>(1,359,982,985.76)</u>
Net cash flows (used in)/from investing activities		<u>(17,870,077,628.81)</u>	<u>(13,157,679,518.84)</u>	<u>414,970,661.82</u>	<u>647,683,314.39</u>

S.F. HOLDING CO., LTD.

**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	For the six months ended 30 June			
		2020 Consolidated	2019 Consolidated (Restated)	2020 Company	2019 Company
3. Cash flows from financing activities					
Cash received from capital contributions		628,689,248.52	30,299,062.00	-	-
Including: Cash received from capital contributions by minority interests of subsidiaries		628,689,248.52	30,299,062.00	-	-
Cash received from borrowings and issue of debentures		13,587,708,869.12	14,472,889,511.02	-	-
Sub-total of financing cash inflows		14,216,398,117.64	14,503,188,573.02	-	-
Cash repayments of borrowings		(10,113,537,717.41)	(7,734,415,458.62)	(200,000.00)	-
Cash payments for interest expenses and distribution of dividends or profits		(1,473,795,893.91)	(1,288,529,595.04)	(1,190,371,675.27)	(926,755,859.89)
Cash payments relating to other financing activities	4(65)(f)	(83,345,117.41)	(511,724,131.08)	(59,418,005.17)	(502,850,246.57)
Sub-total of financing cash outflows		(11,670,678,728.73)	(9,534,669,184.74)	(1,249,989,680.44)	(1,429,606,106.46)
Net cash flows from/(used in) financing activities		2,545,719,388.91	4,968,519,388.28	(1,249,989,680.44)	(1,429,606,106.46)
4. Effect of foreign exchange rate changes on cash and cash equivalents		18,922,139.93	(2,915,022.58)	86.68	(126.46)
5. Net decrease in cash and cash equivalents	4(66)(b)	(8,373,723,779.87)	(3,371,261,536.58)	(825,457,149.85)	(778,192,126.76)
Add: Cash and cash equivalents at the beginning of the period	4(66)(b)	17,764,448,498.26	15,299,271,593.99	966,640,292.56	1,136,148,582.11
6. Cash and cash equivalents at the end of the period	4(66)(c)	9,390,724,718.39	11,928,010,057.41	141,183,142.71	357,956,455.35

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

Legal representative: Principal in charge of accounting: Head of accounting department:

S.F. HOLDING CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

		Equity attributable to shareholders of the parent company									
	Note	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	General risk reserve	Special reserve	Surplus reserve	Retained earnings	Minority interests	Total equity
Balance at 1 January 2019		4,418,767,258.00	16,219,619,165.67	(200,928,467.28)	544,649,395.59	185,084,995.61	-	601,132,890.32	14,960,062,609.04	352,931,633.27	37,081,319,480.22
Movements for the six months ended 30 June 2019											
Total comprehensive income											
Net profit		-	-	-	-	-	-	-	3,099,808,006.37	(57,847,396.53)	3,041,960,609.84
Other comprehensive income		-	-	-	(8,131,829.98)	-	-	-	-	86,049.41	(8,045,780.57)
Total comprehensive income for the period		-	-	-	(8,131,829.98)	-	-	-	3,099,808,006.37	(57,761,347.12)	3,033,914,829.27
Capital contribution and withdrawal by shareholders											
Capital contribution by shareholders		-	16,277,032.73	-	-	-	-	-	-	14,022,029.27	30,299,062.00
Shares repurchased	4(43)	-	-	(394,996,314.03)	-	-	-	-	-	-	(394,996,314.03)
Changes in share-based payment restricted shares		(4,181,993.00)	(104,584,725.90)	141,160,053.20	-	-	-	-	-	-	32,393,334.30
Share-based payment included in equity	9(1)	-	14,581,133.08	-	-	-	-	-	-	1,016,579.73	15,597,712.81
Others		-	(11,159,460.36)	-	-	-	-	-	-	(24,284,337.83)	(35,443,798.19)
Transfer within equity											
Transfer from other comprehensive income to retained earnings		-	-	-	54,334,158.75	-	-	-	(54,334,158.75)	-	-
Profit distribution											
Distribution to shareholders	4(43) 4(46)	-	-	503,792.87	-	-	-	-	(924,735,176.17)	-	(924,231,383.30)
Other movements in capital reserve		-	842,393.75	-	-	-	-	-	-	-	842,393.75
Safety reserve											
Appropriation	4(44)	-	-	-	-	-	3,776,493.37	-	-	-	3,776,493.37
Utilisation	4(44)	-	-	-	-	-	(3,776,493.37)	-	-	-	(3,776,493.37)
Balance at 30 June 2019		4,414,585,265.00	16,135,575,538.97	(454,260,935.24)	590,851,724.36	185,084,995.61	-	601,132,890.32	17,080,801,280.49	285,924,557.32	38,839,695,316.83

S.F. HOLDING CO., LTD.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

Note	Equity attributable to shareholders of the parent company										Total equity
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	General risk reserve	Special reserve	Surplus reserve	Retained earnings	Minority interests	
Balance at 31 December 2019	4,414,585,265.00	768,938,484.90	16,124,018,594.16	(454,761,306.79)	1,002,715,607.38	225,783,247.34	-	601,241,237.54	19,737,192,610.27	73,897,241.58	42,493,610,981.38
Changes in accounting policies	-	-	-	-	-	-	-	-	32,220,405.39	-	32,220,405.39
Balance at 1 January 2020	<u>4,414,585,265.00</u>	<u>768,938,484.90</u>	<u>16,124,018,594.16</u>	<u>(454,761,306.79)</u>	<u>1,002,715,607.38</u>	<u>225,783,247.34</u>	<u>-</u>	<u>601,241,237.54</u>	<u>19,769,413,015.66</u>	<u>73,897,241.58</u>	<u>42,525,831,386.77</u>
Movements for the six months ended 30 June 2020											
Total comprehensive income	-	-	-	-	-	-	-	-	3,761,593,296.43	(137,828,137.21)	3,623,765,159.22
Net profit	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	146,482,499.71	-	-	-	-	(128,802.07)	146,353,697.64
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,482,499.71</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,761,593,296.43</u>	<u>(137,956,939.28)</u>	<u>3,770,118,856.86</u>
Capital contribution and withdrawal by shareholders											
Capital contribution by shareholders	-	-	461,825,148.38	-	-	-	-	-	-	166,864,100.14	628,689,248.52
Convertible corporate debentures transfer to share capital and capital reserve	4(35)(d)	36,244,799.00	(192,913,580.65)	1,443,407,004.09	-	-	-	-	-	-	1,286,738,222.44
Other equity instruments issued by subsidiaries	4(33)(b)	-	-	-	-	-	-	-	-	59,516,921.23	59,516,921.23
Changes in share-based payment restricted shares	4(43)	(2,456,568.00)	-	(57,311,814.73)	59,768,382.73	-	-	-	-	-	-
Share-based payment included in equity	9(1)	-	-	47,180,411.55	-	-	-	-	-	7,072,954.99	54,253,366.54
Others	-	-	(118,279,760.81)	-	-	-	-	-	-	109,085,601.49	(9,194,159.32)
Profit distribution											
Appropriation to general risk reserve	4(46)	-	-	-	-	2,344,717.97	-	-	(2,344,717.97)	-	-
Distribution to shareholders	4(46)	-	-	-	-	-	-	-	(1,188,301,851.36)	-	(1,188,301,851.36)
Other movements in capital reserve	-	-	5,209,476.53	-	-	-	-	-	-	-	5,209,476.53
Safety reserve											
Appropriation	4(44)	-	-	-	-	-	12,187,435.48	-	-	-	12,187,435.48
Utilisation	4(44)	-	-	-	-	-	(12,187,435.48)	-	-	-	(12,187,435.48)
Balance at 30 June 2020	<u>4,448,373,496.00</u>	<u>576,024,904.25</u>	<u>17,906,049,059.17</u>	<u>(394,992,924.06)</u>	<u>1,149,198,107.09</u>	<u>228,127,965.31</u>	<u>-</u>	<u>601,241,237.54</u>	<u>22,340,359,742.76</u>	<u>278,479,880.15</u>	<u>47,132,861,468.21</u>

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

S.F. HOLDING CO., LTD.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2020

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

	Note	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Surplus reserve	Retained earnings	Total equity
Balance at 1 January 2019		4,418,767,258.00	-	46,760,852,084.19	(200,928,467.28)	448,087,890.01	2,378,066,843.65	53,804,845,608.57
Movements for the six months ended 30 June 2019								
Total comprehensive income								
Net profit		-	-	-	-	-	9,350,776.24	9,350,776.24
Capital contribution and withdrawal by shareholders								
Shares repurchased		-	-	-	(394,996,314.03)	-	-	(394,996,314.03)
Changes in share-based restricted shares		(4,181,993.00)	-	(104,584,725.90)	141,160,053.20	-	-	32,393,334.30
Share-based payment included in equity		-	-	11,681,356.03	-	-	-	11,681,356.03
Profit distribution								
Distribution to shareholders		-	-	-	503,792.87	-	(924,735,176.17)	(924,231,383.30)
Balance at 30 June 2019		4,414,585,265.00	-	46,667,948,714.32	(454,260,935.24)	448,087,890.01	1,462,682,443.72	52,539,043,377.81
Balance at 1 January 2020		4,414,585,265.00	768,938,484.90	46,642,944,149.90	(454,761,306.79)	448,196,237.23	1,454,807,195.40	53,274,710,025.64
Movements for the six months ended 30 June 2020								
Total comprehensive income								
Net loss		-	-	-	-	-	(43,252,776.33)	(43,252,776.33)
Capital contribution and withdrawal by shareholders								
Capital contribution by holders of convertible corporate debentures	4(35)(d)	36,244,799.00	(192,913,580.65)	1,443,407,004.09	-	-	-	1,286,738,222.44
Changes in share-based restricted shares	4(43)	(2,456,568.00)	-	(57,311,814.73)	59,768,382.73	-	-	-
Profit distribution								
Distribution to shareholders	4(46)	-	-	-	-	-	(1,188,301,851.36)	(1,188,301,851.36)
Balance at 30 June 2020		4,448,373,496.00	576,024,904.25	48,029,039,339.26	(394,992,924.06)	448,196,237.23	223,252,567.71	53,329,893,620.39

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

Legal representative:

Principal in charge of accounting:

Head of accounting department:

S.F. HOLDING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

1 General information and historical development

S.F. Holding Co., Ltd. (formerly “Ma’anshan Dingtai Rare Earth and New Materials Co., Ltd.”, hereinafter “S.F. Holding” or “the Company”), formerly known as Ma’anshan Dingtai Science & Technology Co., Ltd., was established by 11 natural persons including Liu Jilu and the Labour Union of Ma’anshan Dingtai Metallic Products Co., Ltd. by cash contribution on 13 May 2003. Initiated by the original shareholders of the Company, the Company was formally changed as Ma’anshan Dingtai Rare Earth and New Materials Co., Ltd. with a registered capital of RMB 50 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 RMB 1.00 per share at Shenzhen Stock Exchange under the Regulatory Permission [2010] No. 41 as approved by the China Securities Regulatory Commission. The outstanding shares were listed for trading at Shenzhen Stock Exchange on 5 February 2010. After the shares were issued, the total share capital of the Company was changed to 77,830,780 shares.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

1 General information and historical development (Cont'd)

(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%, 1.35% and 0.07% of the equities in Shenzhen S.F. Taisen Holdings (Group) Co., Ltd. (formerly "S.F. Holding (Group) Co., Ltd.", "Taisen Holdings") respectively held by Shenzhen Mingde Holdings Development Co., Ltd. ("Mingde Holdings"), Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership) ("Shunda Fengrun"), Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership) ("Jiaqiang Shunfeng"), Shenzhen Zhaoguang Investment Co., Ltd. ("Zhaoguang Investment"), Suzhou Industrial Park Oriza Shunfeng Equity Investment Company (Limited Partnership) ("Oriza Shunfeng"), Suzhou Guyu Qiuchuang Equity Investment Partnership (Limited Partnership) ("Guyu Qiuchuang") and Ningbo Shunxin Fenghe Investment Management Partnership (Limited Partnership) ("Shunxin Fenghe"). For this transaction, the exchange-out assets were priced at RMB 796 million and the exchange-in assets were priced at RMB 43.30 billion. Pursuant to the second interim shareholders' meeting in 2016 dated 28 December 2016 ("restructuring date"), the Company approved and reelected a new Board of Directors, which indicated the completion of major assets swap transaction and the successful listing of Taisen Holding on Shenzhen Stock Exchange through back door listing.

(2) Issuing shares to purchase assets

In December 2016, the Company issued 3,950,185,873 ordinary shares (A shares) at par value of RMB 1.00 per share at an issuing price of RMB 10.76 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 (RMB 42,504,000,000). The difference between the value of shares and the share capital amounting to RMB 38,553,814,120.48 was recognised as capital reserve. The total share capital was changed to 4,183,678,213 shares. After the new shares were issued, Mingde Holding, Shunda Fengrun, Jiaqiang Shunfeng, Zhaoguang Investment, Oriza Shunfeng and other shareholders held 64.58%, 9.38%, 6.37%, 6.37%, 6.37% and 6.92% respectively of the equities in the Company. The China Securities Regulatory Commission approved the above assets restructuring plan of the Company on 12 December 2016. The share change above was verified by PricewaterhouseCoopers Zhong Tian LLP with a capital verification report of PwC ZT Yan Zi (2016) No. 1757 issued on 28 December 2016. The Company registered the additional 3.95 billion shares at China Securities Depository and the Clearing Corporation Limited Shenzhen Branch on 18 January 2017.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

1 General information and historical development (Cont'd)

(3) Raising matching fund

In July 2017, the Company issued 227,337,311 ordinary shares (A shares) at par value of RMB 1.00 per share to specific investors through non-public offering at RMB 35.19 per share. The total fund raised amounted to RMB 7,999,999,974.09. Net of underwriter and sponsor's fees and other transaction costs, the net fund raised amounted to RMB 7,822,179,636.78, including an increment of share capital of RMB 227,337,311.00 and an increment of capital reserve by RMB 7,604,681,212.80. The aforesaid fund was received on 31 July 2017 and verified by PricewaterhouseCoopers Zhong Tian LLP with a capital verification report of PwC ZT Yan Zi (2017) No. 745 issued.

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

Afterwards, the Company conducted several restricted shares incentive plans, share repurchase and transfer of convertible corporate debentures to share capital. The total share capital of the Company as at 30 June 2020 was changed to 4,448,373,496 shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

1 General information and historical development (Cont'd)

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

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

Mingde Holdings was the parent company and ultimate controlling company of the Company.

These financial statements were authorised for issue by the Board of Directors of the Company on 25 August 2020.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates

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

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

(1) Basis of preparation

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

The financial statements are prepared on a going concern basis.

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

The financial statements of the Company for the six months ended 30 June 2020 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and company financial position of the Company as at 30 June 2020 and their financial performance, cash flows and other information for the period then ended.

(3) Accounting year

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(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, USD, KRW, EUR, etc. as their recording currencies. The financial statements are presented in RMB.

(5) Business combinations

(a) Business combinations involving enterprises under common control

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

(b) Business combinations involving enterprises not under common control

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(8) Foreign currency translation

(a) Foreign currency transactions

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

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

(b) Translation of foreign currency financial statements

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

(9) Financial instruments

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

(a) Financial assets

(i) Classification and measurement

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

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

Debt instruments

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

Measured at amortised cost:

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

Measured at fair value through profit or loss:

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(i) Classification and measurement (Cont'd)

Equity instruments

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

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

(ii) Impairment

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

Giving consideration to reasonable and supportable information on past events, current conditions and forecasts of future economic conditions, as well as the default risk weight, the Group recognises the expected credit loss as the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to collect.

As at each balance sheet date, the expected credit losses of financial instruments at different stages are measured respectively. 12-month expected credit loss provision is recognised for financial instruments in Stage 1 that have not had a significant increase in credit risk since initial recognition; lifetime expected credit loss provision is recognised for financial instruments in Stage 2 that have had a significant increase in credit risk yet without credit impairment since initial recognition; and lifetime expected credit loss provision is recognised for financial instruments in Stage 3 that have had credit impairment since initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(ii) Impairment (Cont'd)

For the financial instruments with lower credit risk on the balance sheet date, the Group assumes there is no significant increase in credit risk since initial recognition and recognises the 12-month expected credit loss provision.

For the financial instruments in Stage 1, Stage 2 and with lower credit risk, the Group calculates the interest income by applying the effective interest rate to the gross carrying amount (before deduction of the impairment provision). For the financial instruments in Stage 3, the interest income is calculated by applying the effective interest rate to the amortised cost (after deduction of the impairment provision from the gross carrying amount).

For notes and accounts receivables and contract assets, the Group recognises the lifetime expected credit loss provision regardless of whether there exists a significant financing component.

In case the expected credit losses of an individually assessed financial asset cannot be evaluated with reasonable cost, the Group divides the receivables into certain groupings based on credit risk characteristics, and calculates the expected credit losses for the groupings. Basis for determined groupings and method for provision are as follows:

Bank acceptance notes	Group of bank notes with low credit risk
Accounts receivable, other receivables	Group of receivables from related parties
Accounts receivable, other receivables and contract assets	Group of receivables from non-related parties
Long-term receivables	Group of interest-free loans to employees

Based on the exposure at default and the lifetime expected credit loss rate, the Group calculates the expected credit losses of notes and accounts receivables and contract assets that are classified into groupings with consideration to historical credit losses experience, current conditions and forecasts of future economic conditions.

Based on the exposure at default and the 12-month/lifetime expected credit loss rate, the Group calculates the expected credit losses of other receivables, factoring receivables, loans and advances, and long-term receivables that are classified into groupings with consideration to historical credit losses experience, the current conditions and forecasts of future economic conditions.

The Group recognises the loss provision made or reversed into profit or loss for the current period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(iii) Derecognition

A financial asset is derecognised when any of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

When a financial asset is derecognised, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that are previously recognised directly in other comprehensive income is recognised in profit or loss for the current period, except for those as investments in other equity instruments, the difference aforementioned is recognised in retained earnings instead.

(b) Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost and financial liabilities at fair value through profit or loss at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortised cost, including convertible corporate debentures and other financial liabilities.

Convertible corporate debentures

Convertible corporate debentures comprise liability portion and equity portion. The liability portion is classified as liabilities, which reflects the obligation to pay fixed principal and interest, and its fair value is calculated by the market interest rate of similar debentures without embedded convertible option at initial recognition, and is subsequently measured at amortised cost using the effective interest method. The equity portion reflects the embedded option that converts liabilities into ordinary shares and is recognised as equity by the difference between the overall proceeds of issuance of convertible corporate debentures and the liability portion. Direct transaction costs are allocated based on the shares of the liability portion and the equity portion in issuance proceeds.

When convertible corporate debentures are converted into stock shares, the amount calculated by the number of shares converted and the par value per share is recognised as share capital, and the difference between the balance of relevant portion of convertible corporate debentures and the above share capital is recognised as share premium in capital reserve.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(9) Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

Other financial liabilities

Other financial liabilities measured at amortised cost mainly comprise notes and accounts payables, other payables, borrowings, other debentures payable except for convertible corporate debentures, etc. Such financial liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

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

(c) Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(10) Inventories

(a) Classification

Inventories comprise low-value consumables, raw materials in stock, finished goods, aviation consumables and properties under development, and are stated at the lower of cost and net realisable value.

(b) Valuation method for inventory issued

Raw materials in stock and finished goods are accounted for using the weighted average method upon issuance. Aviation consumables are accounted for using the specific-unit-cost method upon issuance. Properties under development comprise land costs relating to real estate development, construction costs, other direct and indirect development expenses, etc., and are transferred to completed properties held for sale at actual cost upon completion.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(11) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

A subsidiary is an investee over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. An associate is the investee over which the Group has significant influence by participating in the financial and operating policy decisions.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements, and investments in joint ventures and associates are accounted for using the equity method.

(a) Determination of investment cost

For long-term equity investments arising from business combination: for long-term equity investments arising from business combination involving enterprises under common control, the initial investment cost shall be the share of the carrying amount of equity of the acquiree in the consolidated financial statements of the ultimate controlling party as at the combination date; for long-term equity investments arising from business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investments acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(11) Long-term equity investments (Cont'd)

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(11) Long-term equity investments (Cont'd)

(d) Impairment of long-term equity investments

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

(12) Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group adopts the cost model for subsequent measurement of investment properties. Buildings and land use rights are depreciated or amortised to their estimated net residual values over their estimated useful lives. The estimated useful lives, the estimated net residual values that are expressed as a percentage of cost and the annual depreciation rates of investment properties are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation/ Amortisation rates
Buildings	10 to 50 years	5%	9.50% - 1.90%
Land use rights	20 to 50 years	0%	5.00% - 2.00%

The investment property's estimated useful life, net residual value and depreciation (amortisation) method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)
(13) Fixed assets
(a) Recognition and initial measurement of fixed assets

Fixed assets comprise buildings, motor vehicles, computers and electronic equipment, aircraft and aircraft engines, rotables and high-value aircraft maintenance tools, machinery and equipment, office equipment and other equipment.

Fixed assets are recognised when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. Fixed assets purchased or constructed are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss for the period in which they are incurred.

(b) Depreciation method for fixed assets

Except for replacement parts for overhaul of engine, fixed assets are depreciated using the straight-line method to allocate the recorded amount of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives and the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values	Annual depreciation rates
Buildings	10 to 50 years	5%	9.50% - 1.90%
Motor vehicles (excluding electromobiles)	2 to 5 years	0% - 5%	50.00% - 19.00%
Motor vehicles (electromobiles)	2 years	5%	47.50%
Machinery and equipment (excluding automatic sorting equipment imported from abroad)	2 to 10 years	0% - 5%	50.00% - 9.50%
Machinery and equipment (automatic sorting equipment imported from abroad)	15 years	5%	6.33%
Computers and electronic equipment	2 to 5 years	0% - 5%	50.00% - 19.00%
Aircraft and engine bodies	10 years	5%	9.50%
Replacement parts for overhaul of aircraft fuselage	1.5 to 12 years	0%	66.67% - 8.33%
Rotables	10 years	5%	9.50%
High-value aircraft maintenance tools	5 years	5%	19.00%
Office equipment and other equipment	2 to 10 years	0% - 5%	50.00% - 9.50%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(13) Fixed assets (Cont'd)

(b) Depreciation method for fixed assets (Cont'd)

Replacement parts for overhaul of engines are depreciated using the units-of-production method and taking the expected usable recurring number as the unit of production.

The estimated useful life/expected usable recurring number and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

(c) The carrying amounts of fixed assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

(d) Basis for identification of fixed assets held under finance leases and related measurement

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The leased asset is recognised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge (Note 2(28)(b)).

Fixed assets held under a finance lease is depreciated on a basis consistent with the depreciation policy adopted for fixed assets that are self-owned. When a leased asset can be reasonably determined that its ownership will be transferred at the end of the lease term, it is depreciated over its estimated useful life; otherwise, the leased asset is depreciated over the shorter period of the lease term and its estimated useful life.

(e) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefit is expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(14) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. The carrying amount of construction in progress is reduced to the recoverable amount when the recoverable amount is below its carrying amount (Note 2(19)).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(15) Borrowing costs

The Group's borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For the specific borrowings obtained for the acquisition or construction of an asset qualifying for capitalisation, the amount of borrowing costs eligible for capitalisation is determined by deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings during the capitalisation period.

For general borrowings utilised for the acquisition and construction of an asset qualifying for capitalisation, the capitalised amount of the general borrowings is determined by the weighted average of the excess of accumulated capital expenditure over capital expenditure of the special borrowings multiplied by the weighted average effective interest rate of the utilised general borrowings. The effective interest rate is the interest rate at which the future cash flows of the borrowings over the estimated life or a shorter applicable period are discounted into the initial recognised amount of the borrowings.

(16) Intangible assets

Intangible assets include software, land use rights, trademark rights, customer relationships, patents, etc.

(a) Software

Software is measured at actual cost and amortised on the straight-line basis over 2 to 10 years.

(b) Land use rights

Land use rights are amortised on the straight-line basis over 33 to 50 years.

(c) Trademark rights

Purchased trademark rights are measured at cost at the time of acquisition. Trademark rights recognised under business combinations involving enterprises not under common control are recorded at fair value. Trademark rights are amortised on the straight-line basis over 5 to 20 years.

(d) Customer relationships

Customer relationships refer to intangible assets recognised under business combinations involving enterprises not under common control. Customer relationships are recorded at fair value and amortised on the straight-line basis over the expected beneficial period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(16) Intangible assets (Cont'd)

(e) Patents

Patents are amortised on the straight-line basis over 5 to 10 years.

(f) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

(g) Impairment of intangible assets

The carrying amounts of intangible assets are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2(19)).

(17) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure on the research phase is recognised in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalised only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sales;
- management intends to complete the intangible asset, and use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(18) Long-term prepaid expenses

Long-term prepaid expenses include settling-in allowance and introduction fee for pilots, the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on a straight-line basis over the expected beneficial period (2 to 15 years) and are presented at actual expenditure net of accumulated amortisation.

(19) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets not ready for their intended use are tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying amount of goodwill is allocated to the related asset groups or sets of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a set of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or the set of asset groups, and then deducted from the carrying amounts of other assets within the asset group or the set of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(20) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs. The employee benefit liabilities are recognised in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Employee benefits which are non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefits plans into defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly included basic pension insurance and unemployment insurance, both of which belong to defined contribution plans.

Basic pension insurance

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the pensions are calculated according to local regulations for pension plan. When employees retire, the local labour and social security authority is obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(c) Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Group recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

The termination benefits expected to be settled within one year since the balance sheet date are classified as current liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(20) Employee benefits (Cont'd)

(d) Employee incentives

The Group provides incentive plans for on-the-job employees who comply with certain conditions, and makes payments based on the schedule. Provisions for employee incentives are initially measured at the best estimate necessary to settle the present obligation, and expensed as incurred. The Group integrates separation rate, time value of money and other factors into account at initial measurement. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is expensed as incurred. The carrying amount of provisions for employee incentives is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(21) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(21) Deferred tax assets and deferred tax liabilities (Cont'd)

Deferred tax assets are only recognised for deductible temporary differences, deductible tax losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible tax losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and deferred tax liabilities are offset when:

- the deferred tax assets and liabilities are related to the same tax payer within the Group and the same taxation authority; and,
- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(22) Provisions

Provisions are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as other current liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(23) Share-based payments

(a) Categories of share-based payments

A share-based payment is a transaction in which an enterprise grants equity instruments or assumes liabilities that are determined based on equity instruments, in exchange for services rendered by employees or another party. Equity instruments include the equity instruments that are linked to the enterprise, the parent company of the enterprise or another accounting entity within the same group. Share-based payments comprise equity-settled and cash-settled payments.

(b) Basis for determining the best estimate of exercisable equity instruments

At each balance sheet date in the vesting period, the Group would make best estimate in accordance with the newly acquired information such as changes in the number of employees entitled to equity instruments, and amend the number of exercisable equity instruments. On the exercisable date, the ultimate estimated number of exercisable equity instruments coincides with the actual number.

(c) Accounting treatment of implementation of share-based payments

(i) Equity-settled share-based payments

The equity-settled share-based payments 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 payments are not exercisable until the service in the vesting period is completed or specified performance conditions are met, then at each balance sheet date within the vesting period, the service obtained in the current period shall be included in relevant cost or expenses and in capital reserve at the fair value of the equity instruments at the grant date based on the best estimates of the quantity of exercisable equity instruments made by the Group, in accordance with latest changes in the number of exercisable employees and subsequent information.

(ii) Cash-settled share-based payments

The cash-settled share-based payments where the Group calculates and determines the cash payments 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 payments 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(24) Factoring

The factoring business of the Group mainly represents factoring with recourse. Factoring with recourse is a kind of financing activity where the customer transfers the creditor's rights of accounts receivable that meet relevant requirements and are accepted by the Group to the Group according to the purchase and sale contract and relevant agreements, so as to obtain short-term trade financing, and agrees to repurchase the financing business in full if the creditor's rights cannot be recovered in full. The Group's factoring business is accounted for with factoring receivables based on the amount paid for the creditor's rights of accounts receivable (Note 2(9)).

(25) Revenue recognition

The Group recognises revenue at the consideration that the Group is entitled to charge as expected when the Group has fulfilled the performance obligations in the contract, that is, the customer obtains control over relevant goods or services.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control over relevant goods or services.

In respect of a contract obligation that is to be fulfilled within a period, the Group should recognise the revenue based on the progress of the obligation fulfilment within the period, except that the progress of the obligation fulfilment fails to be reasonably determined; in respect of a contract obligation that is to be fulfilled at a point in time, the Group should recognise the revenue once the customer obtains the control over relevant goods.

(a) Rendering of services

Revenue from express delivery and supply chain includes revenue from inbound express delivery services including time-define express, economy express, revenue from outbound express delivery services, revenue from freight services, revenue from cold-chain transportation services, revenue from intra-city instant delivery; revenue from domestic and international transport services of aviation cargoes; revenue from express delivery agency services, revenue from rendering of warehousing service and revenue from providing solutions, etc. The Group's revenue from rendering of services also includes revenue from communication service, maintenance service, research and development and technical service.

For the revenue from express delivery and supply chain, the Group recognises revenue based on the progress of the service performed within period, which is determined based on proportion of costs incurred to date to the estimated total costs. As at the balance sheet date, the Group re-estimates the progress of the service performed to reflect the actual status of contract performance.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(25) Revenue recognition (Cont'd)

(a) Rendering of services (Cont'd)

When the Group recognises revenue based on the progress of the service performed, the amount with unconditional right to consideration obtained by the Group is recognised as accounts receivable, and the rest is recognised as contract assets. Meanwhile, provision for accounts receivable and contract assets is recognised on the basis of expected credit losses (Note 2(9)). If the contract consideration received or receivable exceeds the progress of the service performed, the excess portion will be recognised as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include costs to fulfill a contract and costs to obtain a contract. Costs incurred for provision of the aforesaid services are recognised as costs to fulfill a contract, which is carried forward to the cost of revenue when revenue recognised based on the progress of the service performed when recognising revenue. Incremental costs incurred by the Group for the acquisition of the aforesaid service contract are recognised as the costs to obtain a contract. For the costs to obtain a contract with the amortisation period within one year, the costs are charged to profit or loss when incurred. For the costs to obtain a contract with the amortisation period beyond one year, the costs are charged in the current profit or loss on the same basis as aforesaid revenue of rendering of services recognised under the relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses. As at the balance sheet date, based on whether the amortisation period of the costs to fulfill a contract is more than one year when initially recognised, the amount of the Group's costs to fulfill a contract net of related provision for asset impairment is presented as inventories or other non-current assets. For costs to obtain a contract with amortisation period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

With regard to certain research and development services, the Group recognises revenue at a point in time when the services are delivered to customers.

(b) Sales of goods

Revenue from sales of goods is recognised when the Group has delivered goods to the agreed delivery location pursuant to the contract and the customer has confirmed the acceptance of the goods, and the delivery note is signed by both parties.

The credit terms granted to customers by the Group are generally short, in line with industry practice, and do not have a significant financing component.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(26) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy, etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to the government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are recorded as deferred income and recognised in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognised in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognised in profit or loss, or deducted against related costs, expenses or losses directly in current period. The Group applies the presentation method consistently to the similar government grants in the financial statements.

Government grants related to daily corporate activities are included in operating profit. Government grants not related to daily corporate activities are included in non-operating income or expenses.

Policy-based loans with prime rate to the Group are recorded at actual amount of borrowing received, and related borrowing costs are calculated with borrowing principal and policy-based prime rate. Financial discounts directly received by the Group are deducted against related borrowing costs.

(27) Dividend distribution

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(28) Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

(a) Operating leases

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

Lease income under an operating lease is recognised on a straight-line basis over the period of the lease.

(b) Finance leases (as the 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(29) Segment information

The Group identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

(30) Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and key assumptions

(i) Measurement of expected credit losses

For financial assets and contract assets at amortised cost, the Group calculates expected credit losses based on exposure at default and expected credit loss rates. When determining expected credit loss rates, the Group refers to internal historical information, such as credit losses, makes adjustment according to current situation and forward-looking information, and the management takes the customer's credit status, credit history, operating status as well as collaterals and the guarantee ability of the guarantor into consideration. The Group monitors and reviews relevant assumptions about expected credit losses regularly. Where there is a difference between the actual bad debts and the original estimate, such difference will affect the Group's provision for bad debts of the above assets in the future period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(30) Critical accounting estimates and judgements (Cont'd)

(a) Critical accounting estimates and key assumptions (Cont'd)

(ii) Risk of impairment on long-term assets other than goodwill

As described in Note 2(19), fixed assets with impairment indication, construction in progress, intangible assets, investment properties measured using cost model, long-term equity investments and other long-term assets are tested for impairment annually at the end of each year.

When assessing whether the above assets are impaired, management mainly evaluates and analyses: (1) whether events affecting asset impairment occurred; (2) whether the present value of expected cash flows arising from the continuing use or disposal of the asset is lower than its carrying amount; and (3) whether the significant assumptions used in the calculation of the present value of the estimated cash flows are appropriate.

Relevant assumptions adopted by the Group to determine impairment, e.g. changes in assumptions on discount rate and growth rate used to calculate the present value of future cash flows, may have material impact on the present value used in the impairment test, and cause impairment in the above-mentioned long-term assets of the Group.

(iii) Provision for impairment of goodwill

The Group performed impairment assessment of goodwill at each balance sheet date. The recoverable amounts of asset groups and sets of asset groups that include goodwill have been determined by the higher of the fair value less costs of disposal and the present value of the future cash flows expected to be derived from the assets. These calculations require estimations and judgements. When the estimated recoverable amount is marginal, goodwill might suffer impairment. The details of the key assumptions applied by the management please refer to Note 4(21).

(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 direct comparison method and income method, including reference to the prices used in recent orderly transactions between market participants, reference to the current fair value of other financial instruments that are substantially identical, discounted cash flow analysis, option pricing models, etc. Observable market information is applied in valuation techniques to the extent possible. When observable market information is not available, the management will make estimate of significant unobservable information included in the valuation method. Different valuation techniques or inputs may lead to significant differences between fair value estimates.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(30) Critical accounting estimates and judgements (Cont'd)

(a) Critical accounting estimates and key assumptions (Cont'd)

(v) Recognition of deferred tax assets

Deferred tax assets are recognised for the deductible tax losses and deductible temporary differences that can be carried forward to subsequent years to the extent that it is probable that taxable profit in the future will be available against which the deductible tax losses and deductible temporary differences can be utilised. Whether to recognise the deferred tax assets arising from deductible tax losses and deductible temporary differences largely depends on the judgement of management on: (i) whether the accumulated deductible tax losses and deductible temporary differences in prior years are still effective, and (ii) whether sufficient taxable income that can be used to deduct deductible tax losses and deductible temporary differences can be obtained in the future period. Where there is a difference between the situation and the original estimate, such difference will affect the Group's deferred tax assets and income tax expenses in the future period.

(b) Critical judgements in applying the accounting policies

(i) Judgement on significant influence of the Group over investees

The investees over which the Group has significant influence are accounted for under the equity method. In judging the significant influence over an investee, management considers based on one or more of the following circumstances and all facts and circumstances: (1) the shareholding in the investee; (2) whether it appoints representative in the Board of Directors or a similar authority of the investee; (3) whether it participates in making decisions on financial and operating policies of the investee; (4) whether it has significant transaction with the investee; (5) whether it assigns management personnel to the investee; (6) whether it provides key technical materials to the investee, and all facts and circumstances are considered.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)

(30) Critical accounting estimates and judgements (Cont'd)

(b) Critical judgements in applying the accounting policies (Cont'd)

(ii) Determination of the scope of consolidation

As stated in Note 2(6), the Group use consolidates a subsidiary from the date of obtaining actual control, and excludes it out of the scope of consolidation from the date of losing the actual control. Control existed when the Group has all three of the following elements: (1) the investor possesses power over the investee; (2) has exposure to variable returns from its involvement with the investee's related activities; and (3) the ability to use the power over the investee to affect the returns.

When assessing whether it has powers over the asset-backed special scheme ("Special Scheme") entity, the Group mainly considers the following aspects: (1) related activities of the Special Scheme and ways to make decisions on such activities; (2) the scope of decision-making authority of the Group, including the proportion of the equity-grade securities it held, the right to carry out daily operation management of the logistics industrial parks under entrustment and certain other rights entitled to and other obligations undertaken by the Group to the Special Scheme; and (3) other parties' substantive rights.

When assessing the entitlements to variable returns in virtue of participation in related activities of the Special Scheme, the Group mainly considers the return level for the Group and the risks borne by the Group, including return on its investment in equity-grade securities and compensation and commitment for property operation management service provided.

Where variations in relevant facts and circumstances cause a change of these factors, a reassessment will be made.

(31) Changes in significant accounting policies

In 2017, the Ministry of Finance released the revised *CAS 14 - Revenue* ("new revenue standard"). The Group first applied the new revenue standard on 1 January 2020, and the financial statements for the period ended 30 June 2020 are prepared in accordance with the new revenue standard. Impacts of implementation of new revenue standard on the Group and the Company's financial statements are as follows:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Summary of significant accounting policies and accounting estimates (Cont'd)
(31) Changes in significant accounting policies (Cont'd)

In accordance with relevant provisions of the new revenue standard, the Group and the Company recognised the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings and other relevant line items in the financial statements at the beginning of 2020. The comparatives for the year ended 31 December 2019 were not restated.

The contents and reasons of the changes in accounting policies	The line items affected	The amounts affected 1 January 2020	
		Consolidated	Company
Due to the implementation of the new revenue standard, the Group changed the revenue recognition of rendering of services from at a point in time to over time based on the progress of the service performed, and recognised contract assets and accounts payable, with an adjustment to the opening balance of retained earnings accordingly.	Contract assets	281,523,856.59	-
	Accounts payable	238,563,316.07	-
	Taxes payable	10,740,135.13	-
	Retained earnings	32,220,405.39	-
Due to the implementation of the new revenue standard, the Group reclassified the advances from customers relevant to service provision to contract liabilities.	Contract liabilities	647,619,339.93	-
	Advances from customers	(647,619,339.93)	-

Compared with the original revenue standard, the impact of the implementation of the new revenue standard on related items of the financial statement for the six months ended 30 June 2020 is as follows:

Balance sheet items affected	The amounts affected 30 June 2020	
	Consolidated	Company
Contract assets	359,294,568.02	-
Accounts payable	301,052,082.71	-
Contract liabilities	1,117,387,097.90	-
Advances from customers	(1,117,387,097.90)	-
Taxes payable	14,560,621.33	-
Retained earnings	43,681,863.98	-
Income statement items affected	The amounts affected For the six months ended 30 June 2020	
	Consolidated	Company
Revenue	77,770,711.43	-
Cost of revenue	(62,488,766.64)	-
Income tax expenses	(3,820,486.20)	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

3 Taxation

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax rate	Tax base
Enterprise income tax	Note (1)	Taxable income
Value-added tax ("VAT")	Note (2)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount/taxable service income multiplied by the applicable tax rate less deductible VAT input of the current period or taxable turnover amount multiplied by the VAT rate)
City maintenance and construction tax	7%, 5%, 1%	Amount of VAT paid
Educational surcharge	3%	Amount of VAT paid
Local educational surcharge	2%	Amount of VAT paid
Customs duty	At applicable tax rate	Customs dutiable value through examination and approval of the Customs

In addition, pursuant to the *Interim Measures for the Collection, Use and Management of the Civil Aviation Development Fund* (Cai Zong [2012] No. 17) issued by the Ministry of Finance, SF Airlines Company Limited ("SF Airlines") pays the civil aviation development fund based on classification of flight routes, maximum take-off weight, flight mileage and applicable collection standards, and includes such payment in cost.

Pursuant to the *Announcement on the Exemption of Certain Administrative Fees and Government-managed Funds During the Prevention and Control of the Outbreak of Novel Coronavirus Pneumonia (COVID-19)* (Announcement [2020] No. 11) jointly issued by the Ministry of Finance and the National Development and Reform Commission on 6 February 2020, and the *Announcement on the Implementation Period of the Tax and Fee Policies Supporting the Prevention and Control of the COVID-19 Outbreak, the Guarantee of Supply during the COVID-19 Outbreak and Other Matters* (Announcement [2020] No. 28) jointly issued by the Ministry of Finance and the State Administration of Taxation on 15 May 2020, the Group shall be exempted from the above civil aviation development funds from 1 January 2020 to 31 December 2020.

(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 RMB 5,000,000 from 1 January 2018 to 31 December 2020 can be deducted against taxable on a straight-line basis over income in the following month after the assets are put into use, instead of being deducted annually in its useful life.

Besides, the preferential enterprise income tax policies to which the Group is entitled mainly include:

- (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 Group's subsidiaries as below are subject to enterprise income tax at the preferential rate of 15% from 2014 to 2020.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

3 Taxation (Cont'd)

(1) Enterprise income tax (Cont'd)

(a) (Cont'd)

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. Information Service 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, and the *Announcement on Continuing the Enterprise Income Tax Policies for the Development of Western China* (Announcement [2020] No. 23) jointly issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on 23 April 2020, the Group's subsidiaries as below are subject to enterprise income tax at the preferential rate of 15% until the end of 2030:

Name of subsidiary	Local statutory tax rate	Preferential tax rate
Xi'an Shunlu Logistics Co., Ltd.	25%	15%
Chengdu Taishun Logistics Co., Ltd.	25%	15%
Chongqing Huiyifeng Logistics Co., Ltd.	25%	15%
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%
Ganzhou 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%
Yunnan Shunhe Freight Co., Ltd.	25%	15%
Qinghai S.F. Juyi Supply Chain Management Co., Ltd.	25%	15%
Gansu Shunhefeng Freight Co., Ltd.	25%	15%
Sichuan Wu Lian Yi Da Technology Co., Ltd.	25%	15%

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

3 Taxation (Cont'd)

(1) Enterprise income tax (Cont'd)

- (c) Pursuant to the *Notice on Tax Policy Issues Concerning Further Implementing the Western China Development Strategy* (Cai Shui [2011] No. 58) jointly issued by the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation, and the *Announcement on Continuing the Enterprise Income Tax Policies for the Development of Western China* (Announcement [2020] No. 23) jointly issued by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on 23 April 2020, the Group'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 2011 to 31 December 2030. 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 Group's subsidiaries, which are registered in Tibet Autonomous Region 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%

S.F. HOLDING CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

3 Taxation (Cont'd)**(1) Enterprise income tax (Cont'd)**

- (d) In accordance with Article 2 of the *Notice on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises* (Cai Shui [2019] No. 13) jointly issued by the Ministry of Finance and the State Administration of Taxation, the portion of annual taxable income of the Company's subsidiaries not exceeding RMB 1 million is recognised at 25%; the portion of annual taxable income of the Group's subsidiaries exceeding RMB 1 million but not exceeding RMB 3 million is recognised at 50%, and they are subject to enterprise income tax at the rate of 20%:

Name of subsidiary	Local statutory tax rate	Preferential tax rate
Ningbo Shuncheng Logistics Co., Ltd.	25%	20%
Guizhou Shunlu Logistics Co., Ltd.	25%	20%
Ezhou Shunlu Logistics Co., Ltd.	25%	20%
Zhengzhou Shuncheng Logistics Co., Ltd.	25%	20%
Hangzhou S.F. E-commerce Co., Ltd.	25%	20%
Hangzhou Shunyifeng Import & Export Trading Co., Ltd.	25%	20%
Shenzhen S.F. Research Institution Co., Ltd.	25%	20%
Shanghai Chengbai Technology Co., Ltd.	25%	20%
Shenyang Fengtai E-Commerce Industrial Park Management Co., Ltd.	25%	20%
Xuzhou Fengtai Industrial Park Management Co., Ltd.	25%	20%
Ezhou Fengtai Qisheng Logistics Development Co., Ltd.	25%	20%
Ezhou Fengyutai Helin Logistics Development Co., Ltd.	25%	20%
Ganzhou Fengtai Industrial Park Management Co., Ltd.	25%	20%
Yangzhou Fengyutai Enterprise Management Co., Ltd.	25%	20%
Shanghai Fengtai Yuanxing Property Management Service Co., Ltd.	25%	20%
Shenzhen Fengtai E-Commerce Industrial Park Property Service Co., Ltd.	25%	20%
Taizhou Fengtai E-Commerce Industrial Park Operation and Management Co., Ltd.	25%	20%
Taixing Fengtai Industrial Park Operation and Management Co., Ltd.	25%	20%
Wuxi Jietai Enterprise Management Co., Ltd.	25%	20%
Huai'an Fengtai Enterprise Management Co., Ltd.	25%	20%
Quanzhou Fengyutai Enterprise Management Co., Ltd.	25%	20%
Hefei Jietai Enterprise Management Co., Ltd.	25%	20%
Beijing Fengyutai Operations and Management Co., Ltd.	25%	20%
Shenzhen Shunfeng Runtai Management Consulting Co., Ltd.	25%	20%
Guangxi Shunnongfengwei Technology Co., Ltd.	25%	20%
Rongyilian Technology (Shenzhen) Co., Ltd.	25%	20%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

(English translation for reference only)

3 Taxation (Cont'd)

(1) Enterprise income tax (Cont'd)

- (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 Group's subsidiary below is 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 Group'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 are subject to a tax rate of 15% in the reporting period.

Name of subsidiary	Local statutory tax rate	Preferential tax rate
S.F. Hengtong Pay Co., Ltd.	25%	15%
Beijing S.F. Intra-city Technology Co., Ltd.	25%	15%

- (g) Pursuant to the *Notice on the Policies of Income Tax Preferences for Enterprises in Hainan Free Trade Port* (Cai Shui [2020] No. 31) jointly issued by the Ministry of Finance and the State Administration of Taxation, the Group's subsidiaries, which are registered in Hainan Free Trade Port, are subject to enterprise income tax at the preferential rate of 15% from 1 January 2020 to 31 December 2024.

Name of subsidiary	Local statutory tax rate	Preferential tax rate
Hainan SF. Express Co., Ltd.	25%	15%
Hainan SF Freight Co., Ltd.	25%	15%

In addition, the Group's subsidiaries located in Hong Kong, Singapore, Japan, Korea and USA are subject to enterprise income tax at the rates of 16.5%, 17%, 23.2%, 22% and 21% respectively in the reporting period.

In addition to the above subsidiaries, the Company and the Group's other major subsidiaries are subject to enterprise income tax at the rate of 25%.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

3 Taxation (Cont'd)

(2) VAT

According to different businesses, VAT rates applicable to the Group include:

Business type	Applicable VAT rates
Sales of goods and leasing (i)	16% (before 1 April 2019), 13% (since 1 April 2019)
Transportation service (i) (ii) (iii)	10% (before 1 April 2019), 9% (since 1 April 2019)
Logistics supporting service (ii) (iii) (iv)	6% 3% (applicable to small-scale taxpayers before 1 March 2020) 1% (applicable to small-scale taxpayers excluding those of Hubei Province from 1 March to 31 December 2020), 0% (applicable to small-scale taxpayers of Hubei Province from 1 March to 31 December 2020)
Research and development and technical service	6%
Information technology service	6%
Property leases (i)	10% (before 1 April 2019), 9% (since 1 April 2019)

- (i) Pursuant to the *Announcement on Policies for Deepening the Value-Added Tax Reform* (Cai Shui [2019] No. 39), the VAT taxable sales or goods import, which were subject to the tax rates of 16% and 10%, are subject to 13% and 9% respectively upon adjustment. The aforesaid circular has been effective since 1 April 2019.
- (ii) Pursuant to the *Announcement on Policies for Deepening the Value-Added Tax Reform* (Cai Shui [2019] No. 39) and the *Announcement on Clarifying the Additional Value-Added Tax Credit Policy for the Life Service Industry* (Cai Shui [2019] No. 87), from 1 April 2019 to 31 December 2021, taxpayers whose sales amount from providing postal service, telecommunication service, modern service and life services accounts for more than 50% of the total sales amount are allowed to credit the amount of input tax deductible in the current period plus 10% thereof against the amount of taxes payable; from 1 October 2019 to 31 December 2021, taxpayers whose sales amount from providing life services accounts for more than 50% of the total sales amount are allowed to credit the amount of input tax deductible in the current period plus 15% thereof against the amount of taxes payable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

3 Taxation (Cont'd)

(2) VAT (Cont'd)

- (iii) In accordance with the *Announcement on Relevant Tax Policies Supporting the Prevention and Control of the Outbreak of Novel Coronavirus Pneumonia (COVID-19)* (Announcement [2020] No. 8) and the *Announcement on the Implementation Period of the Tax and Fee Policies Supporting the Prevention and Control of the COVID-19 Outbreak, the Guarantee of Supply during the COVID-19 Outbreak and Other Matters* (Announcement [2020] No. 28) jointly issued by the Ministry of Finance and the State Administration of Taxation on 6 February 2020 and 15 May 2020 respectively, from 1 January 2020 to 31 December 2020, taxpayers' revenue from transportation of key supporting materials for epidemic prevention and control, provision of public transportation services, living services as well as the express delivery service of essential living materials for residents will be exempted from VAT, city maintenance and construction tax, educational surcharge and local educational surcharge.
- (iv) Pursuant to the *Announcement on the Value-Added Tax Policies on Supporting the Resumption of Work and Business of Individual Industrial and Commercial Households* (Announcement [2020] No. 13) and the *Announcement on Extending the Applicable Period of the Policies for Reduction and Exemption of Value-added Tax on Small-scale Taxpayers* (Announcement [2020] No. 24) jointly issued by the Ministry of Finance and the State Administration of Taxation on 28 February 2020 and 30 April 2020 respectively, from 1 March to 31 December 2020, taxable sales revenue of small-scale taxpayers of Hubei Province subject to VAT at the rate of 3% before shall be exempted from VAT; while the prepaid VAT items subject to the prepaid collection rate of 3% before shall be suspended for the prepayment of VAT. Taxable sales revenue of small-scale taxpayers in other provinces, autonomous regions and municipalities directly under the central government excluding Hubei Province subject to VAT at the rate of 3% before shall be subject to VAT at the preferential rate of 1%; while the prepaid VAT items in such regions subject to the prepaid collection rate of 3% before shall be subject to prepaid VAT at the preferential rate of 1%.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	30 June 2020	31 December 2019
Cash on hand	195,351.88	188,281.28
Cash at bank	9,278,930,595.74	17,654,474,529.50
Balances with central bank from Group Finance Company	800,916,995.28	792,594,922.81
Including: Balances with central bank - statutory reserve (a)	794,717,467.25	785,012,298.46
Balances with central bank - excess reserve (b)	6,199,528.03	7,582,624.35
Other cash balances (c)	29,886,738.69	51,599,389.56
Accrued interest	2,661,831.91	22,134,613.95
	<u>10,112,591,513.50</u>	<u>18,520,991,737.10</u>
Including: Total overseas deposits	<u>1,011,560,856.66</u>	<u>967,339,663.84</u>

- (a) On 18 September 2016, the Group incorporated S.F. Holding Group Finance Co., Ltd. ("Group Finance Company"). Statutory reserve of Group Finance Company deposited with the central bank represents required statutory reserve paid by financial enterprises in the People's Bank of China ("PBOC") at 6% of deposits from customers denominated in RMB. Statutory reserve deposits are not available for use by the Group in its day to day operations, which are restricted cash.
- (b) 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.
- (c) As at 31 December 2019, RMB 30,000,000.00 of the other cash balances represented guarantees for bank acceptance notes and was restricted. As at 30 June 2020, such guarantees were overdue.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(2) Placements with and loans to banks and other financial institutions

As at 31 December 2019, placements with and loans to banks and other financial institutions came from the Group Finance Company, a subsidiary of the Group.

	30 June 2020	31 December 2019
Placements with domestic banks	-	200,000,000.00
Accrued interest	-	728,611.11
Less: Provision for impairment loss	-	-
	<u>-</u>	<u>200,728,611.11</u>

(3) Financial assets held for trading

	30 June 2020	31 December 2019
Structural deposits	13,471,241,285.61	2,909,852,581.06
Others	174,323.32	320,347.14
	<u>13,471,415,608.93</u>	<u>2,910,172,928.20</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(4) Accounts receivable

	30 June 2020	31 December 2019
Accounts receivable	13,485,447,903.35	12,170,272,296.49
Less: Provision for bad debts	(284,910,733.79)	(125,729,570.66)
	<u>13,200,537,169.56</u>	<u>12,044,542,725.83</u>

The Group adopts regular settlement method for express & logistics comprehensive services provided to some customers. At each month-end, the outstanding part becomes accounts receivable.

(a) The ageing of accounts receivable was analysed as follows:

	30 June 2020	31 December 2019
Within 1 year (inclusive)	13,268,467,538.86	12,064,412,162.95
1 to 2 years (inclusive)	177,245,253.44	82,722,342.92
Over 2 years	39,735,111.05	23,137,790.62
	<u>13,485,447,903.35</u>	<u>12,170,272,296.49</u>

(b) As at 30 June 2020, the five largest accounts receivable aggregated by debtor were summarised and analysed as follows:

	30 June 2020		
	Amount	Amount of provision for bad debts	% of total balance
Sum of the five largest accounts receivable	<u>1,840,215,354.31</u>	<u>(9,201,076.77)</u>	<u>13.65%</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(4) Accounts receivable (Cont'd)

(c) Provision for bad debts

For accounts receivable, the Group recognises the lifetime expected credit loss provision regardless of whether there exists a significant financing component.

As at 30 June 2020, accounts receivable for which the related provision for bad debts was provided on the individual basis were analysed as follows:

	Ending balance	Lifetime expected credit loss rate	Provision for bad debts	Reason
Receivables from related parties	-	-	-	
Receivables from non-related parties				The debtor encountered financial difficulties, etc.
	<u>210,610,017.79</u>	100.00%	<u>(210,610,017.79)</u>	
	<u>210,610,017.79</u>		<u>(210,610,017.79)</u>	

As at 31 December 2019, accounts receivable for which the related provision for bad debts was provided on the individual basis were analysed as follows:

	Ending balance	Lifetime expected credit loss rate	Provision for bad debts	Reason
Receivables from related parties	-	-	-	
Receivables from non-related parties				The debtor encountered financial difficulties, etc.
	<u>56,740,345.11</u>	100.00%	<u>(56,740,345.11)</u>	
	<u>56,740,345.11</u>		<u>(56,740,345.11)</u>	

As at 30 June 2020, accounts receivable for which the related provision for bad debts was provided on the grouping basis were analysed as follows:

	30 June 2020		
	Ending balance	Provision for bad debts	
	Amount	Lifetime expected credit loss rate	Amount
Related party grouping	228,431,192.41	-	-
Non-related party grouping	13,046,406,693.15	0.57%	(74,300,716.00)
	<u>13,274,837,885.56</u>		<u>(74,300,716.00)</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(4) Accounts receivable (Cont'd)

(c) Provision for bad debts (Cont'd)

As at 31 December 2019, accounts receivable for which the related provision for bad debts was provided on the grouping basis were analysed as follows:

	31 December 2019		
	Ending balance	Provision for bad debts	
	Amount	Lifetime expected credit loss rate	Amount
Related party grouping	231,430,940.86	-	-
Non-related party grouping	11,882,101,010.52	0.58%	(68,989,225.55)
	<u>12,113,531,951.38</u>		<u>(68,989,225.55)</u>

(d) For the six months ended 30 June 2020, the Group's provision for bad debts amounted to RMB 205,151,831.67, and there was no provision for bad debts reversed (Note 4(24)).

(e) For the six months ended 30 June 2020, the provision for bad debts of accounts receivable that was written off amounted to RMB 45,941,387.72 (Note 4(24)) and no accounts receivable with amounts that were individually significant were written off.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(5) Advances to suppliers

(a) The ageing of advances to suppliers was analysed below:

Ageing	30 June 2020		31 December 2019	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	2,592,682,123.65	97.33%	2,595,294,276.41	97.78%
1 to 2 years (inclusive)	48,080,493.55	1.80%	31,784,063.41	1.20%
Over 2 years	23,182,628.04	0.87%	27,166,624.43	1.02%
	<u>2,663,945,245.24</u>	<u>100.00%</u>	<u>2,654,244,964.25</u>	<u>100.00%</u>

As at 30 June 2020, advances to suppliers with ageing over one year were mainly prepaid property rents, materials, transportation expenses, etc. That is because relevant business transactions were still being performed.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)
(5) Advances to suppliers (Cont'd)

(b) As at 30 June 2020, the amount of the top five advances to suppliers was analysed as follows:

	30 June 2020	
	Amount	% of total balance
Sum of the five largest advances to suppliers	379,396,848.99	14.24%

(6) Factoring receivables

As at 30 June 2020 and 31 December 2019, factoring receivables were from Shenzhen Shuncheng Lefeng Factoring Co., Ltd. ("Lefeng Factoring"), a subsidiary of the Group, for provision of factoring business to external parties.

	30 June 2020	31 December 2019
Factoring receivables	126,631,796.99	127,216,839.72
Less: Provision for bad debts	(124,121,065.12)	(74,519,671.86)
	<u>2,510,731.87</u>	<u>52,697,167.86</u>

(a) Factoring receivables are disclosed by category as follows:

	30 June 2020			
	Amount	Proportion	Provision for bad debts	Net amount
Factoring with recourse	<u>126,631,796.99</u>	<u>100.00%</u>	<u>(124,121,065.12)</u>	<u>2,510,731.87</u>
	31 December 2019			
	Amount	Proportion	Provision for bad debts	Net amount
Factoring with recourse	<u>127,216,839.72</u>	<u>100.00%</u>	<u>(74,519,671.86)</u>	<u>52,697,167.86</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(6) Factoring receivables (Cont'd)

(b) Overdue factoring receivables are presented by past-due ageing as follows:

	30 June 2020				Total
	Within 1 month	1 to 6 months	6 months to 1 year	Over 1 year (inclusive)	
Factoring receivables	-	2,276,489.89	19,221.36	123,900,619.54	126,196,330.79
Less: Provision for bad debts	-	(207,228.97)	(13,216.61)	(123,900,619.54)	(124,121,065.12)
	-	2,069,260.92	6,004.75	-	2,075,265.67

	31 December 2019				Total
	Within 1 month	1 to 6 months	6 months to 1 year	Over 1 year (inclusive)	
Factoring receivables	-	19,221.36	1,190,999.41	122,709,620.13	123,919,840.90
Less: Provision for bad debts	-	(6,608.30)	(895,670.51)	(73,617,393.05)	(74,519,671.86)
	-	12,613.06	295,328.90	49,092,227.08	49,400,169.04

(c) For the six months ended 30 June 2020, the Group's provision for bad debts amounted to RMB 49,601,393.26, and there was no provision for bad debts reversed or written-off (Note 4(24)).

(d) As at 30 June 2020, the Group's factoring receivables for which related provision for bad debts was provided on individual basis amounted to RMB 123,959,055.94, including provision for bad debts amounting to RMB 123,950,244.87.

(7) Loans and advances

As at 30 June 2020, the balance of loans and advances was formed by the external loans issued by S.F. Finance (Hong Kong) Limited ("S.F. Finance"), which is a subsidiary of the Group in Hong Kong, and Group Finance Company (as at 31 December 2019: the balance of loans and advances was formed by the external loans issued by S.F. Finance).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)
(7) Loans and advances (Cont'd)
(a) Loans and advances by individual and enterprise

	30 June 2020	31 December 2019
Personal loans	93,896.49	111,590.41
Enterprise loans		
Non-related party loans	97,499,503.72	96,849,628.97
Related party loans (Note 8(4)(c))	53,853,022.56	-
Loans and advances - total	151,446,422.77	96,961,219.38
Less: Provision for loan losses	(104,405,744.13)	(15,219,113.18)
Loans and advances - net	47,040,678.64	81,742,106.20

(b) Loans and advances analysed by type of collateral

	30 June 2020	31 December 2019
Credit loans	143,859,942.58	89,672,228.97
Guaranteed loans	7,586,480.19	7,288,990.41
Loans and advances - total	151,446,422.77	96,961,219.38

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

	30 June 2020				Total
	Within 3 months	3 months to 1 year	1 to 3 years	Over 3 years	
Credit loans	2,191,090.31	4,803,479.16	2,626,346.38	-	9,620,915.85

	31 December 2019				Total
	Within 3 months	3 months to 1 year	1 to 3 years	Over 3 years	
Credit loans	1,680,290.35	3,264,446.60	591,181.80	-	5,535,918.75

(d) For the six months ended 30 June 2020, the Group's provision for bad debts amounted to RMB 89,186,630.95, and there was no provision for bad debts reversed (Note 4(24)).
(e) As at 30 June 2020, the Group's loans and advances for which the provision for bad debts was provided on the individual basis amounted to RMB 103,201,535.23, of which the provision for bad debts amounted to RMB 103,201,535.23.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(8) Other receivables

	30 June 2020	31 December 2019
Current accounts receivable from related parties (Note 8(4)(d))	296,089,810.24	294,204,283.58
Guarantees and deposits	763,285,379.73	680,953,317.24
Cash on delivery service	335,713,617.43	284,688,435.91
Receivables from equity transfer and capital reductions	130,992,500.00	156,997,540.37
Airlines subsidy	142,995,899.34	124,175,967.85
Financial rebate	27,663,700.00	24,691,800.00
Employee borrowings and advances	93,883,795.65	145,969,805.47
Tax collected by others	138,656,789.66	143,431,840.62
Entrusted loans receivable	27,000,000.00	27,000,000.00
Others	196,034,272.56	247,299,964.50
	<u>2,152,315,764.61</u>	<u>2,129,412,955.54</u>
Less: Provision for bad debts	<u>(133,126,263.24)</u>	<u>(27,205,716.14)</u>
	<u>2,019,189,501.37</u>	<u>2,102,207,239.40</u>

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

	30 June 2020	31 December 2019
Within 1 year (inclusive)	1,616,540,768.44	1,709,844,656.77
1 to 2 years (inclusive)	312,387,918.70	187,996,839.38
Over 2 years	<u>223,387,077.47</u>	<u>231,571,459.39</u>
	<u>2,152,315,764.61</u>	<u>2,129,412,955.54</u>

As at 30 June 2020, other receivables with ageing over 1 year mainly represented guarantees, deposits and receivables from equity transfer.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(8) Other receivables (Cont'd)

(b) Provision for losses and changes in book balance statements

(i) The Group measures the loss provision for other receivables based on the expected credit losses for the next twelve months or the entire duration.

	Stage 1		Stage 3		
	Expected credit losses in the following 12 months (Portfolio)		Lifetime expected credit losses (credit impaired)		Total
	Ending balance	Provision for bad debts	Ending balance	Provision for bad debts	Provision for bad debts
31 December 2019	2,102,161,329.94	(10,754,090.54)	27,251,625.60	(16,451,625.60)	(27,205,716.14)
Net increase/provision in the current period	31,654,437.82	(6,811,598.70)	-	(107,860,577.15)	(114,672,175.85)
Write-off/Disposal in the current period	(8,751,628.75)	8,751,628.75	-	-	8,751,628.75
Transfer to Stage 3	(108,368,077.15)	507,500.00	108,368,077.15	(507,500.00)	-
30 June 2020	2,016,696,061.86	(8,306,560.49)	135,619,702.75	(124,819,702.75)	(133,126,263.24)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)
(8) Other receivables (Cont'd)
(b) Provision for losses and changes in book balance statements (Cont'd)

As at 30 June 2020 and 31 December 2019, the Group did not have any other receivables at Stage 1 for which the related provision for bad debts was provided on the individual basis.

As at 30 June 2020, other receivables at Stage 1 for which the related provision for bad debts was provided on the grouping basis were analysed as follows:

	Ending balance	Expected credit loss rate in the following 12 months	Provision for bad debts	Reason
Provided on the grouping basis:				
Related party grouping	296,089,810.24	-	-	Expected credit loss method
Non-related party grouping	1,720,606,251.62	0.48%	(8,306,560.49)	
	<u>2,016,696,061.86</u>		<u>(8,306,560.49)</u>	

As at 31 December 2019, other receivables at Stage 1 for which the related provision for bad debts was provided on the grouping basis were analysed as follows:

	Ending balance	Expected credit loss rate in the following 12 months	Provision for bad debts	Reason
Provided on the grouping basis:				
Related party grouping	294,204,283.58	-	-	Expected credit loss method
Non-related party grouping	1,807,957,046.36	0.59%	(10,754,090.54)	
	<u>2,102,161,329.94</u>		<u>(10,754,090.54)</u>	

As at 30 June 2020 and 31 December 2019, the Group did not have any other receivables at Stage 2.

As at 30 June 2020, other receivables at Stage 3 for which the related provision for bad debts was provided on the individual basis were analysed as follows:

	Ending balance	Lifetime expected credit losses	Provision for bad debts	Reason
Provided on the individual basis:				
Entrusted loans receivable	27,000,000.00	60.00%	(16,200,000.00)	The debtor encountered financial distress
Receivables from equity transfer and capital reductions	101,500,000.00	100.00%	(101,500,000.00)	The debtor encountered financial distress
Others	7,119,702.75	100.00%	(7,119,702.75)	The debtor encountered financial distress, etc.
	<u>135,619,702.75</u>		<u>(124,819,702.75)</u>	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(8) Other receivables (Cont'd)

(b) Provision for losses and changes in book balance statements (Cont'd)

As at 31 December 2019, other receivables at Stage 3 for which the related provision for bad debts was provided on the individual basis were analysed as follows:

	Ending balance	Lifetime expected credit losses	Provision for bad debts	Reason
Provided on the individual basis:				
Entrusted loans receivable	27,000,000.00	60.00%	(16,200,000.00)	The debtor encountered financial distress
Others	<u>251,625.60</u>	100.00%	<u>(251,625.60)</u>	The debtor encountered financial distress
	<u>27,251,625.60</u>		<u>(16,451,625.60)</u>	

As at 30 June 2020 and 31 December 2019, the Group did not have any other receivables at Stage 3 for which the related provision for bad debts was provided on the grouping basis.

- (c) For the six months ended 30 June 2020, the Group's provision for bad debts amounted to RMB 114,672,175.85, and there was no provision for bad debts reversed (Note 4(24)).
- (d) For the six months ended 30 June 2020, the provision for bad debts of other receivables that was written off amounted to RMB 8,746,374.22 (Note 4(24)) and no other receivables with amounts that were individually significant were written off.
- (e) As at 30 June 2020, the five largest other receivables aggregated by debtor were summarised and analysed as follows:

	Nature of business	Ageing	Amount	30 June 2020 Amount of provision for bad debts	% of total balance
Shenzhen Hive Box Technology Co., Ltd. ("Hive Box Technology")	Agency collection and payment	Within 3 months	247,135,969.89	-	11.48%
IKEA	Agency collection and payment	Within 1 year	69,080,856.55	(345,404.28)	3.21%
Changsha Municipal People's Government	Airlines subsidy	Within 1 year	43,440,000.00	(217,200.00)	2.02%
Applied Materials (China) Co., Ltd.	Tax collected by others	Within 1 year	42,424,643.15	(212,123.22)	1.97%
Suzhou Lake District Development Co., Ltd.	Deposit margin	Within 1 year	40,000,000.00	(200,000.00)	1.86%
			<u>442,081,469.59</u>	<u>(974,727.50)</u>	20.54%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)**(9) Inventories**

Inventories are summarised by category as follows:

	30 June 2020		
	Ending balance	Provision for decline in the value of inventories	Carrying amount
Raw materials in stock	313,877,029.18	-	313,877,029.18
Aviation consumables	186,374,332.92	-	186,374,332.92
Finished goods	227,732,130.27	-	227,732,130.27
Properties under development	79,095,456.31	-	79,095,456.31
Low-value consumables	27,337,366.23	-	27,337,366.23
	<u>834,416,314.91</u>	<u>-</u>	<u>834,416,314.91</u>
	31 December 2019		
	Ending balance	Provision for decline in the value of inventories	Carrying amount
Raw materials in stock	386,155,813.35	-	386,155,813.35
Aviation consumables	184,488,934.08	-	184,488,934.08
Finished goods	198,782,950.13	-	198,782,950.13
Properties under development	79,095,456.31	-	79,095,456.31
Low-value consumables	33,135,819.82	-	33,135,819.82
	<u>881,658,973.69</u>	<u>-</u>	<u>881,658,973.69</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(10) Contract assets

	30 June 2020	31 December 2019
Contract assets	359,294,568.02	--
Less: Provision for impairment of contract assets	-	--
	<u>359,294,568.02</u>	<u>--</u>

(11) Other current assets

	30 June 2020	31 December 2019
Input VAT to be offset	3,275,307,397.97	2,608,089,009.64
Bank wealth management products	4,143,528,493.16	622,533,561.64
Prepaid enterprise income tax	59,660,835.60	67,680,195.25
Others	3,764,114.97	1,381,954.41
	<u>7,482,260,841.70</u>	<u>3,299,684,720.94</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(12) Long-term receivables

	30 June 2020	31 December 2019
Interest-free loans to employees receivable (a)	393,004,127.75	321,819,622.61
Deposit for house purchase	277,904,430.00	246,757,710.00
Finance lease receivables	9,568,057.34	13,269,315.40
Less: Current portion of long-term receivables	(136,696,803.40)	(105,344,257.09)
Provision for bad debts	(11,698,148.82)	(10,769,078.64)
	<u>532,081,662.87</u>	<u>465,733,312.28</u>

(a) Interest-free loans to employees receivable

	30 June 2020	31 December 2019
Interest-free loans to employees receivable	433,415,619.28	349,400,218.00
Less: Prepaid discount interest	<u>(40,411,491.53)</u>	<u>(27,580,595.39)</u>
Amortised cost of interest-free loans to employees	393,004,127.75	321,819,622.61
Less: Current portion of interest-free loans to employees	(136,696,803.40)	(101,130,736.14)
Provision for bad debts	<u>(2,130,091.48)</u>	<u>(1,713,284.19)</u>
	<u>254,177,232.87</u>	<u>218,975,602.28</u>

Interest-free loans to employees receivable represented the interest-free loans to qualified employees with a term of 5 years.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(13) Long-term equity investments

	30 June 2020	31 December 2019
Cost:		
Joint ventures	1,366,526,871.69	1,363,650,397.32
Associates	1,024,000,478.05	1,018,085,534.62
	<u>2,390,527,349.74</u>	<u>2,381,735,931.94</u>
Less: Provision for impairment of long-term equity investments		
- Joint ventures	(22,587,342.22)	(22,587,342.22)
- Associates	(141,505,645.05)	(137,635,916.58)
	<u>(164,092,987.27)</u>	<u>(160,223,258.80)</u>
Joint ventures (a)	1,343,939,529.47	1,341,063,055.10
Associates (b)	882,494,833.00	880,449,618.04
	<u>2,226,434,362.47</u>	<u>2,221,512,673.14</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(13) Long-term equity investments (Cont'd)

(a) Joint ventures

	Carrying amount as at 31 December 2019	Movements in the current period						Carrying amount as at 30 June 2020	Balance of provision for impairment loss at the end of the period
		Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Exchange differences on translation of foreign currency financial statements	Other changes in equity (i)	Provision for impairment loss		
Hubei International Logistics Airport Co., Ltd.	919,124,467.58	-	-	(1,806,522.36)	-	-	-	917,317,945.22	-
ZBHA Group Co., Ltd. ("ZBHA")	216,803,467.42	-	-	3,807,561.60	-	-	-	220,611,029.02	-
Beijing Wulian Shuntong Technology Co., Ltd. ("Wulian Shuntong")	94,963,169.82	-	-	(3,952,379.53)	-	-	-	91,010,790.29	-
Hubei International Aviation Industry Metro Development Co., Ltd.	40,595,101.01	-	-	384,775.43	-	-	-	40,979,876.44	-
POST110U	25,772,983.59	-	-	3,277,245.66	(152,502.73)	-	-	28,897,726.52	-
CR-SF International Express Co., Ltd.	24,837,458.98	-	-	1,410,908.01	-	(67,483.26)	-	26,180,883.73	-
Shenzhen Shenghai Information Service Co., Ltd. ("Shenghai Information")	8,736,100.81	-	-	943,098.27	-	-	-	9,679,199.08	-
Beijing Shunhetongxin Technology Co., Ltd.	3,151,501.44	-	-	(1,689,516.92)	-	-	-	1,461,984.52	-
Global Connect Holding Limited	2,284,910.20	-	-	1,070,397.44	52,931.00	-	-	3,408,238.64	-
Shanghai Geling Information Technology Co., Ltd. ("Geling Information")	2,098,546.48	-	-	(572,696.32)	-	-	-	1,525,850.16	-
Shanghai Pharma DHL Supply Chain (Shanghai) Co., Ltd.	1,974,388.13	-	(1,977,476.23)	3,088.10	-	-	-	-	-
Wenzhou Fengbaoke Technology Co., Ltd.	720,959.64	-	-	(696,550.91)	-	-	-	24,408.73	-
REX logistics	-	2,662,416.86	-	(273,988.18)	99,113.44	-	-	2,487,542.12	-
Zhongyunda Aviation Ground Services Co., Ltd.	-	-	-	-	-	-	-	-	(22,587,342.22)
CC-SF China Logistics Properties Investment GP Limited	-	357,315.00	-	-	(3,260.00)	-	-	354,055.00	-
	<u>1,341,063,055.10</u>	<u>3,019,731.86</u>	<u>(1,977,476.23)</u>	<u>1,905,420.29</u>	<u>(3,718.29)</u>	<u>(67,483.26)</u>	<u>-</u>	<u>1,343,939,529.47</u>	<u>(22,587,342.22)</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(13) Long-term equity investments (Cont'd)

(b) Associates

		Movements in the current period								
	Carrying amount as at 31 December 2019	Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Exchange differences on translation of foreign currency financial statements	Adjustment in other comprehensive income	Other changes in equity (i)	Provision for impairment loss	Carrying amount as at 30 June 2020	Balance of provision for impairment loss at the end of the period
Zhejiang Galaxis Technology Co., Ltd.	161,882,794.44	-	-	4,342,989.00	-	-	-	-	166,225,783.44	-
Zhuhai Sui Bian Technology Co., Ltd. ("Zhuhai Sui Bian")	112,362,306.63	-	-	1,884,371.45	-	-	-	-	114,246,678.08	(8,031,343.63)
Jiangsu Chiata Foton Co., Ltd.	107,476,830.50	-	-	(4,232,253.42)	-	-	-	-	103,244,577.08	-
Beijing Dazhangfang Network Technology Co., Ltd. ("Beijing Dazhangfang")	103,704,048.34	-	-	(6,106,432.20)	-	-	5,276,959.79	-	102,874,575.93	-
DHL Weiheng (Zhuhai) Supply Chain Management Co., Ltd.	63,171,010.36	-	-	(365,250.63)	-	-	-	-	62,805,759.73	-
Feng Wang Investment Co., Ltd.	48,457,487.11	-	-	(808,663.52)	-	873,013.64	-	-	48,521,837.23	-
Langxing UAV System Co., Ltd.	40,463,275.86	-	-	(441,597.25)	-	-	-	-	40,021,678.61	-
Shenzhen Canbeidou Supply Chain Management Co., Ltd. ("Canbeidou Supply Chain")	32,044,873.83	-	-	(466,908.08)	-	-	-	-	31,577,965.75	-
KOSPA	26,979,321.88	-	-	(1,778,514.60)	476,508.79	-	-	-	25,677,316.07	-
Beijing GreenValley Technology Limited	23,280,413.84	-	-	(33,702.75)	-	-	-	-	23,246,711.09	-
Little Red Hat Issuance Co., Ltd. ("Little Red Hat")	19,589,988.00	-	-	(16,860.91)	-	-	-	-	19,573,127.09	(15,000,000.00)
Shenzhen Zhi Hang UAV Co., Ltd.	18,053,709.37	-	-	(167,914.83)	-	-	-	-	17,885,794.54	-
Wuhan Shunluo Supply Chain Management Co., Ltd.	17,344,007.27	-	-	(285,969.72)	-	-	-	-	17,058,037.55	-
PT TRIADIBERSAMA	14,764,955.26	10,240,467.14	-	(5,376,299.46)	403,195.16	-	-	-	20,032,318.10	-
GS EXPRESS HOLDINGS PTE.LTD	14,169,210.35	-	(14,432,353.74)	3,233.96	259,909.43	-	-	-	-	-
Shenzhen Shunjie Fengda Express Co., Ltd. ("Shenzhen Shunjie Fengda")	11,743,640.56	-	-	985,895.94	-	-	-	-	12,729,536.50	(20,480,557.60)
Guangdong Shucheng Technology Co., Ltd.	9,586,857.99	11,111,112.00	-	(578,178.35)	-	-	-	-	20,119,791.64	-
Xi'an Huahan Air Passenger and Freight Service Co., Ltd.	8,563,952.67	-	-	(116,012.58)	-	-	-	-	8,447,940.09	-

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(13) Long-term equity investments (Cont'd)

(b) Associates (Cont'd)

	Movements in the current period								Carrying amount as at 30 June 2020	Balance of provision for impairment loss at the end of the period
	Carrying amount as at 31 December 2019	Increase in investments	Decrease in investments	Share of net profit/(loss) under equity method	Exchange differences on translation of foreign currency financial statements	Adjustment in other comprehensive income	Other changes in equity (i)	Provision for impairment loss		
Zhongshun Xintean Supply Chain Co., Ltd.	7,271,247.64	-	-	(170,462.11)	-	-	-	-	7,100,785.53	-
ASL of Indonesia	5,680,228.00	-	-	(174,707.63)	75,252.09	-	-	-	5,580,772.46	-
Shanghai Jujia Logistics Development Co., Ltd.	5,000,000.00	5,000,000.00	-	(419,084.54)	-	-	-	-	9,580,915.46	-
Chongqing Boqiang Logistics Co., Ltd.	4,444,827.25	-	-	(55,385.78)	-	-	-	-	4,389,441.47	-
Beijing Prettyfeather Brand Management Co., Ltd.	4,038,975.21	-	-	(169,246.74)	-	-	-	(3,869,728.47)	-	(3,869,728.47)
Kin Shun Information Technology Limited	3,782,528.57	-	-	(3,812,638.44)	30,109.87	-	-	-	-	-
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	3,776,552.80	-	-	(321,934.86)	-	-	-	-	3,454,617.94	-
Wuhan Jinyu DHL Supply Chain Management Co., Ltd.	3,575,499.44	-	-	(73,375.39)	-	-	-	-	3,502,124.05	-
Qingdao Dakai Cargo Agency Co., Ltd.	3,076,701.10	-	-	(442.63)	-	-	-	-	3,076,258.47	-
KINGS (HK) INTERNATIONAL LIMITED	2,425,798.14	-	-	(75,933.80)	43,709.32	-	-	-	2,393,573.66	-
Qingdao Shunlianda Agricultural Science and Technology Co., Ltd.	2,371,202.69	-	-	(1,119,412.16)	-	-	-	-	1,251,790.53	-
Shenzhen Fengyi Intelligent Technology Co., Ltd.	1,000,000.00	-	-	(67,206.23)	-	-	-	-	932,793.77	-
Shenzhen Xiaofeng Technology Co., Ltd. ("Xiaofeng Technology")	367,372.94	-	-	(43,757.19)	-	-	-	-	323,615.75	(847,730.80)
Shenzhen Bai Mi Life Co., Ltd.	-	-	-	-	-	-	-	-	-	(93,276,284.55)
Xiaoyi Technology (Shanghai) Co., Ltd.	-	3,000,000.00	-	(45,743.22)	-	-	-	-	2,954,256.78	-
Shenzhen Changfeng Electronic Information Co., Ltd.	-	400,000.00	-	(47,843.58)	-	-	-	-	352,156.42	-
Shenzhen Tianhui Digital Technology Co., Ltd.	-	1,510,000.00	-	(197,697.81)	-	-	-	-	1,312,302.19	-
Shanghai Tingdi Logistics Service Co., Ltd.	-	2,000,000.00	-	-	-	-	-	-	2,000,000.00	-
	880,449,618.04	33,261,579.14	(14,432,353.74)	(20,352,940.06)	1,288,684.66	873,013.64	5,276,959.79	(3,869,728.47)	882,494,833.00	(141,505,645.05)

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

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(14) Investments in other equity instruments

	30 June 2020	31 December 2019
Equity of listed companies	867,696,433.34	806,383,940.40
Equity of unlisted companies	4,191,307,983.06	4,127,308,996.79
	<u>5,059,004,416.40</u>	<u>4,933,692,937.19</u>
	Dividend income recognised in the current period	Accumulated gains or losses recognised in other comprehensive income
Item		
Equity of listed companies	1,110,356.12	112,686,613.08
Equity of unlisted companies	-	992,291,278.37
	<u>1,110,356.12</u>	<u>1,104,977,891.45</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(14) Investments in other equity instruments (Cont'd)

	31 December 2019	Increase in the current period	Changes in fair value in the current period	Exchange rate changes in the current period	Exchange differences on translation of foreign currency financial statements	30 June 2020
Equity of listed companies	806,383,940.40	-	49,338,455.33	-	11,974,037.61	867,696,433.34
Equity of unlisted companies	4,127,308,996.79	500,000.00	-	(10,728,054.93)	74,227,041.20	4,191,307,983.06
	<u>4,933,692,937.19</u>	<u>500,000.00</u>	<u>49,338,455.33</u>	<u>(10,728,054.93)</u>	<u>86,201,078.81</u>	<u>5,059,004,416.40</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(15) Other non-current financial assets

	30 June 2020	31 December 2019
Financial assets held for trading (over 1 year):		
Industry fund investments	275,846,467.40	218,615,943.17
Special scheme equity-class securities	260,424,488.45	260,424,488.45
	<u>536,270,955.85</u>	<u>479,040,431.62</u>

(16) Investment properties

	Buildings	Land use rights	Total
Cost			
31 December 2019	1,242,691,385.60	943,851,986.13	2,186,543,371.73
Transfer from self-used assets in the current period (Note 4(17), (18), (19))	895,763,440.09	148,873,230.69	1,044,636,670.78
Transfer to self-used assets in the current period (Note 4(17), (19))	(724,802,792.04)	(235,331,210.09)	(960,134,002.13)
Effect of translation of foreign currency financial statements	8,413,725.83	11,883,607.41	20,297,333.24
30 June 2020	<u>1,422,065,759.48</u>	<u>869,277,614.14</u>	<u>2,291,343,373.62</u>
Accumulated depreciation			
31 December 2019	80,869,528.27	86,147,942.85	167,017,471.12
Transfer from self-used assets in the current period (Note 4(17), (19))	6,297,357.09	12,359,704.46	18,657,061.55
Provision in the current period	15,944,655.33	11,306,455.48	27,251,110.81
Transfer to self-used assets in the current period (Note 4(17), (19))	(21,260,310.46)	(22,082,087.43)	(43,342,397.89)
Effect of translation of foreign currency financial statements	908,211.70	1,109,758.48	2,017,970.18
30 June 2020	<u>82,759,441.93</u>	<u>88,841,773.84</u>	<u>171,601,215.77</u>
Carrying amount			
30 June 2020	<u>1,339,306,317.55</u>	<u>780,435,840.30</u>	<u>2,119,742,157.85</u>
31 December 2019	<u>1,161,821,857.33</u>	<u>857,704,043.28</u>	<u>2,019,525,900.61</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(16) Investment properties (Cont'd)

As at 30 June 2020, the Group was still in the process of applying for certificates of ownership for certain buildings with carrying amount of RMB 391,187,118.50 (cost of RMB 401,018,242.29)(31 December 2019: carrying amount of RMB 365,383,308.15 and cost of RMB 374,700,631.83). As at 30 June 2020, the Group had no land use rights without certificates of ownership (31 December 2019: carrying amount of RMB 9,641,930.52 and cost of RMB 9,924,283.34).

As at 30 June 2020, investment properties with carrying amount of RMB 203,339,490.96 (cost of RMB 216,803,387.46) (31 December 2019: carrying amount of RMB 260,204,371.91 and cost of RMB 275,172,362.41) were pledged as collateral for long-term borrowings (Note 4(34)(b)).

As at 30 June 2020 and 31 December 2019, the Group assessed that no impairment loss should be recognised for investment properties.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(17) Fixed assets

	Buildings	Motor vehicles	Computers and electronic equipment	Aircraft, aircraft engines, rotables and high-value maintenance tools	Machinery and equipment	Office equipment and other equipment	Total
Cost							
31 December 2019	7,393,215,121.80	5,091,728,471.87	3,216,929,397.29	7,801,375,592.49	3,070,600,492.08	4,143,569,817.71	30,717,418,893.24
Transfer from construction in progress (Note 4(18))	2,446,302.31	16,953,835.16	8,601,224.88	547,430,011.15	92,956,861.99	353,934,950.73	1,022,323,186.22
Transfer from investment properties in the current period (Note 4(16))	724,802,792.04	-	-	-	-	-	724,802,792.04
Increase in the current period	96,286,214.03	222,201,220.42	321,025,826.81	91,191,809.46	67,174,026.30	50,190,651.80	848,069,748.82
Transfer to investment properties in the current period (Note 4(16))	(55,116,860.10)	-	-	-	-	-	(55,116,860.10)
Decrease in the current period	-	(236,411,428.59)	(172,579,051.07)	(21,141,538.70)	(10,522,712.85)	(39,354,791.98)	(480,009,523.19)
Decrease due to disposal of subsidiaries in the current period	-	-	(1,001,708.18)	-	-	(8,904.89)	(1,010,613.07)
Effect of translation of foreign currency financial statements	26,261,014.74	3,308,529.06	477,970.50	100,516.39	3,682,485.58	(516,031.45)	33,314,484.82
30 June 2020	8,187,894,584.82	5,097,780,627.92	3,373,453,660.23	8,418,956,390.79	3,223,891,153.10	4,507,815,691.92	32,809,792,108.78
Accumulated depreciation							
31 December 2019	714,065,052.65	3,517,214,219.88	1,955,602,800.09	2,584,195,303.06	928,504,641.35	2,114,009,813.79	11,813,591,830.82
Transfer from investment properties in the current period (Note 4(16))	21,260,310.46	-	-	-	-	-	21,260,310.46
Provision in the current period	119,767,561.58	380,309,057.17	319,857,700.96	457,374,244.57	130,636,255.76	346,747,086.69	1,754,691,906.73
Transfer to investment properties in the current period (Note 4(16))	(6,297,357.09)	-	-	-	-	-	(6,297,357.09)
Decrease in the current period	-	(218,446,240.58)	(153,026,756.03)	(16,307,648.06)	(4,369,548.82)	(32,715,537.29)	(424,865,730.78)
Decrease due to disposal of subsidiaries in the current period	-	-	(401,917.47)	-	-	(1,846.41)	(403,763.88)
Effect of translation of foreign currency financial statements	2,864,356.41	2,827,704.50	222,640.25	7,383.10	357,390.23	(257,544.21)	6,021,930.28
30 June 2020	851,659,924.01	3,681,904,740.97	2,122,254,467.80	3,025,269,282.67	1,055,128,738.52	2,427,781,972.57	13,163,999,126.54
Carrying amount							
30 June 2020	7,336,234,660.81	1,415,875,886.95	1,251,199,192.43	5,393,687,108.12	2,168,762,414.58	2,080,033,719.35	19,645,792,982.24
31 December 2019	6,679,150,069.15	1,574,514,251.99	1,261,326,597.20	5,217,180,289.43	2,142,095,850.73	2,029,560,003.92	18,903,827,062.42

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)**(17) Fixed assets (Cont'd)**

- (i) For the sixth months ended 30 June 2020, the amount of depreciation expenses charged to cost of revenue, selling and distribution expenses, general and administrative expenses and research and development expenses was RMB 1,730,365,263.08 (for the sixth months ended 30 June 2019: RMB 1,421,439,131.46).
- (ii) As at 30 June 2020, fixed assets with carrying amount of RMB 71,487,996.45 (cost of RMB 76,204,481.36) (31 December 2019: carrying amount of RMB 249,515,825.00 and cost of RMB 263,866,480.94) were pledged as collateral for long-term borrowings (Note 4(34)(b)).
- (iii) Fixed assets with pending certificates of ownership

	30 June 2020			Carrying amount
	Cost	Accumulated depreciation	Provision for impairment loss	
Buildings	<u>4,361,944,192.02</u>	<u>(74,616,602.27)</u>	<u>-</u>	<u>4,287,327,589.75</u>
	31 December 2019			Carrying amount
	Cost	Accumulated depreciation	Provision for impairment loss	
Buildings	<u>3,832,878,464.87</u>	<u>(7,512,115.30)</u>	<u>-</u>	<u>3,825,366,349.57</u>

In addition, as at 30 June 2020, buildings with carrying amount of RMB 23,078,809.94 and cost of RMB 29,844,036.64 (31 December 2019: carrying amount of RMB 23,782,253.69 and cost of RMB 29,844,036.64) represented public rental houses with restricted property rights purchased by the Group for enterprise talents.

- (iv) As at 30 June 2020 and 31 December 2019, the Group assessed that no impairment loss should be recognised for fixed assets.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(17) Fixed assets (Cont'd)

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

		For the six months ended 30 June 2020			
	Reason for disposal	Cost	Accumulated depreciation	Provision for impairment loss	Carrying amount
Aircraft rotables	Scrapped	6,029,229.78	(2,345,065.20)	-	3,684,164.58
Aircraft rotables	Sold	49,595.58	(9,868.98)	-	39,726.60
High-value aero maintenance tools	Scrapped	34,126.62	(22,908.94)	-	11,217.68
		<u>6,112,951.98</u>	<u>(2,377,843.12)</u>	<u>-</u>	<u>3,735,108.86</u>
		For the six months ended 30 June 2019			
	Reason for disposal	Cost	Accumulated depreciation	Provision for impairment loss	Carrying amount
Aircraft rotables	Scrapped	<u>459,094.82</u>	<u>(148,092.22)</u>	<u>-</u>	<u>311,002.60</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(18) Construction in progress

	30 June 2020	31 December 2019
Qianhai S.F. Headquarters Office	640,806,994.38	613,625,693.09
Aircraft import and refit	577,463,381.87	316,317,636.93
Wuhan E-Commerce Industrial Park Project	433,404,820.46	316,888,129.83
Foshan Guicheng Fengtai E-Commerce Industrial Park Project	213,692,312.84	166,000,698.78
Tianjin Fengtai E-Commerce Industrial Park Project	177,315,966.19	293,070,248.84
Zhengzhou E-Commerce Industrial Park Project	154,343,744.60	76,581,451.75
Chengdu Fengtai E-Commerce Industrial Park Project	121,854,647.49	18,618,059.67
Xi'an E-Commerce Industrial Park Project	108,499,854.12	38,419,568.13
S.F. Nanjing Innovation Industrial Park Project	107,690,187.20	64,145,993.56
Weihai S.F. E-Commerce Industrial Park Project	90,187,720.52	91,088,518.37
Ezhou Civil Airport Transit Centre	87,159,832.21	7,532,195.76
Changchun E-Commerce Industrial Park Project	86,712,713.29	169,493,927.07
Beijing S.F. Full-automatic Storage & Sorting Centre and Supporting Facilities Project	83,992,159.18	22,441,091.92
Industrial Buildings in Dongguan Songshan Lake Zhigu Industrial Park	57,746,221.76	55,700,314.11
Changsha E-Commerce Industrial Park Project	54,729,880.15	61,192,813.43
Hangzhou Beicheng Intelligent Park	54,004,646.26	1,405,340.94
Guiyang Fengtai E-Commerce Industrial Park	52,826,230.53	4,813,433.58
Relocation Project of Tianjin Distribution Hub	50,857,896.96	-
Fengnong Fruits Centralised Processing Project	40,136,297.61	-
Dongguan Humen Distribution Hub Project	21,509,161.89	32,910,637.62
Ganzhou Fengtai Industrial Park Project	21,145,281.02	3,123,497.70
Intelligent Sorting Hefei Base Project	19,116,226.33	239,469,936.44
Hefei Baohe Distribution Hub Project	10,168,688.71	31,211,646.90
Chongqing Fengtai E-Commerce Industrial Park Project	-	245,524,145.25
S.F. Ma'anshan Innovation Industrial Park Project	-	21,659,696.90
Others	307,980,506.22	225,255,941.69
	<u>3,573,345,371.79</u>	<u>3,116,490,618.26</u>

As at 30 June 2020, the Group considered that no impairment loss should be recognised for construction in progress.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(18) Construction in progress (Cont'd)

Name of projects	Budget	31 December 2019	Increase in the current period	Transfer to long-term assets in the current period (iii)	Transfer to long-term prepaid expenses in the current period	30 June 2020	% of project investment in budget (ii)	Progress of project	Accumulative amount of capitalised borrowing costs	Including: Borrowing costs capitalised in the current period (Note 4(53))	Capitalisation rate	Source of funds
Qianhai S.F. Headquarters Office	698,847,964.81	613,625,693.09	27,181,301.29	-	-	640,806,994.38	91.69%	91.69%	68,780,176.84	10,137,901.97	4.64%	Self-owned funds and loans from financial institutions
Aircraft import and refit	2,000,923,805.45	316,317,636.93	841,047,490.31	(547,430,011.15)	(32,471,734.22)	577,463,381.87	42.03%	42.03%	-	-	-	Self-owned funds
Wuhan E-Commerce Industrial Park Project	774,094,016.55	316,888,129.83	116,516,690.63	-	-	433,404,820.46	55.99%	55.99%	-	-	-	Self-owned funds
Foshan Guicheng Fengtai E-Commerce Industrial Park Project	250,286,227.21	166,000,698.78	47,691,614.06	-	-	213,692,312.84	85.38%	85.38%	-	-	-	Self-owned funds
Tianjin Fengtai E-Commerce Industrial Park Project	697,197,577.13	293,070,248.84	41,928,989.38	(157,683,272.03)	-	177,315,966.19	92.84%	92.84%	-	-	-	Self-owned funds
Zhengzhou E-Commerce Industrial Park Project	205,609,602.39	76,581,451.75	77,762,292.85	-	-	154,343,744.60	75.07%	75.07%	-	-	-	Self-owned funds
Chengdu Fengtai E-Commerce Industrial Park Project	520,006,775.06	18,618,059.67	103,236,587.82	-	-	121,854,647.49	23.43%	23.43%	-	-	-	Self-owned funds
Xi'an E-Commerce Industrial Park Project	504,029,639.50	38,419,568.13	70,080,285.99	-	-	108,499,854.12	21.53%	21.53%	-	-	-	Self-owned funds
S.F. Nanjing Innovation Industrial Park Project	207,366,137.93	64,145,993.56	43,544,193.64	-	-	107,690,187.20	51.93%	51.93%	-	-	-	Self-owned funds
Weihai S.F. E-Commerce Industrial Park Project	116,927,890.45	91,088,518.37	-	-	(900,797.85)	90,187,720.52	77.90%	77.90%	-	-	-	Self-owned funds
Ezhou Civil Airport Transit Centre	1,450,260,000.00	7,532,195.76	79,627,636.45	-	-	87,159,832.21	6.01%	6.01%	-	-	-	Self-owned funds
Changchun E-Commerce Industrial Park Project	388,818,464.54	169,493,927.07	6,742,605.41	(89,523,819.19)	-	86,712,713.29	45.33%	45.33%	-	-	-	Self-owned funds
Beijing S.F. Full-automatic Storage & Sorting Centre and Supporting Facilities Project	386,965,179.91	22,441,091.92	61,551,067.26	-	-	83,992,159.18	21.71%	21.71%	-	-	-	Self-owned funds
Industrial Buildings in Dongguan Songshan Lake Zhigu Industrial Park	472,698,248.79	55,700,314.11	2,045,907.65	-	-	57,746,221.76	96.12%	96.12%	-	-	-	Self-owned funds
Changsha E-Commerce Industrial Park Project	466,809,300.38	61,192,813.43	33,156,696.73	(39,619,630.01)	-	54,729,880.15	67.47%	67.47%	-	-	-	Self-owned funds
Hangzhou Beicheng Intelligent Park	428,880,944.89	1,405,340.94	52,599,305.32	-	-	54,004,646.26	12.59%	12.59%	-	-	-	Self-owned funds
Guiyang Fengtai E-Commerce Industrial Park	349,832,788.25	4,813,433.58	48,012,796.95	-	-	52,826,230.53	15.10%	15.10%	-	-	-	Self-owned funds
Relocation Project of Tianjin Distribution Hub	98,249,739.09	-	50,857,896.96	-	-	50,857,896.96	51.76%	51.76%	-	-	-	Self-owned funds
Fengnong Fruits Centralised Processing Project	45,319,665.37	-	40,136,297.61	-	-	40,136,297.61	88.56%	88.56%	-	-	-	Self-owned funds
Dongguan Humen Distribution Hub Project	52,699,954.47	32,910,637.62	9,499,910.73	(12,526,849.12)	(8,374,537.34)	21,509,161.89	80.48%	80.48%	-	-	-	Self-owned funds
Ganzhou Fengtai Industrial Park Project	248,268,422.40	3,123,497.70	18,021,783.32	-	-	21,145,281.02	8.52%	8.52%	-	-	-	Self-owned funds
Intelligent Sorting Hefei Base Project	640,594,804.03	239,469,936.44	2,434,810.97	(222,788,521.08)	-	19,116,226.33	61.71%	61.71%	-	-	-	Self-owned funds
Hefei Baohe Distribution Hub Project	60,305,309.73	31,211,646.90	8,587,227.45	(29,630,185.64)	-	10,168,688.71	66.00%	66.00%	-	-	-	Self-owned funds
Chongqing Fengtai E-Commerce Industrial Park Project	298,671,587.86	245,524,145.25	9,121,029.65	(254,645,174.90)	-	-	85.26%	85.26%	-	-	-	Self-owned funds
S.F. Ma'anshan Innovation Industrial Park Project	136,222,593.52	21,659,696.90	4,149,548.85	(25,809,245.75)	-	-	94.47%	94.47%	-	-	-	Self-owned funds
Others		225,255,941.69	611,034,849.48	(483,313,057.34)	(44,997,227.61)	307,980,506.22			-	-	-	Self-owned funds
		<u>3,116,490,618.26</u>	<u>2,406,568,816.76</u>	<u>(1,862,969,766.21)</u>	<u>(86,744,297.02)</u>	<u>3,573,345,371.79</u>			<u>68,780,176.84</u>	<u>10,137,901.97</u>	<u>4.64%</u>	

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(18) Construction in progress (Cont'd)

- (i) As at 30 June 2020, construction in progress with carrying amount of RMB 157,683,272.03 (31 December 2019: RMB 171,224,485.06) were pledged as collateral for long-term borrowings (Note 4(34)(b)).
- (ii) For aircraft import and refit, the percentage of project investment in budget is related to the investment for the current period; for the other projects, the percentage of project investment in budget is related to the accumulative investment.
- (iii) The construction in progress transferred to long-term assets for the current period amounted to RMB 1,862,969,766.21, including RMB 1,022,323,186.22 transferred to fixed assets and RMB 840,646,579.99 transferred to investment properties.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(19) Intangible assets

	Land use rights	Purchased software	Self-developed software	Patents	Trademark rights	Customer relationships	Others	Total
Cost								
31 December 2019	5,474,502,965.31	511,321,828.19	2,875,846,805.97	15,543,605.12	236,061,827.88	2,710,578,325.00	105,616,019.64	11,929,471,377.11
Transfer from investment properties in the current period (Note 4(16))	235,331,210.09	-	-	-	-	-	-	235,331,210.09
Transfer from capitalised development expenditures in the current period (Note 4(20))	-	-	528,205,220.60	-	-	-	-	528,205,220.60
Addition in the current period	17,913,095.99	11,771,190.44	-	2,224,090.43	333,213.46	-	3,234,233.22	35,475,823.54
Transfer to investment properties in the current period (Note 4(16))	(148,873,230.69)	-	-	-	-	-	-	(148,873,230.69)
Disposal in the current period	-	(22,317,260.85)	(37,404,672.22)	-	-	-	(25,317.96)	(59,747,251.03)
Effect of translation of foreign currency financial statements	35,094,326.10	(132,566.06)	-	(88,946.40)	4,208,542.98	49,714,455.19	269,241.18	89,065,052.99
30 June 2020	<u>5,613,968,366.80</u>	<u>500,643,191.72</u>	<u>3,366,647,354.35</u>	<u>17,678,749.15</u>	<u>240,603,584.32</u>	<u>2,760,292,780.19</u>	<u>109,094,176.08</u>	<u>12,608,928,202.61</u>
Accumulated amortisation								
31 December 2019	460,386,321.83	342,788,423.42	903,112,992.48	3,674,397.90	17,911,578.99	143,915,537.75	19,532,258.90	1,891,321,511.27
Transfer from investment properties in the current period (Note 4(16))	22,082,087.43	-	-	-	-	-	-	22,082,087.43
Provision in the current period	62,675,556.60	17,950,921.21	324,444,726.82	843,965.20	6,137,846.20	78,336,196.44	8,017,824.23	498,407,036.70
Transfer to investment properties in the current period (Note 4(16))	(12,359,704.46)	-	-	-	-	-	-	(12,359,704.46)
Disposal in the current period	-	(6,787,554.37)	(9,402,633.97)	-	-	-	-	(16,190,188.34)
Effect of translation of foreign currency financial statements	3,307,197.88	565,290.79	-	(91,959.34)	340,713.56	3,213,816.92	67,268.81	7,402,328.62
30 June 2020	<u>536,091,459.28</u>	<u>354,517,081.05</u>	<u>1,218,155,085.33</u>	<u>4,426,403.76</u>	<u>24,390,138.75</u>	<u>225,465,551.11</u>	<u>27,617,351.94</u>	<u>2,390,663,071.22</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(19) Intangible assets (Cont'd)

	Land use rights	Purchased software	Self-developed software	Patents	Trademark rights	Customer relationships	Others	Total
Provision for impairment loss								
31 December 2019	-	-	30,113,509.80	-	-	-	-	30,113,509.80
Increase in the current period (d)	-	-	23,599,356.05	-	-	-	-	23,599,356.05
30 June 2020	-	-	53,712,865.85	-	-	-	-	53,712,865.85
Carrying amount								
30 June 2020	5,077,876,907.52	146,126,110.67	2,094,779,403.17	13,252,345.39	216,213,445.57	2,534,827,229.08	81,476,824.14	10,164,552,265.54
31 December 2019	5,014,116,643.48	168,533,404.77	1,942,620,303.69	11,869,207.22	218,150,248.89	2,566,662,787.25	86,083,760.74	10,008,036,356.04

For the sixth months ended 30 June 2020, the amount of amortisation expenses charged to cost of revenue, selling and distribution expenses, general and administrative expenses and research and development expenses was RMB 457,822,929.32 (for the sixth months ended 30 June 2019: RMB 317,407,225.33).

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(19) Intangible assets (Cont'd)

- (a) The Group's land use rights pledged as collateral for long-term borrowings (Note 4(34)(b)):

	30 June 2020		
	Cost	Accumulated amortisation	Carrying amount
Land use rights	<u>1,438,825,054.85</u>	<u>(171,623,087.88)</u>	<u>1,267,201,966.97</u>
	31 December 2019		
	Cost	Accumulated amortisation	Carrying amount
Land use rights	<u>1,403,515,678.80</u>	<u>(153,966,421.27)</u>	<u>1,249,549,257.53</u>

- (b) As at 30 June 2020, the Group was still in the process of applying for certificates of ownership for land use rights with carrying amount of RMB 241,433,971.92 (cost of RMB 256,460,172.33) (31 December 2019: carrying amount of RMB 359,996,671.97 and cost of RMB 366,392,599.88).
- (c) As at 30 June 2020, the intangible assets developed by the Group accounted for 20.61% (31 December 2019: 19.41%) of the carrying amount of intangible assets.

	30 June 2020	31 December 2019
Carrying amount of self-developed intangible assets	2,094,779,403.17	1,942,620,303.69
Carrying amount of intangible assets	10,164,552,265.54	10,008,036,356.04
Proportion	<u>20.61%</u>	<u>19.41%</u>

- (d) For the six months ended 30 June 2020, due to the discontinuation or upcoming discontinuation of some self-developed software, the Group made a provision for impairment loss of RMB 23,599,356.05 upon assessment (for the six months ended 30 June 2019: RMB 37,001,101.69).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)**(20) Capitalised development expenditures**

	31 December 2019	Increase in the current period	Transfer to intangible assets in the current period (Note 4(19))	30 June 2020
Unmanned Aerial Vehicle Project	72,918,596.25	12,089,314.52	-	85,007,910.77
Fengsheng System	40,743,943.72	19,615,963.75	(27,621,426.89)	32,738,480.58
CPS	34,216,570.01	25,256,801.34	(27,723,295.09)	31,750,076.26
Foundation Revolution Project of Product Operation	20,263,124.51	8,610,609.89	(7,211,555.98)	21,662,178.42
Quick Delivery System	13,858,061.23	9,055,530.97	(1,299,482.82)	21,614,109.38
Intra-city Express	15,592,405.62	29,231,968.52	(24,696,373.94)	20,128,000.20
New Generation Maintenance System	13,578,905.59	5,788,485.81	-	19,367,391.40
Car-free Carriage Platform	5,389,841.11	22,782,737.66	(9,875,471.48)	18,297,107.29
Warehousing Management System Project	14,088,760.28	9,076,395.41	(6,591,696.39)	16,573,459.30
International Business System	11,262,048.03	25,598,480.01	(21,595,378.58)	15,265,149.46
Digital Repository Project	6,321,579.17	11,483,871.03	(4,461,046.61)	13,344,403.59
Geographic Information System Project	11,331,994.60	2,868,078.85	(1,700,981.65)	12,499,091.80
Fengchi Project	14,350,285.10	12,758,413.62	(16,361,210.56)	10,747,488.16
Claim Risk Control Project	9,117,450.03	1,508,762.52	(97,205.90)	10,529,006.65
Customer Experience Project	10,147,670.43	6,247,604.34	(7,435,638.24)	8,959,636.53
Big Data Platform Project	4,507,666.55	14,985,615.69	(12,022,733.80)	7,470,548.44
Settlement Platform System	25,836,659.51	6,700,266.80	(25,187,784.42)	7,349,141.89
Refrigerated Transport System Project	6,609,491.19	6,706,496.21	(8,702,473.74)	4,613,513.66
Operation and Management Platform Virtual System	3,415,470.74	6,054,201.08	(5,225,617.46)	4,244,054.36
Others	249,077,453.53	316,764,848.56	(320,395,847.05)	245,446,455.04
	<u>582,627,977.20</u>	<u>553,184,446.58</u>	<u>(528,205,220.60)</u>	<u>607,607,203.18</u>

As at 30 June 2020, the Group assessed that no impairment loss should be recognised for capitalised development expenditures.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(21) Goodwill

	31 December 2019	Increase in the current period	Decrease in the current period	Exchange differences on translation of foreign currency financial statements	30 June 2020
Cost:					
DHL Supply Chain (Hong Kong) Co., Ltd. ("DHL HK") and DHL Logistics (Beijing) Co., Ltd. ("DHL BJ")	3,040,084,262.82	-	-	55,862,021.37	3,095,946,284.19
Havi Logistics Services (Hong Kong) Ltd. ("Havi Hong Kong")	362,722,412.14	-	-	6,652,656.72	369,375,068.86
Guangdong Shunxin Freight Co., Ltd. ("Guangdong Shunxin")	149,587,124.73	-	-	-	149,587,124.73
Suzhou Hengding Logistics Co., Ltd.	5,677,452.73	-	-	-	5,677,452.73
Sichuan Wu Lian Yi Da Technology Co., Ltd. ("Wu Lian Yi Da")	4,940,247.25	-	-	-	4,940,247.25
Chengdu Shunyifeng Pharmaceuticals Co., Ltd.	2,434,509.81	-	-	-	2,434,509.81
Hanxing Industrial Co., Ltd.	1,528,959.13	-	-	28,042.49	1,557,001.62
	<u>3,566,974,968.61</u>	<u>-</u>	<u>-</u>	<u>62,542,720.58</u>	<u>3,629,517,689.19</u>
Less: Provisions for impairment loss (Note 4(24))					
Chengdu Shunyifeng Pharmaceuticals Co., Ltd.	<u>(2,434,509.81)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,434,509.81)</u>
	<u>3,564,540,458.80</u>	<u>-</u>	<u>-</u>	<u>62,542,720.58</u>	<u>3,627,083,179.38</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(21) Goodwill (Cont'd)

During the goodwill impairment assessment, the Group compares the carrying amount of the relevant assets or sets of asset groups (including goodwill) with their recoverable amount. If the recoverable amount is lower than the carrying amount, the difference shall be recognised in profit or loss for the current period.

The Group's allocation of goodwill was not changed for the six months ended 30 June 2020.

The recoverable amounts of DHL HK and DHL BJ are calculated based on the nine-year forecast approved by management, together with a long-term growth rate in the remaining forecast period.

The main assumptions applied by management in cash flows projections for DHL HK and DHL BJ are as follows:

	DHL HK and DHL BJ
Revenue growth rates in the first nine-year forecast period	3%~29%
Long-term growth rate	3.00%
Profit margin	1.7%~8.8%
Pre-tax discount rate	11.80%

The Group determined revenue growth rates and profit margin based on past performance and expectations of market development. Long-term growth rate is for the remaining forecast period which exclude first nine-year forecast period. According to the long-term inflation rate of Mainland China and Hong Kong, the Group adopts a long-term growth rate of 3%. The discount rate adopted by the management is the pre-tax interest rates which is able to reflect the risks specific to the related asset groups and sets of asset groups.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(22) Long-term prepaid expenses

	31 December 2019	Increase in the current period	Amortisation in the current period	Decrease in the current period	30 June 2020
Leasehold improvements	1,168,505,861.57	183,592,368.23	(345,252,630.42)	(10,880,367.36)	995,965,232.02
Settling-in allowance and introduction fee for pilots	492,115,710.89	35,166,735.54	(34,200,343.56)	(2,537,500.00)	490,544,602.87
Prepaid discount interest on interest-free loans to employees	27,580,595.39	28,424,137.20	(8,499,877.44)	(7,093,363.62)	40,411,491.53
Others	25,970,965.62	944,145.86	(5,370,003.63)	(3,800,082.92)	17,745,024.93
	<u>1,714,173,133.47</u>	<u>248,127,386.83</u>	<u>(393,322,855.05)</u>	<u>(24,311,313.90)</u>	<u>1,544,666,351.35</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(23) Other non-current assets

	30 June 2020	31 December 2019
Advances for engineering equipment	717,654,072.06	532,637,819.99
Prepaid land use rights	257,201,711.30	30,448,790.00
	<u>974,855,783.36</u>	<u>563,086,609.99</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(24) Asset/Credit impairment and provision for losses

			Decrease in the current period			
	31 December 2019	Provision in the current period	Reversal in the current period	Write-off in the current period	Decrease due to disposal of subsidiaries in the current period	30 June 2020
Provision for bad debts	163,704,365.44	320,753,077.70	-	(54,687,761.94)	(34,535.35)	429,735,145.85
Including: Provision for bad debts of accounts receivable (Note 4(4))	125,729,570.66	205,151,831.67	-	(45,941,387.72)	(29,280.82)	284,910,733.79
Provision for bad debts of other receivables (Note 4(8))	27,205,716.14	114,672,175.85	-	(8,746,374.22)	(5,254.53)	133,126,263.24
Provision for bad debts of long-term receivables (Note 4(12))	10,769,078.64	929,070.18	-	-	-	11,698,148.82
Provision for impairment of factoring receivables (Note 4(6))	74,519,671.86	49,601,393.26	-	-	-	124,121,065.12
Provision for impairment of loans and advances (Note 4(7))	15,219,113.18	89,186,630.95	-	-	-	104,405,744.13
Sub-total	253,443,150.48	459,541,101.91	-	(54,687,761.94)	(34,535.35)	658,261,955.10
Provision for impairment of long-term equity investments (Note 4(13))	160,223,258.80	3,869,728.47	-	-	-	164,092,987.27
Provision for impairment of intangible assets (Note 4(19))	30,113,509.80	23,599,356.05	-	-	-	53,712,865.85
Provision for impairment of goodwill (Note 4(21))	2,434,509.81	-	-	-	-	2,434,509.81
Sub-total	192,771,278.41	27,469,084.52	-	-	-	220,240,362.93
	446,214,428.89	487,010,186.43	-	(54,687,761.94)	(34,535.35)	878,502,318.03

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(25) Short-term borrowings

	30 June 2020	31 December 2019
Unsecured borrowings	6,386,681,782.54	5,807,413,760.65
Guaranteed borrowings (a)	20,024,166.66	135,486,216.75
Rediscounted notes (b)	105,271,155.80	110,474,665.10
Re-factoring	35,015,984.05	-
	<u>6,546,993,089.05</u>	<u>6,053,374,642.50</u>

- (a) As at 30 June 2020, guaranteed borrowings of RMB 20,024,166.66 (31 December 2019: RMB 135,486,216.75) were guaranteed by subsidiaries within the Group.
- (b) As at 30 June 2020, the amount of unmatured notes held by the Group that are rediscounted by the PBOC was RMB 105,271,155.80 (31 December 2019: RMB 110,474,665.10 with a rediscounted interest rate of 2.25% (31 December 2019: 2.25%).
- (c) As at 30 June 2020, the range of annual interest rate of short-term borrowings was 1.14% to 4.35% (31 December 2019: 3.17% to 5.00%).

(26) Accounts payable

	30 June 2020	31 December 2019
Payables to related parties (Note 8(4)(g))	276,831,940.94	235,963,975.43
Outsourcing cost payable	7,574,635,695.75	7,389,860,646.60
Transportation cost payable	1,840,475,588.38	1,806,769,493.30
Supply and material expenses payable	1,075,521,133.82	1,239,591,306.99
Office and rental fees payable	936,095,411.82	864,876,400.59
Customs cost payable	22,753,314.35	30,614,446.33
Others	458,824,206.95	420,579,741.10
	<u>12,185,137,292.01</u>	<u>11,988,256,010.34</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(26) Accounts payable (Cont'd)

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

	30 June 2020	31 December 2019	Main reason for unsettlement
Supply and material expenses payable	53,642,552.73	8,255,987.64	No invoice issued by supplier
Office and rental fees payable	15,964,598.33	15,360,331.60	No invoice issued by supplier
Outsourcing cost payable	11,108,213.63	13,790,520.88	No invoice issued by supplier
Transportation cost payable	4,855,929.09	3,125,442.73	No invoice issued by supplier
Others	18,882,449.11	19,775,522.07	
	<u>104,453,742.89</u>	<u>60,307,804.92</u>	

(27) Advances from customers

	30 June 2020	31 December 2019
Advances from related parties (Note 8(4)(h))	859,774.94	33,825,257.10
Advances of freight charges and others	-	613,794,082.83
Advances of rental and others	15,992,144.43	22,329,590.79
	<u>16,851,919.37</u>	<u>669,948,930.72</u>

As at 30 June 2020, the Group had no advances from customers with ageing over 1 year (31 December 2019: Nil).

(28) Contract liabilities

	30 June 2020	31 December 2019
Advances from related parties (Note 8(4)(i))	18,017,012.18	--
Advances of freight charges and others	1,099,370,085.72	--
	<u>1,117,387,097.90</u>	<u>--</u>

As at 1 January 2020, the balance of the Group's contract liabilities was RMB 647,619,339.93, among which RMB 594,660,829.99 has been transferred to revenue for the six months ended 30 June 2020.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(29) Employee benefits payable

	30 June 2020	31 December 2019
Short-term employee benefits payable (a)	3,669,453,726.27	3,251,514,851.48
Defined contribution plans payable (b)	28,838,192.22	29,547,658.55
	<u>3,698,291,918.49</u>	<u>3,281,062,510.03</u>

(a) Short-term employee benefits payable

	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020
Wages and salaries, bonus, allowances and subsidies	2,876,056,562.67	11,171,928,599.91	(10,792,903,627.41)	3,255,081,535.17
Employee welfare	7,584,222.03	293,520,737.54	(290,717,134.47)	10,387,825.10
Social security contributions	9,894,134.53	177,911,972.41	(174,985,028.71)	12,821,078.23
Including: Medical insurance	8,617,050.36	150,271,622.96	(147,193,822.24)	11,694,851.08
Work injury insurance	66,242.02	16,711,189.71	(16,318,050.02)	459,381.71
Maternity insurance	1,210,842.15	10,929,159.74	(11,473,156.45)	666,845.44
Housing funds	11,030,177.99	135,485,026.53	(133,786,789.76)	12,728,414.76
Labour union funds and employee education funds	302,729,297.48	111,949,652.00	(75,611,202.13)	339,067,747.35
Non-monetary welfare	17,537,841.99	451,626,965.89	(454,565,131.52)	14,599,676.36
Others	26,682,614.79	157,708,037.58	(159,623,203.07)	24,767,449.30
	<u>3,251,514,851.48</u>	<u>12,500,130,991.86</u>	<u>(12,082,192,117.07)</u>	<u>3,669,453,726.27</u>

Non-monetary welfare provided by the Group for employees primarily were non-monetary subsidies in various forms which were measured at fair value.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(29) Employee benefits payable (Cont'd)

(b) Defined contribution plans

	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020
Basic pension insurance	28,370,990.71	216,974,678.62	(217,755,410.19)	27,590,259.14
Unemployment insurance	1,176,667.84	6,406,630.29	(6,335,365.05)	1,247,933.08
	<u>29,547,658.55</u>	<u>223,381,308.91</u>	<u>(224,090,775.24)</u>	<u>28,838,192.22</u>

(30) Taxes payable

	30 June 2020	31 December 2019
Enterprise income tax payable	804,371,879.37	681,286,022.05
Unpaid VAT	512,752,078.64	317,323,139.66
Individual income tax payable	55,050,817.61	98,726,851.56
City maintenance and construction tax payable	16,926,887.02	13,065,277.94
Educational surcharge payable	12,675,258.04	9,980,350.61
Others	22,771,867.36	18,762,363.84
	<u>1,424,548,788.04</u>	<u>1,139,144,005.66</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(31) Other payables

	30 June 2020	31 December 2019
Current accounts payable to related parties (Note 8(4)(j))	32,369,675.86	30,142,576.37
Engineering equipment payable	2,244,737,011.39	1,955,006,954.01
Payables of cash on delivery service	1,392,006,721.00	1,395,911,162.92
Deposits payable	678,793,269.28	553,202,067.88
Management fees payable	147,177,237.83	93,317,776.80
Warranty deposits payable	140,641,030.06	138,508,695.73
Temporary collection payable	67,096,704.19	76,437,292.85
Investments payable	26,710,805.23	26,710,805.23
Professional service fee payable	7,206,299.89	5,472,382.85
Restricted share repurchases payable	-	59,252,503.45
Others	698,045,631.42	373,197,612.53
	<u>5,434,784,386.15</u>	<u>4,707,159,830.62</u>

Other payables with ageing over 1 year:

	30 June 2020	31 December 2019	Main reason for unsettlement
Deposits payable	278,500,632.87	287,706,582.64	Continuing business not expired
Engineering equipment payable	62,060,416.56	116,856,305.32	Project payment unsettled
Warranty deposits payable	31,351,869.49	28,617,237.83	Warranty in effect Indemnities from insurance company claims on hold and others
Others	30,994,240.87	16,264,052.12	
	<u>402,907,159.79</u>	<u>449,444,177.91</u>	

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(32) Current portion of non-current liabilities

	30 June 2020	31 December 2019
Current portion of long-term borrowings (Note 4(34))	868,978,660.42	743,765,598.22
Current portion of employee incentives (Note 4(37))	50,000,000.00	40,000,000.00
Current portion of debentures payable (a)	1,236,763,643.90	1,209,959,164.92
Interest of current portion of debentures payable (Note 4 (35))	194,655,951.56	94,484,104.84
Current portion of long-term payables (Note 4(36))	-	3,683,423.76
	<u>2,350,398,255.88</u>	<u>2,091,892,291.74</u>

(a) Current portion of debentures payable

	31 December 2019	Interest accrual	Amortisation of premium/discount	Repayment for the current period	30 June 2020
The First Debentures of 2017 (Note 4(35))	534,903,660.11	17,269,166.77	110,846.28	(4,903,660.11)	547,380,013.05
The Second Debentures of 2018 (Note 4(35))	675,055,504.81	19,246,866.67	136,764.18	(5,055,504.81)	689,383,630.85
	<u>1,209,959,164.92</u>	<u>36,516,033.44</u>	<u>247,610.46</u>	<u>(9,959,164.92)</u>	<u>1,236,763,643.90</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(33) Other current liabilities

	30 June 2020	31 December 2019
Super&short term commercial paper (a):		
The First Phase of 2019	-	511,760,777.99
The Third Phase of 2019	-	505,686,080.51
The First Phase of 2020	504,367,302.74	-
The Second Phase of 2020	503,277,177.12	-
The Third Phase of 2020	502,071,550.85	-
The Fourth Phase of 2020	501,228,833.88	-
Convertible corporate debentures of Shenzhen S.F. Express Co., Ltd. ("Convertible Corporate Debentures of S.F. Express ") (b)	2,037,639,760.16	-
	<u>4,048,584,624.75</u>	<u>1,017,446,858.50</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(33) Other current liabilities (Cont'd)

(a) Super&short term commercial paperis detailed as follows:

	Par value (RMB)	Date of issue	Term	Interest rate
The First Phase of 2019	500,000,000.00	10 April 2019	270 days	3.20%
The Third Phase of 2019	500,000,000.00	23 August 2019	270 days	3.30%
The First Phase of 2020	500,000,000.00	21 February 2020	270 days	2.50%
The Second Phase of 2020	500,000,000.00	13 March 2020	270 days	2.20%
The Third Phase of 2020	500,000,000.00	15 April 2020	180 days	2.04%
The Fourth Phase of 2020	500,000,000.00	8 May 2020	90 days	1.70%

- (b) On 28 February 2020, Shenzhen S.F. Express Co., Ltd. ("S.F. Express"), a subsidiary of the Company, entered into an convertible corporate debentures agreement with investors. Pursuant to the agreement, the investors will subscribe the Convertible Corporate Debentures of S.F. Express with a total consideration of USD300,000,000.00 or equivalent in RMB according to the terms and conditions of the agreement. Such debentures are interest free and have a term of 1 year. Subject to the conditions agreed upon, the Convertible Corporate Debentures of S.F. Express will be converted into 150 million ordinary shares newly issued by S.F. Express with a par value of RMB 1 per share at a price of USD 2 per share or equivalent in RMB. The settlement date of the Convertible Corporate Debentures of S.F. Express is 25 March 2020, and any amount denominated in USD involved in the agreement will be converted into RMB at the mid-price of RMB against USD as announced by the People's Bank of China two working days prior to the settlement date.

The Convertible Corporate Debentures of S.F. Express are listed as follows:

	Liability portion	Minority interests portion	Total
Amount of Convertible Corporate Debentures issued	2,033,010,982.68	59,719,017.32	2,092,730,000.00
Direct issuance expenses	(6,883,003.91)	(202,096.09)	(7,085,100.00)
Balance at the date of issue	<u>2,026,127,978.77</u>	<u>59,516,921.23</u>	<u>2,085,644,900.00</u>
Amortisation in the current period	11,511,781.39	-	11,511,781.39
Balance as at 30 June 2020	<u>2,037,639,760.16</u>	<u>59,516,921.23</u>	<u>2,097,156,681.39</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(34) Long-term borrowings

	30 June 2020	31 December 2019
Unsecured borrowings	1,644,366,446.42	1,775,899,754.43
Guaranteed borrowings (a)	225,000,000.00	4,802,429,633.76
Secured borrowings (b)	617,671,422.49	704,992,994.44
	<u>2,487,037,868.91</u>	<u>7,283,322,382.63</u>
Less: Current portion of long-term borrowings (Note 4(32))		
Unsecured borrowings	(692,815,147.07)	(571,699,370.26)
Guaranteed borrowings	(105,000,000.00)	(110,367,331.68)
Secured borrowings	(71,163,513.35)	(61,698,896.28)
	<u>(868,978,660.42)</u>	<u>(743,765,598.22)</u>
	<u>1,618,059,208.49</u>	<u>6,539,556,784.41</u>

(a) As at 30 June 2020, the Group's guaranteed borrowings of RMB 160,000,000.00 (31 December 2019: RMB 4,727,304,787.70) were guaranteed by subsidiaries within the Group and guaranteed borrowings of RMB 65,000,000.00 (31 December 2019: RMB 70,000,000.00) were guaranteed by Taisen Holdings and Havi Group LP (U.S.).

(b) As at 30 June 2020, the secured bank borrowings of RMB 123,270,000.00 (31 December 2019: RMB 123,270,000.00) were secured by construction in progress with carrying amount of RMB 157,683,272.03 (31 December 2019: RMB 171,224,485.06), fixed assets with carrying amount of RMB 8,597,702.27 (31 December 2019: RMB 52,082,818.28), investment properties with carrying amount of RMB 64,375,031.67 (31 December 2019: RMB 83,440,831.58) and intangible assets with carrying amount of RMB 73,200,239.84 (31 December 2019: RMB 10,716,573.85) respectively and were fully guaranteed by Taisen Holdings. The interest is paid quarterly. The principal should be repaid during the period from 19 October 2020 to 20 October 2033 by instalments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(34) Long-term borrowings (Cont'd)

(b) (Cont'd)

As at 30 June 2020, the secured bank borrowings of RMB 424,474,537.18 (31 December 2019: RMB 433,317,756.72) were secured by the Group's intangible assets with carrying amount of RMB 1,193,433,073.67 (31 December 2019: RMB 1,210,441,621.04). The interest is paid quarterly. The principal should be repaid during the period from 18 November 2019 to 18 November 2026 by instalments.

As at 30 June 2020, the secured bank borrowings of RMB 69,136,250.00 (31 December 2019: RMB 70,661,000.00) were secured by the Group's fixed assets with carrying amount of RMB 62,890,294.18 (31 December 2019: RMB 45,763,274.70), intangible assets with carrying amount of RMB 568,653.46 (31 December 2019: RMB 9,400,960.02) and investment properties with carrying amount of RMB 138,964,459.29 (31 December 2019: RMB 149,388,798.88) respectively and were fully guaranteed by Taisen Holdings. The interest is paid quarterly. The principal should be repaid during the period from 18 January 2020 to 18 January 2034 by instalments.

In addition, as at 31 December 2019, the secured bank borrowings of RMB 76,800,000.00 were secured by the Group's intangible assets with carrying amount of RMB 18,990,102.62, fixed assets with carrying amount of RMB 151,669,732.02 and investment properties with carrying amount of RMB 27,374,741.45 and were fully guaranteed by Taisen Holdings. The borrowings were repaid in advance on 5 June 2020.

(c) As at 30 June 2020, the rate of long-term borrowings ranged from 4.18% to 5.39% (31 December 2019: 3.33% to 5.39%).

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(35) Debentures payable

	31 December 2019	Issued in the current period	Issuance expenses	Interest accrual	Amortisation of premium/ discount	Foreign exchange gains or losses and exchange differences on translation of foreign currency financial statements	Conversion amount in the current period	Payment in cash	Current portion of interest payable	30 June 2020
The First Debentures of 2018	799,478,889.93	-	-	31,364,666.67	159,904.08	-	-	-	(31,364,666.67)	799,638,794.01
Overseas debentures denominated in USD	3,467,514,126.93	-	-	62,820,417.49	3,401,522.62	46,820,311.22	-	-	(62,820,417.49)	3,517,735,960.77
The First Middle-term Notes of 2018	999,309,244.49	-	-	34,936,666.74	83,280.06	-	-	-	(34,936,666.74)	999,392,524.55
The First Debentures of 2019	299,713,387.03	-	-	8,640,750.00	50,590.74	-	-	-	(8,640,750.00)	299,763,977.77
Convertible corporate debentures	5,031,969,368.14	-	-	7,077,523.44	93,763,882.32	-	(1,286,741,934.34)	(24,748.57)	(5,356,700.56)	3,840,687,390.43
Overseas debentures denominated in USD of 2020	-	4,903,115,000.00	(74,204,391.98)	51,536,750.10	2,363,372.76	52,029,293.88	-	-	(51,536,750.10)	4,883,303,274.66
	<u>10,597,985,016.52</u>	<u>4,903,115,000.00</u>	<u>(74,204,391.98)</u>	<u>196,376,774.44</u>	<u>99,822,552.58</u>	<u>98,849,605.10</u>	<u>(1,286,741,934.34)</u>	<u>(24,748.57)</u>	<u>(194,655,951.56)</u>	<u>14,340,521,922.19</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)**(35) Debentures payable (Cont'd)**

	Currency	Par value	Date of issue	Term	Amount (equivalent to RMB)
The First Debentures of 2017 (Note 4(32(a)) (a)	RMB	530,000,000.00	17 October 2017	3+2 years	530,000,000.00
The First Debentures of 2018 (a)	RMB	800,000,000.00	From 1 August 2018 2 August 2018	3 years	800,000,000.00
The Second Debentures of 2018 (Note 4(32(a)) (a)	RMB	670,000,000.00	From 22 October 2018 to 23 October 2018	2+1 years	670,000,000.00
Overseas debentures denominated in USD (b)	USD	500,000,000.00	27 July 2018	5 years	3,407,508,933.00
The First Middle-term Notes of 2018 (c)	RMB	1,000,000,000.00	19 September 2018	3 years	1,000,000,000.00
The First Debentures of 2019 (a)	RMB	300,000,000.00	20 September 2019	3 years	300,000,000.00
Convertible corporate debentures (d)	RMB	5,800,000,000.00	18 November 2019	6 years	5,800,000,000.00
Overseas debentures denominated in USD of 2020 (e)	USD	700,000,000.00	20 February 2020	10 years	4,903,115,000.00

- (a) Taisen Holdings was approved to issue corporate debentures of no more than RMB 2 billion (inclusive) in instalments to the public under the Regulatory Permission [2017] No. 1015 as issued by the China Securities Regulatory Commission. In 2017, Taisen Holdings publicly issued the corporate debentures (1st instalment) ("the First Debentures of 2017") to qualified investors. The debenture interest shall be annually calculated at simple interest rate, and the nominal interest rate is 4.6%, with interest paid annually and the final instalment of interest paid with the principal. The debenture has the put options for investors, and investors are entitled to the right to choose to put all or part of the debenture held by them at par value to Taisen Holdings on the interest payment date which is expected in October 2020 for the third year since issued such debenture. Accordingly, the relative debentures are classified into current portion of non-current liabilities.

In 2018, Taisen Holdings publicly issued the corporate debentures (1st instalment) ("the First Debentures of 2018") to qualified investors. The debenture interest shall be annually calculated at simple interest rate, and the nominal interest rate is 4.29%, with interest paid annually and the final instalment of interest paid with the principal.

In 2018, Taisen Holdings publicly issued the corporate debentures (2nd instalment) ("the Second Debentures of 2018") to qualified investors. The debenture interest shall be annually calculated at simple interest rate, and the nominal interest rate is 4.17%, with interest paid annually and the final instalment of interest paid with the principal. The debenture has the put options for investors, and investors are entitled to the right to choose to put all or part of the debenture held by them at par value to Taisen Holdings on the interest payment date which is expected in October 2020 for the second year since issued such debenture. Accordingly, the relative debentures are classified into current portion of non-current liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(35) Debentures payable (Cont'd)

- (a) Taisen Holdings was approved to issue corporate debentures of no more than RMB 2 billion (inclusive) in instalments to the public under the Regulatory Permission [2019] No. 388 as issued by the China Securities Regulatory Commission. In 2019, Taisen Holdings publicly issued the corporate debentures (1st instalment) ("the First Debentures of 2019") to qualified investors. The debenture interest shall be annually calculated at simple interest rate, and the nominal interest rate is 3.69%, with interest paid annually and the final instalment of interest paid with the principal.
- (b) On 26 July 2018, S.F. Holding Investment Limited, a wholly-owned overseas subsidiary of the Company, issued debentures of USD 500 million overseas. The debentures were listed on the Stock Exchange of Hong Kong Limited on 27 July 2018. The nominal interest rate is 4.13% per annum, and the interest is paid semi-annually, for which the Company provides unconditional and irrevocable cross-border guarantee.
- (c) According to the *Notice of Acceptance of Registration* issued by the National Association of Financial Market Institutional Dealers (Zhong Shi Zhu Xie [2017] MTN443), Taisen Holdings' quota of middle-term notes was RMB 2 billion. On 19 September 2018, Taisen Holdings issued the first middle-term notes of 2018 ("the First Middle-term Notes of 2018") totalling RMB 1 billion at a nominal interest rate of 4.46%, with interest paid annually and the final instalment of interest paid with the principal.
- (d) The Company publicly issued convertible corporate debentures ("Convertible Corporate Debentures") totalling RMB 5.8 billion on 18 November 2019 under the Regulatory Permission [2019] No. 1903 as issued by the China Securities Regulatory Commission. The Convertible Corporate Debentures have a term of six years, that is, from 18 November 2019 to 18 November 2025, with a nominal interest rate of 0.20% for the first year, and thereafter it will be gradually increased to 2.00% over the remaining years. Holders of the Convertible Corporate Debentures can exercise the right to convert the Convertible Corporate Debentures into shares of the Company at the current conversion price during the period from the first trading day after six months following the end of the issuance of Convertible Corporate Debentures to the maturity date (the "Conversion Period"), from 22 May 2020 to 18 November 2025. Within five trading days after the expiration of the Conversion Period, the Company will redeem all the Convertible Corporate Debentures that have not been converted at 106% of the par value of such Convertible Corporate Debentures (including the final instalment of interest).

During the Conversion Period, if the closing price of the Company's shares is not less than 130% (inclusive) of the current conversion price for at least 15 out of 30 consecutive trading days, the Company shall have the right to redeem all or part of the outstanding Convertible Corporate Debentures at par value of the Convertible Corporate Debentures plus the current accrued interest.

In addition, the Company shall have the right to redeem all or part of the outstanding Convertible Corporate Debentures at par value of the debentures plus the current accrued interest if the balance of the outstanding Convertible Corporate Debentures is less than RMB 30 million.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(35) Debentures payable (Cont'd)

- (d) Such Convertible Corporate Debentures were issued at the initial conversion price of RMB 40.41 per share, which was not less than the average trading price of the Company's stocks in the first twenty trading days before the announcement date of the prospectus (the average trading price on the trading day before adjustment shall be adjusted accordingly in case of stock price adjustment arising from ex-right and ex-dividend within such twenty trading days), and the average trading price on the previous trading day. After the issuance, the Company will adjust the conversion price accordingly in the event of bonus shares distribution, transfer to share capital, issuance of new shares (excluding share capital increased due to issuance of Convertible Corporate Debentures into shares), allotment of shares and distribution of cash dividends. During the duration of the Convertible Corporate Debentures issued, where the closing price of the Company's shares is lower than 80% of the current conversion price in at least 15 of 30 consecutive trading days, the Board of Directors of the Company shall have the right to propose a plan for conversion price reduction and submit it to the shareholders' meeting of the Company for deliberation and voting.

The Company implemented the annual equity distribution scheme of 2019 on 24 April 2020. Pursuant to issuance provisions stipulated in the *Prospectus for the Public Issuance of Convertible Corporate Debentures of S.F. Holding Co., Ltd.* and relevant regulations of China Securities Regulatory Commission on issuance of convertible corporate debentures, the conversion price of Convertible Corporate Debentures was adjusted from RMB 40.41 per share to RMB 40.14 per share since 24 April 2020. In June 2020, the Company completed the repurchase and cancellation procedures for restricted shares at China Securities Depository and the Clearing Corporation Limited Shenzhen Branch. The total share capital of the Company decreased by 2,182,222 shares from 4,422,030,407 shares to 4,419,848,185 shares. Pursuant to issuance provisions stipulated in the *Prospectus for the Public Issuance of Convertible Corporate Debentures of S.F. Holding Co., Ltd.* and relevant regulations of China Securities Regulatory Commission on issuance of convertible corporate debentures, the conversion price of Convertible Corporate Debentures was adjusted from RMB 40.14 per share to RMB 40.15 per share since 19 June 2020.

For the six months ended 30 June 2020, convertible corporate debentures with carrying amount of RMB 1,479,651,803.09 (for the six months ended 30 June 2019: Nil) were converted into 36,244,799 A-share ordinary shares (for the six months ended 30 June 2019: Nil) upon the exercise of conversion rights. The share capital was increased by RMB 36,244,799.00 and the capital reserve by RMB 1,443,407,004.09.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(35) Debentures payable (Cont'd)

(d) Convertible Corporate Debentures are listed as follows:

	Liability portion	Equity portion	Total
Amount of Convertible Corporate Debentures issued	5,028,196,096.65	771,803,903.35	5,800,000,000.00
Direct issuance expenses	(18,667,806.36)	(2,865,418.45)	(21,533,224.81)
Balance on the date of issue	5,009,528,290.29	768,938,484.90	5,778,466,775.19
Accumulated amortisation at the beginning of the period	22,441,077.85	-	22,441,077.85
Balance at 1 January 2020	5,031,969,368.14	768,938,484.90	5,800,907,853.04
Amortisation in the current period	93,763,882.32	-	93,763,882.32
Interest expenses accrued for the current period	7,077,523.44	-	7,077,523.44
Conversion amount in the current period	(1,286,741,934.34)	(192,909,868.75)	(1,479,651,803.09)
Payment in cash	(24,748.57)	(3,711.90)	(28,460.47)
Less: Current portion of interest payable	(5,356,700.56)	-	(5,356,700.56)
Balance at 30 June 2020	3,840,687,390.43	576,024,904.25	4,416,712,294.68

- (e) On 20 February 2020, S.F. Holding Investment Limited, a wholly-owned overseas subsidiary of the Company, completed the issuance of USD 700 million debentures. The debentures were listed on the Stock Exchange of Hong Kong Limited on 21 February 2020. The nominal interest rate is 2.875% per annum, the interest is paid semi-annually and guaranteed by the Company.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(36) Long-term payables

	30 June 2020	31 December 2019
Long-term advances payable	46,385,616.32	45,895,615.85
Long-term payables to China Development Fund Co., Ltd.	-	20,362,534.49
Others	10,116,387.59	15,735,603.19
Less: Current portion of long-term payables (Note 4(32))	-	(3,683,423.76)
	<u>56,502,003.91</u>	<u>78,310,329.77</u>

(37) Long-term employee benefits payable

	30 June 2020	31 December 2019
Employee incentives	148,366,731.13	158,434,634.21
Less: Current portion of employee incentives (Note 4(32))	(50,000,000.00)	(40,000,000.00)
Cash-settled share-based payment	92,039,716.62	69,392,342.16
Long-term service bonus	20,299,939.58	16,639,470.36
	<u>210,706,387.33</u>	<u>204,466,446.73</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(38) Deferred income

	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020	Source
					Received government grants Pending for future recognition in income
Government grants (a)	201,496,411.81	10,816,849.39	(16,973,417.75)	195,339,843.45	

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

Government grants	31 December 2019	Increase in grants in the current period	Amount recognised in other income in the current period (Note 4(55))	30 June 2020	Related to assets/income
Construction development fund for Tianjin Project	41,742,674.75	-	(206,165.64)	41,536,509.11	Related to assets
Ancillary grant of infrastructure for Wuhu E-Commerce Industrial Park	25,869,122.25	-	(280,625.88)	25,588,496.37	Related to assets
Comprehensive pilot program of Shanghai modern service industry	25,927,848.88	-	(504,792.48)	25,423,056.40	Related to assets
Weihai industrial development support fund	16,389,000.00	-	-	16,389,000.00	Related to assets
Yancheng Smart E-Commerce Logistics Park Project	14,959,794.08	-	(162,019.44)	14,797,774.64	Related to assets
Grant for maintenance of aircraft engines	9,502,005.06	4,703,766.00	(1,756,132.71)	12,449,638.35	Related to assets
Ma'anshan Industrial Park Project	11,441,226.58	-	(117,546.84)	11,323,679.74	Related to assets
Subsidy for new energy vehicles	6,306,194.54	4,222,500.00	(561,841.70)	9,966,852.84	Related to assets
Enterprise Expansion Fund	8,799,344.09	1,000,000.00	(1,362,149.38)	8,437,194.71	Related to assets
Shenzhen intelligent logistics project fund	4,488,888.88	-	(833,333.34)	3,655,555.54	Related to assets
Special fund of Shenzhen industrial design development	2,789,473.68	-	(10,000.02)	2,779,473.66	Related to assets
Commercial circulation development project	2,531,991.51	-	(264,021.22)	2,267,970.29	Related to assets
Tianjin Port Free Trade Zone supply chain system construction project	2,751,248.24	-	(521,341.14)	2,229,907.10	Related to assets
Compensation for land acquisition of Nanning Distribution Hub	2,603,441.31	-	(538,707.15)	2,064,734.16	Related to assets
Special subsidy for logistics standardisation granted by the Bureau of Commerce	2,543,361.74	-	(1,474,314.86)	1,069,046.88	Related to assets
Others	22,850,796.22	890,583.39	(8,380,425.95)	15,360,953.66	Related to assets
	201,496,411.81	10,816,849.39	(16,973,417.75)	195,339,843.45	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)**(39) Deferred tax assets and deferred tax liabilities****(a) Deferred tax assets not taking into consideration the offsetting of balances**

	30 June 2020		31 December 2019	
	Deductible temporary differences and deductible tax losses	Deferred tax assets	Deductible temporary differences and deductible tax losses	Deferred tax assets
Deductible losses	2,514,974,320.71	611,538,313.55	3,024,282,948.11	733,828,350.94
Accrued expenses	835,289,216.81	192,245,661.57	775,827,657.83	184,724,565.33
Unrealised profits from internal transactions	525,485,927.73	131,371,481.93	466,329,274.44	116,582,318.61
Employee incentives	108,365,294.72	27,074,669.59	118,166,438.48	29,541,609.62
Provision for asset impairment	389,423,999.26	90,405,466.88	251,281,539.04	61,105,136.91
Deferred income	180,947,347.12	43,252,140.07	183,305,261.85	44,134,413.21
Depreciation and amortisation differences	442,028,117.64	94,238,554.26	482,238,954.05	101,302,957.45
	<u>4,996,514,223.99</u>	<u>1,190,126,287.85</u>	<u>5,301,432,073.80</u>	<u>1,271,219,352.07</u>
Including:				
Expected to be recovered within 1 year (inclusive)		318,146,060.92		294,225,505.65
Expected to be recovered after 1 year		<u>871,980,226.93</u>		<u>976,993,846.42</u>
		<u>1,190,126,287.85</u>		<u>1,271,219,352.07</u>

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

	30 June 2020	31 December 2019
Deductible tax losses (c)	4,666,848,459.21	3,224,474,481.50
Deductible temporary differences	<u>277,121,892.74</u>	<u>28,468,543.55</u>
	<u>4,943,970,351.95</u>	<u>3,252,943,025.05</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(39) Deferred tax assets and deferred tax liabilities (Cont'd)

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

	30 June 2020	31 December 2019
2020	186,516,718.72	235,896,007.94
2021	259,775,241.10	307,466,976.93
2022	262,866,244.69	284,043,639.97
2023	613,863,363.01	626,565,480.16
2024	1,181,152,960.84	1,116,618,889.70
2025 and subsequent years	2,162,673,930.85	653,883,486.80
	<u>4,666,848,459.21</u>	<u>3,224,474,481.50</u>

(d) Deferred tax liabilities before offsetting

	30 June 2020		31 December 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of investments in other equity instruments	735,070,328.52	185,961,943.33	744,088,970.00	186,022,242.50
Changes in fair value of other non-current financial assets	9,424,488.44	2,356,122.11	9,424,488.44	2,356,122.11
Changes in fair value upon reclassification of remaining equity of Hive Box Technology	446,796,225.96	111,699,056.49	446,796,225.96	111,699,056.49
Changes in fair value upon reclassification of remaining equity of Shenzhen Fengyi Technology Co., Ltd. ("Fengyi Technology")	28,000,000.00	7,000,000.00	28,000,000.00	7,000,000.00
Depreciation of fixed assets	3,259,236,640.54	755,279,725.86	2,713,479,796.13	594,029,414.30
Appreciation in asset value arising from business combination involving enterprises not under common control	2,887,007,536.98	678,176,382.81	2,905,562,109.35	682,576,336.29
Changes in fair value of financial assets held for trading	11,569,553.64	2,892,388.41	9,852,581.08	2,463,145.27
Others	166,519,635.94	41,629,908.99	26,772,768.32	6,693,192.08
	<u>7,543,624,410.02</u>	<u>1,784,995,528.00</u>	<u>6,883,976,939.28</u>	<u>1,592,839,509.04</u>
Including:				
Expected to be recovered within 1 year (inclusive)		247,497,229.03		214,142,463.75
Expected to be recovered after 1 year		<u>1,537,498,298.97</u>		<u>1,378,697,045.29</u>
		<u>1,784,995,528.00</u>		<u>1,592,839,509.04</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(39) Deferred tax assets and deferred tax liabilities (Cont'd)

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

	30 June 2020	31 December 2019
Deferred tax assets - net	<u>1,004,974,716.39</u>	<u>1,066,079,111.56</u>
Deferred tax liabilities - net	<u>1,599,843,956.54</u>	<u>1,387,699,268.53</u>

(40) Share capital

	31 December 2019	Increase in the current period (Note 4(35)(d))	Decrease in the current period (Note 9(1))	30 June 2020
Ordinary shares denominated in RMB	<u>4,414,585,265.00</u>	<u>36,244,799.00</u>	<u>(2,456,568.00)</u>	<u>4,448,373,496.00</u>
	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019
Ordinary shares denominated in RMB	<u>4,418,767,258.00</u>	<u>-</u>	<u>(4,181,993.00)</u>	<u>4,414,585,265.00</u>

(41) Other equity instruments

	30 June 2020	31 December 2019
Convertible corporate debentures (Note 4(35)(d))	<u>576,024,904.25</u>	<u>768,938,484.90</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(42) Capital reserve

	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020
Share premium				
- Capital contribution by shareholders	15,768,464,376.95	-	-	15,768,464,376.95
- Business combinations involving enterprises under common control	(76,633,221.35)	-	-	(76,633,221.35)
- Convertible corporate debentures transferred into share capital and capital reserve (Note 4(35)(d))	-	1,443,407,004.09	-	1,443,407,004.09
- Share-based payment in capital contribution by shareholders (Note 4(43))	88,760,253.39	-	(57,311,814.73)	31,448,438.66
Other capital reserve				
- Share-based payment included in capital reserve (Note 9(2))	47,011,172.79	47,180,411.55	-	94,191,584.34
- Others (i)	296,416,012.38	467,034,624.91	(118,279,760.81)	645,170,876.48
	<u>16,124,018,594.16</u>	<u>1,957,622,040.55</u>	<u>(175,591,575.54)</u>	<u>17,906,049,059.17</u>
	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019
Share premium				
- Capital contribution by shareholders	15,768,464,376.95	-	-	15,768,464,376.95
- Business combinations involving enterprises under common control	73,973,978.65	-	-	73,973,978.65
- Share-based payment in capital contribution by shareholders	193,344,979.29	-	(104,584,725.90)	88,760,253.39
Other capital reserve				
- Share-based payment included in capital reserve	44,965,842.16	14,581,133.08	-	59,546,975.24
- Others	138,869,988.62	5,959,966.12	-	144,829,954.74
	<u>16,219,619,165.67</u>	<u>20,541,099.20</u>	<u>(104,584,725.90)</u>	<u>16,135,575,538.97</u>

- (i) Movements in the current period represents changes in equity resulting from transactions with minority shareholders.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)
(43) Treasury stock

	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020
Treasury stock	<u>454,761,306.79</u>	<u>-</u>	<u>(59,768,382.73)</u>	<u>394,992,924.06</u>
	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019
Treasury stock	<u>200,928,467.28</u>	<u>394,996,314.03</u>	<u>(141,663,846.07)</u>	<u>454,260,935.24</u>

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 RMB 202,255,537.22, including an increment of share capital of RMB 7,788,643.00 and an increment of capital reserve of RMB 194,466,894.22. 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.

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 RMB 1,082,171.88, including a reduction of RMB 36,909.00 in share capital, and RMB 1,045,262.88 in capital reserve.

As at 31 December 2018, the Company adjusted the treasury stock by RMB 244,898.06 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.

As at 3 January 2019, the Company held the 18th session of the fourth Board of Directors, at which the *Proposal of the Accomplishment of the Unlocking Conditions of the First Post Lock-up Period for the Restricted Shares for 2017* was reviewed. The Company recognised that the unlocking conditions for the first post lock-up period for the restricted shares for 2017 were met, and the treasury stock of RMB 32,393,334.30 were deducted. In addition, the criteria of the performance assessment for the second post lock-up period for the restricted shares incentive plan for 2017 and the first post lock-up period for the restricted shares incentive plan for 2018 were not met, therefore the Company repurchased and cancelled the restricted shares previously held by these incentive recipients (3,741,407.00 shares in total) in 2019 with a deduction from the treasury share of RMB 96,583,654.60, including a reduction of RMB 3,741,407.00 in share capital, and RMB 92,842,247.60 in capital reserve.

In 2019, some of the Company's original incentive recipients resigned and lost their right to receive incentives, therefore the Company repurchased and cancelled the restricted shares previously held by these incentive recipients (440,586.00 shares in total) with a deduction from the treasury share of RMB 12,183,064.30, including a reduction of RMB 440,586.00 in share capital, and RMB 11,742,478.30 in capital reserve.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(43) Treasury stock (Cont'd)

For the current reporting period, 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 (274,346 shares in total) with a deduction from the treasury share of RMB 6,674,838.18, including a reduction of RMB 274,346.00 in share capital, and RMB 6,400,492.18 in capital reserve.

As at 23 March 2020, at the 3rd session of the 5th Board of Directors, the *Proposal of Repurchasing and Cancelling Certain Restricted Shares* was approved: the criteria of the performance assessment for the second post lock-up period for the restricted shares incentive plan for 2018 were not met, therefore the Company repurchased and cancelled the restricted shares previously held by these incentive recipients (2,182,222 shares in total) in 2020 with a deduction from the treasury share of RMB 53,093,544.55, including a reduction of RMB 2,182,222.00 in share capital, and RMB 50,911,322.55 in capital reserve.

In addition, as at 31 January 2019, at the 19th session of the fourth Board of Directors, the *Proposal of Repurchasing Shares by Centralised Price Bidding* was approved, under which the Company repurchased a portion of corporate shares for employee stock ownership plan or share-based incentive plan through centralised price bidding by self-owned funds; a total of 11,010,729.00 shares were repurchased and treasury stock of RMB 394,992,892.71 was recognised.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(44) Special reserve

	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020
Safety reserve	-	12,187,435.48	(12,187,435.48)	-

	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019
Safety reserve	-	3,776,493.37	(3,776,493.37)	-

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.

(45) Surplus reserve

	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020
Statutory surplus reserve	601,241,237.54	-	-	601,241,237.54

	31 December 2018	Increase in the current period	Decrease in the current period	30 June 2019
Statutory surplus reserve	601,132,890.32	-	-	601,132,890.32

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)
(46) Retained earnings

	For the six months ended 30 June	
	2020	2019
Retained earnings at the end of the prior year before adjustment	19,737,192,610.27	14,960,062,609.04
Adjust for: Changes in accounting policies	32,220,405.39	-
Retained earnings at the beginning of the period after adjustment	19,769,413,015.66	14,960,062,609.04
Add: Net profit attributable to shareholders of the parent company for the current period	3,761,593,296.43	3,099,808,006.37
Less: Ordinary share dividends payable (a)	(1,188,301,851.36)	(924,735,176.17)
Appropriation to general risk reserve (b)	(2,344,717.97)	-
Transfer from other comprehensive income to retained earnings	-	(54,334,158.75)
Retained earnings at the end of the period	22,340,359,742.76	17,080,801,280.49

- (a) The Company held a shareholders' meeting on 15 April 2020. On the basis of the total share capital at the registration date on which the 2019 profit distribution plan was implemented less the special shares repurchased by the Company, a total of RMB 1,188,891,851.30 of cash dividends were distributed to all shareholders at RMB 2.70 (including tax) per 10 shares, without bonus shares being given or capital reserve being transferred into the share capital.

During the reporting period, the Company adjusted ordinary share dividends by RMB 589,999.94 in total, based on the number of restricted shares that are expected not to be unlocked for the restricted shares incentive plan for 2018 and thus the ordinary share dividends payable was changed to RMB 1,188,301,851.36.

- (b) Pursuant to the *Circular on Strengthening the Supervision and Management of Commercial Factoring Enterprises* issued by the General Office of the China Banking and Insurance Regulatory Commission (Yin Bao Jian Ban Fa [2019] No. 205), for the factoring business, risk reserve of 1% of the ending balance of the financing factoring business is required. During the reporting period, Lefeng Factoring, a subsidiary of the Group, made an appropriation to the risk reserve in accordance with the requirement.

S.F. HOLDING CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)**(47) Minority interests**

	30 June 2020	31 December 2019
Havi Hong Kong	172,046,094.77	178,891,025.84
Hangzhou SF Intra-city Industrial Co., Ltd.	98,945,890.40	(1,640,347.84)
Chongqing Fonair UAS Technology Co., Ltd.	77,611,379.34	-
S.F. Express	59,516,921.23	-
Guangdong Fengxing Zhitu Technology Co., Ltd.	59,028,907.72	-
Beijing S.F. Intra-city Technology Co., Ltd.	31,400,366.37	27,723,750.30
Wulian Yida	24,511,067.05	29,887,545.67
Chengdu Fengcheng	(13,161,361.13)	(14,361,885.94)
Guangdong Shunxin	(261,040,845.67)	(156,475,162.33)
Others	29,621,460.07	9,872,315.88
	<u>278,479,880.15</u>	<u>73,897,241.58</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(48) Revenue and cost of revenue

	For the six months ended 30 June	
	2020	2019
Revenue from main operations (a)	71,028,669,391.17	50,023,101,039.35
Revenue from other operations (b)	100,338,347.04	51,602,994.50
Total revenue	<u>71,129,007,738.21</u>	<u>50,074,704,033.85</u>
Cost of revenue from main operations (a)	57,799,242,648.49	40,120,963,760.73
Cost of revenue from other operations (b)	63,886,252.92	31,080,464.00
Total cost of revenue	<u>57,863,128,901.41</u>	<u>40,152,044,224.73</u>

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

	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Revenue from main operations	Cost of revenue from main operations	Revenue from main operations	Cost of revenue from main operations
Express delivery and supply chain	70,188,001,144.10	57,121,320,304.19	49,479,804,469.27	39,676,010,637.56
Sales of goods	452,123,296.72	427,084,226.66	253,670,085.55	244,437,355.69
Others	388,544,950.35	250,838,117.64	289,626,484.53	200,515,767.48
	<u>71,028,669,391.17</u>	<u>57,799,242,648.49</u>	<u>50,023,101,039.35</u>	<u>40,120,963,760.73</u>

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

	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Revenue from other operations	Cost of revenue from other operations	Revenue from other operations	Cost of revenue from other operations
Disposal of materials	3,792,612.75	1,628,114.57	5,366,068.43	3,135,831.83
Others	96,545,734.29	62,258,138.35	46,236,926.07	27,944,632.17
	<u>100,338,347.04</u>	<u>63,886,252.92</u>	<u>51,602,994.50</u>	<u>31,080,464.00</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

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

(c) The Group's revenue for the six months ended 30 June 2020 was disaggregated as follows:

	For the six months ended 30 June 2020			
	Express delivery and supply chain	Sales of goods	Others	Total
Revenue from main operations				
Including: At a point in time	-	452,123,296.72	121,445,767.94	573,569,064.66
Over time	70,188,001,144.10	-	209,208,521.52	70,397,209,665.62
Lease income	-	-	57,890,660.89	57,890,660.89
	<u>70,188,001,144.10</u>	<u>452,123,296.72</u>	<u>388,544,950.35</u>	<u>71,028,669,391.17</u>
Revenue from other operations				
Including: At a point in time	-	-	3,792,612.75	3,792,612.75
Over time	-	-	31,371,734.05	31,371,734.05
Lease income	-	-	65,174,000.24	65,174,000.24
	<u>-</u>	<u>-</u>	<u>100,338,347.04</u>	<u>100,338,347.04</u>

As at 30 June 2020, the performance obligation of the Group that had been contracted but not yet performed or not fulfilled was part of contracts with expected maturity within one year.

(49) Taxes and surcharges

	For the six months ended 30 June		Payment criterion
	2020	2019	
City maintenance and construction tax	70,719,764.91	38,783,027.88	Refer to Note 3
Educational surcharge	51,122,638.61	28,667,288.45	Refer to Note 3
Stamp tax	33,782,373.62	26,200,182.24	
Property tax	20,500,315.63	20,621,947.62	
Land use tax	4,540,245.80	6,348,514.64	
Flood-control project expenses	102,619.07	117,176.63	
Others	1,083,730.16	377,126.98	
	<u>181,851,687.80</u>	<u>121,115,264.44</u>	

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(50) Selling and distribution expenses

	For the six months ended 30 June	
	2020	2019
Employee benefits	400,354,453.54	318,516,919.75
Outsourcing expenses of information technology service	277,321,643.40	208,263,429.24
IT and information platform expenses	100,204,009.91	90,956,344.09
Marketing expenses	93,535,249.52	105,880,810.06
Depreciation and amortisation expenses	89,629,461.92	69,638,430.07
Office and rental fees	50,945,774.92	57,352,090.67
Supply and material expenses	11,194,918.81	13,090,938.53
Travelling and transportation expenses	9,382,883.02	13,360,798.14
Others	24,090,306.89	7,498,378.66
	<u>1,056,658,701.93</u>	<u>884,558,139.21</u>

(51) General and administrative expenses

	For the six months ended 30 June	
	2020	2019
Employee benefits	4,858,862,486.41	3,890,037,390.50
Office and rental fees	255,935,823.26	258,311,322.40
Depreciation and amortisation expenses	148,253,379.17	210,542,576.67
Outsourcing expenses	118,052,450.55	32,908,843.71
Professional service fees	115,324,486.22	145,896,331.98
Supply and material expenses	76,137,816.90	30,892,230.32
Entertainment expenses	68,271,706.15	83,172,264.44
Brand royalties	55,109,364.65	35,565,574.35
IT and information platform expenses	52,851,185.87	27,373,472.94
Travelling and transportation expenses	42,838,862.22	64,149,585.92
Taxes	6,201,858.42	14,129,992.87
Others	63,603,742.91	51,862,693.47
	<u>5,861,443,162.73</u>	<u>4,844,842,279.57</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(52) Research and development expenses

	For the six months ended 30 June	
	2020	2019
Employee benefits	425,321,626.35	274,413,117.59
Depreciation and amortisation expenses	148,462,487.06	108,581,274.94
Outsourcing expenses	47,050,197.27	21,612,421.02
Supply and material expenses	34,290,640.40	2,380,344.87
IT and information platform expenses	29,352,477.08	62,492,335.64
Office and rental fees	22,823,668.49	16,593,373.66
Professional service fees	16,619,041.55	8,386,104.63
Travelling and transportation expenses	2,769,613.47	8,374,048.34
Others	6,649,876.74	6,261,353.20
	<u>733,339,628.41</u>	<u>509,094,373.89</u>

(53) Financial costs

	For the six months ended 30 June	
	2020	2019
Interest on borrowings	578,195,340.26	443,050,621.03
Less: Capitalised interest (Note 4(18))	(10,137,901.97)	(10,096,711.26)
Interest expenses	<u>568,057,438.29</u>	<u>432,953,909.77</u>
Less: Interest income	(78,055,138.82)	(140,657,963.28)
Net gains or losses on exchange	(32,405,986.92)	4,779,048.26
Commission expenses and others	<u>15,371,157.37</u>	<u>34,538,351.63</u>
	<u>472,967,469.92</u>	<u>331,613,346.38</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(54) Expenses by nature

The cost of revenue, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement are listed as follows by nature:

	For the six months ended 30 June	
	2020	2019
Outsourcing cost	36,000,601,551.98	22,516,293,483.01
Employee benefits	12,286,229,366.65	10,188,123,515.18
Transportation cost	6,127,474,359.27	4,591,767,428.13
Including: Aircraft maintenance costs	153,749,892.99	122,550,201.24
Office and rental fees	3,814,075,460.69	3,370,876,598.64
Depreciation and amortisation expenses	2,600,262,280.82	2,113,897,345.59
Supply and material expenses	2,183,349,831.19	1,821,849,752.17
IT and information platform expenses	529,974,865.83	376,367,330.53
Claims expenses	511,571,470.00	286,839,014.36
Cost of revenue of goods	427,084,226.66	244,437,355.69
Professional service fees	132,959,967.33	154,282,436.60
Customs cost	190,902,692.93	146,219,546.06
Travelling and transportation expenses	98,215,008.51	121,361,655.21
Marketing expenses	93,535,249.52	105,880,810.06
Brand royalties	55,109,364.65	35,565,574.35
Taxes	7,446,679.90	15,370,055.24
Others	455,778,018.55	301,407,116.58
	<u>65,514,570,394.48</u>	<u>46,390,539,017.40</u>

For the six months ended 30 June 2020, the Group's government grants which were offset against cost and expenses amounted to RMB 121,775,212.56 (for the six months ended 30 June 2019: RMB 44,298,310.60) and were fully offset against the cost of revenue. Therein, the amount that was recognised in non-recurring profit or loss amounted to RMB 121,775,212.56 (for the six months ended 30 June 2019: RMB 44,298,310.60).

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(55) Other income

	For the six months ended 30 June		Related to assets /income
	2020	2019	
Tax preference	363,926,959.65	54,037,453.25	Related to income
Fiscal appropriation for logistics	212,152,645.32	75,056,584.88	Related to income
Grant from Social Security Bureau	52,657,030.26	18,743,054.92	Related to income
Amortisation of deferred income (Note 4(38))	16,973,417.75	16,509,299.54	Related to assets
	<u>645,710,052.98</u>	<u>164,346,392.59</u>	

(56) Investment income

	For the six months ended 30 June	
	2020	2019
Investment income from sale of equity interests of Fengyi Technology	-	216,691,565.20
Investment income from financial assets held for trading	213,247,428.71	79,742,073.62
Share of net gains or losses of investees under equity method (Note 4(13))	(18,447,519.77)	(50,985,409.53)
Investment income from remeasurement of the remaining equity interests in Fengyi Technology measure at fair value	-	64,204,908.21
Investment income from wealth management products	10,247,466.29	29,086,155.52
Investments income from dividends of investment in other equity instruments	1,110,356.12	-
Income from disposal of other long-term equity investments	17,260,427.11	47,334,607.83
	<u>223,418,158.46</u>	<u>386,073,900.85</u>

There is no significant restriction on recovery of investment income of the Group.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(57) Gains arising from changes in fair value

	For the six months ended 30 June	
	2020	2019
SAFE and discounted warrants	-	304,239,702.03
Structural deposits	16,384,538.57	9,960,802.13
Others	29,414.59	16,007,107.39
	<u>16,413,953.16</u>	<u>330,207,611.55</u>

(58) Credit impairment losses

	For the six months ended 30 June	
	2020	2019
Losses on bad debts of accounts receivable	205,151,831.67	79,264,307.29
Losses on bad debts of other receivables	114,672,175.85	13,044,791.88
Losses on impairment of loans and advances	89,186,630.95	3,475,742.51
Losses on impairment of factoring receivables	49,601,393.26	53,080,511.77
Losses on impairment of long-term receivables	929,070.18	-
	<u>459,541,101.91</u>	<u>148,865,353.45</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(59) Asset impairment losses

	For the six months ended 30 June	
	2020	2019
Losses on impairment of intangible assets	23,599,356.05	37,001,101.69
Losses on impairment of long-term equity investments	3,869,728.47	17,111,077.45
	<u>27,469,084.52</u>	<u>54,112,179.14</u>

(60) Losses on disposal of assets

	For the six months ended 30 June			
	2020	Amount recognised in non-recurring profit or loss in 2020	2019	Amount recognised in non-recurring profit or loss in 2019
Losses on disposal of fixed assets	8,253,122.38	8,253,122.38	12,876,151.73	12,876,151.73
Losses on disposal of intangible assets	1,393,369.11	1,393,369.11	-	-
	<u>9,646,491.49</u>	<u>9,646,491.49</u>	<u>12,876,151.73</u>	<u>12,876,151.73</u>

(61) Non-operating income and expenses

(a) Non-operating income

	For the six months ended 30 June			
	2020	Amount recognised in non-recurring profit or loss in 2020	2019	Amount recognised in non-recurring profit or loss in 2019
Government grants (i)	13,929,041.59	13,929,041.59	17,708,816.27	17,708,816.27
Compensation income	9,155,484.11	9,155,484.11	5,971,898.89	5,971,898.89
Income from penalty	1,323,994.46	1,323,994.46	1,198,197.30	1,198,197.30
Others	65,325,265.46	65,325,265.46	45,274,628.31	45,274,628.31
	<u>89,733,785.62</u>	<u>89,733,785.62</u>	<u>70,153,540.77</u>	<u>70,153,540.77</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(61) Non-operating income and expenses (Cont'd)

(a) Non-operating income (Cont'd)

(i) Details of government grants

	For the six months ended 30 June 2020	Related to assets/income	For the six months ended 30 June 2019	Related to assets/income
General fiscal appropriation	13,301,583.00	Related to income	16,722,833.19	Related to income
Others	627,458.59	Related to income	985,983.08	Related to income
	<u>13,929,041.59</u>		<u>17,708,816.27</u>	

(b) Non-operating expenses

	For the six months ended 30 June			
	2020	Amount recognised in non-recurring profit or loss in 2020	2019	Amount recognised in non-recurring profit or loss in 2019
Losses on scrapping of fixed assets and intangible assets	39,789,802.73	39,789,802.73	-	-
Donation expenses	21,610,987.55	21,610,987.55	5,150,996.20	5,150,996.20
Compensation expenses	19,230,955.69	19,230,955.69	19,532,798.24	19,532,798.24
Penalties and overdue fines	6,876,977.69	6,876,977.69	8,615,819.45	8,615,819.45
Others	11,964,928.43	11,964,928.44	8,461,646.82	8,461,646.82
	<u>99,473,652.09</u>	<u>99,473,652.10</u>	<u>41,761,260.71</u>	<u>41,761,260.71</u>

(62) Income tax expenses

	For the six months ended 30 June	
	2020	2019
Current income tax	1,466,179,044.85	891,418,578.47
Deferred income tax	248,819,602.15	(8,776,281.95)
	<u>1,714,998,647.00</u>	<u>882,642,296.52</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)**(62) Income tax expenses (Cont'd)**

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:

	For the six months ended 30 June	
	2020	2019
Total profit	5,338,763,806.22	3,924,602,906.36
Income tax expenses calculated at the standard tax rate of 25%	1,334,690,951.56	981,150,726.59
Costs, expenses and losses not deductible for tax purposes	38,667,142.36	39,552,923.73
Effect of last-year tax filing differences	13,660,450.66	(29,736,018.06)
Effect of different tax rates among different subsidiaries and branches on income tax expenses	(93,873,206.20)	(43,180,878.92)
Deductible tax losses and deductible temporary differences for which no deferred tax asset was recognised in the current period	413,291,203.23	141,988,978.79
Reversal of previously recognised deductible losses for which deferred tax asset was recognised	68,065,341.58	44,911,454.39
Utilisation of deductible tax losses and other deductible temporary differences for which no deferred tax asset was recognised in prior periods	(46,570,727.68)	(134,263,952.26)
Recognition of deductible tax losses and other deductible temporary differences for which no deferred tax asset was recognised in prior periods	(1,723,041.10)	(2,500,000.00)
Effect of tax preference	(5,000,000.00)	(10,678,902.56)
Income not subject to tax	(6,209,467.41)	(104,602,035.18)
Income tax expenses	1,714,998,647.00	882,642,296.52

S.F. HOLDING CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)**(63) 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:

	For the six months ended 30 June	
	2020	2019
Consolidated net profit attributable to ordinary shareholders of the parent company	3,761,593,296.43	3,099,808,006.37
Less: Cash dividends distributed to holders whose restricted shares are expected to be unlocked	-	(503,792.87)
Adjusted consolidated net profit attributable to ordinary shareholders of the parent company for calculation of earnings per share	3,761,593,296.43	3,099,304,213.50
Weighted average number of outstanding ordinary shares of the Company	4,401,118,670.17	4,407,421,565.50
Basic earnings per share	0.85	0.70
Including:		
- Basic earnings per share from continuing operations	0.85	0.70

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(63) Earnings per share (Cont'd)

(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 six months ended 30 June 2020, the Company had dilutive potential ordinary shares (for the six months ended 30 June 2019: Nil):

	For the six months ended 30 June	
	2020	2019
Consolidated net profit attributable to ordinary shareholders of the parent company	3,761,593,296.43	3,099,808,006.37
Add: Interest expenses from convertible corporate debentures of the Company(net of tax)	98,688,033.29	-
Less: Effect of convertible corporate debentures issued by subsidiaries on the net profit attributable to shareholders of the Company	(3,995,114.22)	-
Adjusted consolidated net profit attributable to ordinary shareholders of the parent company for calculation of earnings per share	3,856,286,215.50	3,099,808,006.37
Weighted average number of outstanding ordinary shares of the Company	4,401,118,670.17	4,407,421,565.50
Add: Weighted average number of ordinary shares which convertible corporate debentures assumed to be fully converted into ordinary shares	143,843,934.67	-
Weighted average number of outstanding diluted ordinary shares	4,544,962,604.84	4,407,421,565.50
Diluted earnings per share	0.85	0.70

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)
(64) Other comprehensive income

Other comprehensive income, the related income tax effect and the reclassifications to profit or loss for the six months ended 30 June 2020 and 2019:

	Other comprehensive income in the balance sheet			Other comprehensive income in the income statement for the six months ended 30 June 2020			
	31 December 2019	Attributable to the parent company in the current period - net of tax	30 June 2020	Amount incurred before income tax for the current period	Less: Income tax	Attributable to the parent company - net of tax	Attributable to minority shareholders - net of tax
Other comprehensive income items which will not be reclassified subsequently to profit or loss							
Changes in fair value of investments in other equity instruments and exchange rate changes	721,903,970.41	40,865,087.90	762,769,058.31	38,610,400.40	(2,254,687.50)	40,865,087.90	-
Other comprehensive income that will not be subsequently transferred to profit or loss under the equity method	(2,059,919.82)	873,013.64	(1,186,906.18)	873,013.64	-	873,013.64	-
Other comprehensive income items which will be reclassified subsequently to profit or loss							
Exchange differences on translation of foreign currency financial statements	282,871,556.79	104,744,398.17	387,615,954.96	104,615,596.10	-	104,744,398.17	(128,802.07)
	<u>1,002,715,607.38</u>	<u>146,482,499.71</u>	<u>1,149,198,107.09</u>	<u>144,099,010.14</u>	<u>(2,254,687.50)</u>	<u>146,482,499.71</u>	<u>(128,802.07)</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(64) Other comprehensive income (Cont'd)

	Other comprehensive income in the balance sheet					Movements in other comprehensive income for the six months ended 30 June 2019				
	31 December 2018	Changes in accounting policies	1 January 2019	Attributable to the parent company in the current period - net of tax	Other comprehensive income transferred into retained earnings	30 June 2019	Amount incurred before income tax for the current period	Less: Income tax	Attributable to the parent company - net of tax	Attributable to minority shareholders - net of tax
Other comprehensive income items which will not be reclassified subsequently to profit or loss										
Changes in fair value of investments and exchange rate in other equity instruments	-	353,622,821.31	353,622,821.31	(21,354,283.70)	54,334,158.75	386,602,696.36	24,629,582.65	(45,983,866.35)	(21,354,283.70)	-
Other comprehensive income items which will be reclassified subsequently to profit or loss										
Other comprehensive income that will be subsequently transferred to profit or loss under the equity method	-	-	-	(1,956,923.83)	-	(1,956,923.83)	(1,956,923.83)	-	(1,956,923.83)	-
Changes in fair value of available-for-sale financial assets	336,157,723.57	(336,157,723.57)	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign currency financial statements	191,026,574.28	-	191,026,574.28	15,179,377.55	-	206,205,951.83	15,265,426.96	-	15,179,377.55	86,049.41
	<u>527,184,297.85</u>	<u>17,465,097.74</u>	<u>544,649,395.59</u>	<u>(8,131,829.98)</u>	<u>54,334,158.75</u>	<u>590,851,724.36</u>	<u>37,938,085.78</u>	<u>(45,983,866.35)</u>	<u>(8,131,829.98)</u>	<u>86,049.41</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(65) Notes to the cash flow statement

(a) Cash received relating to other operating activities

	For the six months ended 30 June	
	2020	2019
Inflows from cash on delivery service	34,825,543,143.63	24,744,324,674.22
Government grants	389,538,947.63	202,754,430.01
Interest income	85,061,683.52	153,109,828.49
Finance lease received	-	23,511,252.99
Others	820,792,110.16	504,836,201.01
	<u>36,120,935,884.94</u>	<u>25,628,536,386.72</u>

(b) Cash paid relating to other operating activities

	For the six months ended 30 June	
	2020	2019
Outflows from cash on delivery service	34,807,712,241.80	25,075,406,925.83
Office and rental fees	4,033,369,059.71	3,138,563,186.87
Claims expenses	511,571,470.00	286,839,014.36
IT and information platform expenses	561,773,357.78	398,949,370.36
Professional service fees	139,203,648.33	149,812,306.12
Travelling and transportation expenses	104,107,909.02	128,643,343.73
Marketing expenses	99,147,364.49	112,233,658.66
Customs cost	198,763,824.92	143,435,811.24
Entertainment expenses	73,637,732.75	89,436,984.88
Bank charges	15,371,157.37	34,538,651.63
Compensation and penalty	26,107,933.38	28,148,617.69
Donation expenses	21,610,987.55	5,150,996.20
Others	894,418,352.01	511,994,741.17
	<u>41,486,795,039.11</u>	<u>30,103,153,608.74</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(65) Notes to the cash flow statement (Cont'd)

(c) Net cash paid to acquire subsidiaries

	For the six months ended 30 June	
	2020	2019
Cash and cash equivalents paid in the current period for acquisition of subsidiaries incurred in the current period	-	5,346,964,309.54
Including: DHL HK and DHL BJ	-	5,325,964,309.54
Other companies	-	21,000,000.00
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	-	(265,848,954.38)
Including: DHL HK and DHL BJ	-	(254,733,022.95)
Other companies	-	(11,115,931.43)
Add: Cash paid in the current period for acquisition of subsidiaries incurred in prior periods	-	86,411,295.00
	-	5,167,526,650.16

(d) Cash received relating to other investing activities

	For the six months ended 30 June	
	2020	2019
Redemption of bank wealth management products and structural deposits	52,830,000,000.00	19,610,047,058.44

(e) Cash paid relating to other investing activities

	For the six months ended 30 June	
	2020	2019
Purchase of bank wealth management products and structural deposits	66,895,117,931.29	23,960,239,249.75
Net cash paid for disposal of subsidiaries	36,217,441.31	-
Others	-	14,800,000.00
	66,931,335,372.60	23,975,039,249.75

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(65) Notes to the cash flow statement (Cont'd)

(f) Cash payments relating to other financing activities

	For the six months ended 30 June	
	2020	2019
Repurchase of shares	58,663,220.22	503,763,032.93
Payment of financing expenses	16,994,486.97	7,961,098.15
Acquisition of minority interests	7,308,000.00	-
Others	379,410.22	-
	<u>83,345,117.41</u>	<u>511,724,131.08</u>

(66) Supplementary information to the cash flow statement

(a) Reconciliation from net profit to cash flows from operating activities

	For the six months ended 30 June	
	2020	2019
Net profit	3,623,765,159.22	3,041,960,609.84
Add: Provision for asset impairment	27,469,084.52	54,112,179.14
Provision for credit impairment	459,541,101.91	148,865,353.45
Depreciation of fixed assets	1,730,365,263.08	1,421,439,131.46
Depreciation of investment properties	27,251,110.81	32,605,157.06
Amortisation of intangible assets	457,822,929.32	317,407,225.33
Amortisation of long-term prepaid expenses	393,322,855.05	342,445,831.74
Losses on disposal of fixed assets and intangible assets	49,436,294.22	12,876,151.73
Gains arising from changes in fair value	(16,413,953.16)	(330,207,611.55)
Financial costs	524,673,273.00	438,039,577.86
Investment income	(223,418,158.46)	(386,073,900.85)
Recognised expenses on share-based payments	54,253,366.54	15,597,712.81
Decrease/(Increase) in deferred tax assets	54,902,793.10	(108,325,029.39)
Increase in deferred tax liabilities	193,916,809.05	99,548,747.44
Amortisation of deferred income	(16,973,417.75)	(16,509,299.54)
Decrease in inventories	47,227,069.11	73,895,759.23
(Increase)/Decrease in operating receivables	(2,163,201,334.61)	762,706,058.73
Increase/(Decrease) in operating payables	1,707,772,075.15	(1,099,570,037.93)
Net cash flows from operating activities	<u>6,931,712,320.10</u>	<u>4,820,813,616.56</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)

(66) Supplementary information to the cash flow statement (Cont'd)

(b) Net increase/(decrease) in cash and cash equivalents

	For the six months ended 30 June	
	2020	2019
Cash and cash equivalents at the end of the period	9,390,724,718.39	11,928,010,057.41
Less: Cash and cash equivalents at the beginning of the period	(17,764,448,498.26)	(15,299,271,593.99)
Net decrease in cash and cash equivalents	(8,373,723,779.87)	(3,371,261,536.58)

(c) Cash and cash equivalents

	30 June 2020	31 December 2019
Cash on hand	195,351.88	188,281.28
Cash at bank that can be readily drawn on demand	9,285,130,123.77	17,662,057,153.84
Other cash balances that can be readily drawn on demand	29,886,738.69	21,599,389.56
Other balances that can be readily drawn on demand	75,512,504.05	80,603,673.58
	<u>9,390,724,718.39</u>	<u>17,764,448,498.26</u>

S.F. HOLDING CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)**(67) Monetary items denominated in foreign currency**

As at 30 June 2020, the Group's companies whose recording currency is RMB held assets and liabilities denominated in non-recording currency (mainly USD, HKD and EUR), of which the equivalent amounts in RMB (presentation currency of these financial statements) are listed as below (31 December 2019: Immaterial):

	30 June 2020		
	Amount in original currency	Exchange rate to RMB	Equivalent to RMB
Cash at bank and on hand -			
USD	143,059,700.63	7.08	1,012,791,150.61
HKD	10,446,158.20	0.91	9,541,938.75
EUR	99,925.99	7.96	795,510.81
Accounts receivable -			
USD	6,947,532.18	7.08	49,185,054.07
HKD	37,580.56	0.91	34,327.59
EUR	3,477,292.68	7.96	27,682,727.03
Accounts payable -			
USD	11,372,875.74	7.08	80,514,273.80
HKD	1,513,996.91	0.91	1,382,945.34
EUR	739,315.11	7.96	5,885,687.59

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

4 Notes to the consolidated financial statements (Cont'd)**(67) Monetary items denominated in foreign currency (Cont'd)**

As at 30 June 2020 and 31 December 2019, the Group's overseas subsidiaries, except for those operating in Hong Kong, held no significant financial assets and liabilities denominated in foreign currencies. Those companies operating in Hong Kong with HKD as recording currency held financial assets and liabilities denominated in foreign currency (mainly USD, RMB and EUR), 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:

	30 June 2020			
	Amount in original currency	Exchange rate to HKD	Equivalent to HKD	Equivalent to RMB
Cash at bank and on hand -				
RMB	91,196,541.23	1.09	99,841,973.34	91,196,541.23
USD	5,869,199.81	7.75	45,488,646.21	41,551,000.05
EUR	343,592.98	8.72	2,994,550.26	2,735,343.71
Accounts receivable -				
RMB	833,300.52	1.09	912,297.41	833,300.52
USD	5,608,490.03	7.75	43,468,041.13	39,705,305.17
Accounts payable -				
RMB	3,533,622.13	1.09	3,868,609.51	3,533,622.13
USD	4,331,943.54	7.75	33,574,295.21	30,667,994.29
EUR	4,013,029.50	8.72	34,975,157.30	31,947,727.85
Other payables -				
RMB	292,603.11	1.09	320,341.88	292,603.11
USD	3,085,685.95	7.75	23,915,300.39	21,845,113.68
<hr/>				
	31 December 2019			
	Amount in original currency	Exchange rate to HKD	Equivalent to HKD	Equivalent to RMB
Cash at bank and on hand -				
RMB	32,931,459.92	1.12	36,761,388.71	32,931,459.92
USD	4,200,856.59	7.79	32,715,430.95	29,306,015.74
Accounts receivable -				
RMB	40,650,563.07	1.12	45,378,223.56	40,650,563.07
USD	3,533,004.73	7.79	27,514,334.24	24,646,947.60
Accounts payable -				
RMB	5,909,505.28	1.12	6,596,780.74	5,909,505.28
USD	4,632,606.94	7.79	36,077,816.33	32,317,992.53

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

5 Changes in the consolidation scope

(1) Business combinations involving enterprises not under common control

On 30 September 2019, Shenzhen Yifeng Technology Co., Ltd. ("Yifeng Technology"), one of the Company's subsidiaries, acquired 100% equity of Hangzhou Zhentai Assets management Co., Ltd ("Hangzhou Zhentai"). held by Shenzhen Mingde Fengtai Investment Co., Ltd. ("Mingde Investment"), a related party which was under common control of Mingde Holdings, the ultimate parent company. The combination date of this transaction is 30 September 2019, on which Yifeng Technology effectively obtained the control over Hangzhou Zhentai. This transaction is classified as a business combination involving enterprises under common control as Hangzhou Zhentai and Yifeng Technology are both ultimately controlled by Mingde Holdings prior and subsequent to the combination and the control is not temporary.

For the above subsidiary that is acquired in a business combination involving enterprises under common control, it was included in the consolidated financial statements from the date when it, together with the Company, became under common control of the ultimate controlling party. The Company adjusted the comparative consolidated financial statements for the six months ended 30 June 2019.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

5 Changes in the consolidation scope (Cont'd)

(2) Other changes in the consolidation scope

(a) For the six months ended 30 June 2020, the Group set up the following subsidiaries by cash:

Shenzhen S.F. Kuaicha Technology Co., Ltd.
Shenzhen Weifengqi Technology Co., Ltd.
Shenzhen Fengyun Investment Co., Ltd.
Shanghai Fengzan Technology Co., Ltd.
Guangzhou S.F. Cold Chain Co., Ltd.
Wuhan S.F. Cold Chain Co., Ltd.
Shanghai S.F. Cold Chain Co., Ltd.
Shenzhen Fengwang Express Co., Ltd.
Hangzhou Fengwang Express Co., Ltd.
Luoyang Fengtai Industrial Park Management Co., Ltd.
Beijing Zhenlanwuxian Technology Co., Ltd.
Xiamen Fengyi Supply Chain Management Co., Ltd.
Changsha Fengyi Supply Chain Management Co., Ltd.
Tianjin S.F. Juyi Logistics Co., Ltd.
Jiangxi S.F. Zhida Network Technology Co., Ltd.
Liuzhou Fengyutai Industrial Park Management Co., Ltd.
S.F. Technology Solution (HongKong) Limited.
FS TECHNOLOGY MACAU CO.,LTD.
Shanghai Bingzhi Supply Chain Management Co., Ltd.
Cheng Run Limited.
Shanghai Yongfang Supply Chain Technology Co., Ltd.
Guangdong Shuangjie Supply Chain Co., Ltd.
SF Supply Chain Chongqing (Hong Kong) Limited.
Hunan S.F. Pharmaceutical Supply Chain Co., Ltd.
Exel Supply Chain (Dalian) Co., Ltd.
Henan S.F. Pharmaceutical Supply Chain Co., Ltd.
Hefei Exel Supply Chain Co., Ltd.
S.F. Xiangyu (Shangdong) Pharmaceutical Logistics Co., Ltd.
Zonghao Supply Chain Consulting (Shenzhen) Co., Ltd.
Exel Supply Chain (Nanjing) Co., Ltd.
Exel Supply Chain (Xiamen) Co., Ltd.
Exel Supply Chain (Shanghai) Co., Ltd.
Exel Supply Chain (Xi'an) Co., Ltd.
Chongqing Fonair UAS Technology Co., Ltd.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

5 Changes in the consolidation scope (Cont'd)

(2) Other changes in the consolidation scope (Cont'd)

(a) For the six months ended 30 June 2020, the Group set up the following subsidiaries by cash:
(Cont'd)

Fujian Lijie Supply Chain Management Co., Ltd.
Exel Supply Chain Management (Shanghai) Co., Ltd.
SZSF Global Express (Kenya) Limited
Moral Up Corporation Limited
SF Express (Middle East) DWC-LLC
S.F. E&L International (Cambodia) Co., Ltd.
SF Express Philippines Inc.
SF Express (Panama), S.A.
SF Express Nigeria Limited
SF Logistics Mexico, S.A. De C.V.
Abundant Harvest Investments Limited
SF International (Hong Kong) Management Company Limited
SF International Holding Company Limited
SF Express (Belgium) BV
SF Express (Germany) GmbH
SF Express (France) SAS
NH Logistics Limited

(b) For the six months ended 30 June 2020, the Group disposed and cancelled the following subsidiaries:

Shenzhen Nianfeng. DDJ Technology Co., Ltd.
Shenzhen Nianfeng. DDJ Commerce Co., Ltd.
S.F. DDJ Technology (Hong Kong) Co., Ltd.
Shenzhen Youli Technology Co., Ltd.
Chengdu Yifeng Daojia Technology Service Co., Ltd.
Guangdong Zhifan Technology Co., Ltd.
Hengyang Hongyue Network Co., Ltd.
Hengyang Wanwei Information Co., Ltd.

(c) For the six months ended 30 June 2020, subsidiaries acquired by the Group are as follows:

High spring global limited.
Jade affluent limited.
He chang trade limited.

S.F. HOLDING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

6 Interests in other entities

(1) Interests in subsidiaries

(a) First-tier and second-tier subsidiaries of the Group are as follows:

	Place of registration	Major business location	Registered capital	Nature of business	Shareholding (%)		Method of acquisition
					Direct	Indirect	
Taisen Holdings S.F. Express Co., Ltd.	Shenzhen	Shenzhen	RMB 2 billion	Investment holding	100.00%	-	Reverse acquisitions
				International freight forwarding, inbound and outbound express deliver, etc.	-	100.00%	Business combination involving enterprises under common control
SF Technology	Shenzhen	Shenzhen	RMB 150 million	Technical maintenance and development service	-	100.00%	By new establishment
Shenzhen Shunlu Logistics Co., Ltd.	Shenzhen	Shenzhen	RMB 50 million	Cargo transportation and freight forwarding	-	100.00%	Business combination involving enterprises under common control
Anhui S.F. Telecommunication Service Co., Ltd.	Shenzhen	Shenzhen	RMB 150 million	Value-added telecommunication service	-	100.00%	By new establishment
Shenzhen Yuhui Management Consulting Co., Ltd.	Anhui Province	Anhui Province	RMB 50 million	Consulting service	-	100.00%	Business combination involving enterprises under common control
Shenzhen S.F. Supply Chain Co., Ltd.	Shenzhen	Shenzhen	RMB 250 million	Supply chain management and other services	-	100.00%	By new establishment
SF Airlines	Shenzhen	Shenzhen	RMB 700 million	Transport service of aviation cargo	-	100.00%	Business combination involving enterprises under common control
Dongguan Jiada Express Service Co., Ltd.	Shenzhen	Shenzhen	RMB 1,500 million	Cargo express agent service	-	100.00%	Business combination involving enterprises under common control
Shenzhen Fengtai E-Commerce Industrial Park Asset Management Ltd.	Dongguan	Dongguan	RMB 4 million	E-Commerce industrial park asset management	-	100.00%	Business combination involving enterprises under common control
Shenzhen Fengtai E-Commerce Industrial Park Investment Ltd.	Shenzhen	Shenzhen	RMB 4,800 million	Management consulting	-	100.00%	By new establishment
Shenzhen S. F. Airport Investment Co., Ltd.	Shenzhen	Shenzhen	RMB 58 million	Industrial investment	-	100.00%	By new establishment
SF Holding Limited	Shenzhen	Shenzhen	RMB 100 million	Investment holding	-	100.00%	Business combination involving enterprises under common control
Group Finance Company	Hong Kong	Hong Kong	HKD 2,260,010,000	Financing, wealth management and consulting services	-	100.00%	By new establishment
	Shenzhen	Shenzhen	RMB 1,000 million		-	100.00%	

S.F. HOLDING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

6 Interests in other entities (Cont'd)

(1) Interests in subsidiaries (Cont'd)

(a) First-tier and second-tier subsidiaries of the Group are as follows (Cont'd):

	Place of registration	Major business location	Registered capital	Nature of business	Shareholding (%)		Method of acquisition
					Direct	Indirect	
Shenzhen SF Chuangxing Investment Co., Ltd.	Shenzhen	Shenzhen	RMB 150 million	Industrial investment	-	100.00%	By new establishment
Shenzhen Fengnong Technology Co., Ltd.	Shenzhen	Shenzhen	RMB 15 million	Retail	-	100.00%	By new establishment
Shenzhen Fenglang Supply Chain Co., Ltd.	Shenzhen	Shenzhen	RMB 30 million	Supply chain management and other services	-	100.00%	By new establishment
Shenzhen Shunfeng Runtai Management Consulting Co., Ltd.	Shenzhen	Shenzhen	RMB 5 million	Consulting service	-	100.00%	By new establishment
Shunyuan Financial Leasing (Tianjin) Co., Ltd.	Tianjin	Tianjin	RMB 370 million	Leasing business	-	100.00%	By new establishment
SF Multimodal Co., Ltd.	Shenzhen	Shenzhen	RMB 242 million	Goods delivery services	-	100.00%	By new establishment
Shenzhen Shunxi Management Consulting Co., Ltd.	Shenzhen	Shenzhen	RMB 2 million	Management consulting	-	100.00%	By new establishment
S.F. Insurance Broker (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	RMB 50 million	Insurance business	-	100.00%	By new establishment
S.F. Duolian Technology Co., Ltd.	Dongguan	Dongguan	RMB 150 million	Technology development	-	100.00%	By new establishment
Dongguan SF Taisen Enterprise Management Co., Ltd.	Dongguan	Dongguan	RMB 30 million	Property management	-	100.00%	By new establishment
SF Innovative Technology Co., Ltd.	Dongguan	Dongguan	RMB 450 million	Information technology service	-	100.00%	By new establishment
Rongyilian Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	RMB 50 million	Research and development, development and sales of systems	-	100.00%	By new establishment
Shenzhen Shunheng Rongfeng Supply Chain Technology Co., Ltd.	Shenzhen	Shenzhen	RMB 100 million	Consulting service	-	100.00%	Business combination involving enterprises under common control
Shenzhen Hengyi Logistics Service Co., Ltd.	Shenzhen	Shenzhen	RMB 100 million	Freight forwarding service	-	100.00%	Business combination involving enterprises under common control
Lefeng Factoring	Shenzhen	Shenzhen	RMB 50 million	Factoring	-	100.00%	Business combination involving enterprises under common control

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

6 Interests in other entities (Cont'd)

(1) Interests in subsidiaries (Cont'd)

(a) First-tier and second-tier subsidiaries of the Group are as follows (Cont'd):

	Place of registration	Major business location	Registered capital	Nature of business	Shareholding (%)		Method of acquisition
					Direct	Indirect	
Hangzhou SF Intra-city Industrial Co., Ltd.	Hangzhou	Hangzhou	RMB 666.63 million	Supply chain management and other services	-	88.00%	By new establishment
SF Intra-city Holdings Limited	Hangzhou	Hangzhou	RMB 425.00 million	Supply chain management and other services	-	96.63%	By new establishment
Shenzhen SF Express Zhongyuan Network Technology Co., Ltd.	Shenzhen	Shenzhen	RMB 10 million	Technology development and consulting services	-	100.00%	By new establishment
SF Sharing Precision Information Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	RMB 30 million	Information technology service	-	100.00%	By new establishment
Hangzhou Shuangjie Supply Chain Co., Ltd.	Hangzhou	Hangzhou	RMB 50 million	Supply chain management and other services	-	100.00%	By new establishment
S.F. Express	Shenzhen	Shenzhen	RMB 1,080.00 million	Supply chain management and other services	-	100.00%	By new establishment
Huanggang Xiufeng Education Investment Co., Ltd.	Huanggang	Huanggang	RMB 90 million	Consulting services regarding business information and business management	-	100.00%	By new establishment
Junhe Information Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	RMB 10 million	Information technology and development services	-	100.00%	By new establishment
Runxianghe Human Resources Service (Wuhan) Co., Ltd.	Wuhan	Wuhan	RMB 5 million	HR services	-	100.00%	By new establishment

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

6 Interests in other entities (Cont'd)
(1) Interests in subsidiaries (Cont'd)
(b) Subsidiaries in which the Group has significant minority interests

As at 30 June 2020 and 31 December 2019, minority interests of the Group's subsidiaries had no significant influence on the Group.

(2) Interests in joint ventures and associates
(a) The Group's associates have no significant influence on the Group and are summarised as follows:

	Ending balance/ Amount in the current period	Opening balance/ Amount in the prior period
Aggregated carrying amount of investments (Note 4(13)(b))	882,494,833.00	880,449,618.04
Aggregation of the following items in proportion:		
Net loss	(20,352,940.06)	(43,797,771.14)
Other comprehensive income	873,013.64	(1,956,923.83)
Total comprehensive income	<u>(19,479,926.42)</u>	<u>(45,754,694.97)</u>

As at 30 June 2020, an investment loss of RMB 2,188,052.26 (for the six months ended 30 June 2019: RMB 4,895,575.74) was unrecognised by the Group in the financial statements for the current period because the carrying amount of long-term equity investments in investees was written down to RMB 0.

(b) The Group's joint ventures have no significant influence on the Group and are summarised as follows:

	Ending balance/ Amount in the current period	Opening balance/ Amount in the prior period
Aggregated carrying amount of investments (Note 4(13)(a))	1,343,939,529.47	1,341,063,055.10
Aggregation of the following items in proportion:		
Net profit/(loss)	1,905,420.29	(7,187,638.39)
Other comprehensive income	-	842,393.75
Total comprehensive income	<u>1,905,420.29</u>	<u>(6,345,244.64)</u>

As at 30 June 2020, an investment loss of RMB 2,015,788.71 (for the six months ended 30 June 2019: None) was unrecognised by the Group in the financial statements for the current period because the carrying amount of long-term equity investments in investees was written down to RMB 0.

S.F. HOLDING CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

7 Segment information

The segment information is not presented any more since the Group mainly provides express delivery and supply chain 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 Holdings	Shenzhen	Investment

The Company's ultimate holding company is Mingde Holdings, and the ultimate controlling person is Wang Wei.

(b) The balances and changes of registered capital of the controlling shareholder

	31 December 2019	Increase in the current period	Decrease in the current period	30 June 2020
Mingde Holdings	<u>113,405,734.21</u>	<u>-</u>	<u>-</u>	<u>113,405,734.21</u>

(c) The percentages of shareholding and voting rights in the Company held by the controlling shareholder

	30 June 2020		31 December 2019	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
Mingde Holdings	<u>60.74%</u>	<u>60.74%</u>	<u>61.20%</u>	<u>61.20%</u>

S.F. HOLDING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(2) Nature of related parties that do not control/are not controlled by the Company

Major related parties are listed as follows:

	Relationship with the Company in the reporting period
Fengyi Technology ^{Note 1}	Controlled by the ultimate controlling person of the Company
S. F. Holding (Group) Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Zhuhai Shunxiaofeng Commercial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Zhongshan Shunxiaofeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Huizhou S.F. Commercial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Jiangmen Shunyifeng Commercial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Jiangsu Shunxiaofeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Suzhou Industrial Park Shunhengshun Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Zhenjiang S.F. Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Taizhou Shunjiefeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Yancheng Shunxiaofeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Zhejiang S.F. Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Ningbo Shunxiaofeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Shenzhen Shunshang Investment Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Shenzhen S.F. Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Foshan Shunxiaofeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Dalian S.F. Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Shandong Shunxiaofeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Qingdao Shunyifeng Commercial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Beijing Shunxiaofeng Commercial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Shanghai S.F. Industrial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Jiangxi Shunxiaofeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Tianjin Shunfengshun Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Inner Mongolia S.F. Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Shanxi Shunxiaofeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Jilin S.F. Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Guangxi Shunyifeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Hainan S.F. Commercial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Shanxi Shunyifeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Hunan Shunyifeng Commercial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Hubei Shunyifeng Commercial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Henan Shunyifeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Gansu S.F. Commercial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Hebei Shunxiaofeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Fujian Shunyifeng Commercial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Zhaoqing Shunyifeng Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Dongguan S.F. Commercial Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Shenzhen S.F. Electronic Commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Beijing S.F. E-commerce Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
S. F. You Xuan International Co., Ltd. ^{Note 2}	Controlled by the ultimate controlling person of the Company
Suzhou Fengchengda Network Technology Co., Ltd.	Controlled by the ultimate controlling person of the Company
Shenzhen S.F. Hefeng Microfinance Co., Ltd.	Controlled by the ultimate controlling person of the Company
Mingde Investment	Controlled by the ultimate controlling person of the Company
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	Controlled by the ultimate controlling person of the Company
Mingde Holdings	Controlled by the ultimate controlling person of the Company
Hive Box Technology	Held by the ultimate holding company
Chongqing Boqiang Logistics Co., Ltd.	The Group's associate
Kin Shun Information Technology Limited	The Group's associate

S.F. HOLDING CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(2) Nature of related parties that do not control/are not controlled by the Company (Cont'd)

	Relationship with the Company in the reporting period
Shanghai Qianqu Network Technology Co., Ltd. ("Qianqu Network") and its subsidiaries	The Group's associate
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	The Group's associate
Shenzhen Shunjie Fengda.	The Group's associate
SF Lottery (Shenzhen) Technology Development Co., Ltd. ("SF Lottery") ^{Note 3}	The Group's associate before 31 December 2019
Little Red Hat and its subsidiaries	The Group's associate
Hubei Jiuzhou Tongda Technology Development Co., Ltd.	The Group's associate
Shenzhen Zhi Hang UAV Co., Ltd.	The Group's associate
Xi'an Huahan Air Passenger and Freight Service Co., Ltd.	The Group's associate
Qingdao Dakai Cargo Agency Co., Ltd.	The Group's associate
Beijing Dazhangfang and its subsidiaries	The Group's associate
Canbeidou Supply Chain and its subsidiaries	The Group's associate
Wuhan Shunluo Supply Chain Management Co., Ltd. ^{Note 4}	The Group's associate
DHL Weiheng (Zhuhai) Supply Chain Management Co., Ltd.	The Group's associate
Shanghai Information POST110Ü	The Group's joint venture
ZBHA and its subsidiaries	The Group's joint venture
CR-SF International Express Co., Ltd.	The Group's joint venture
Wenzhou Fengbaoke Technology Co., Ltd.	The Group's joint venture
Zhongyunda Aviation Ground Services Co., Ltd.	The Group's joint venture
Geling Information and its subsidiaries	The Group's joint venture
Global Connect Holding Limited	The Group's joint venture
Wulian Shuntong and its subsidiaries	The Group's joint venture
Beijing Shunhetongxin Technology Co., Ltd.	The Group's joint venture
Guangzhou Leshou Network Technologies Co., Ltd. ("Leshou Network") ^{Note 5}	The Group's joint venture before 31 December 2019
Ping An Insurance (Group) Company of China Co., Ltd. ("Ping An Insurance") and its subsidiaries ^{Note 6}	Significantly influenced by the key management of the Company before July 2019
China Pacific Insurance (Group) Co., Ltd. ("Pacific Insurance") and its subsidiaries ^{Note 6}	Significantly influenced by the key management of the Company before July 2019
CITIC Securities Co., Ltd. ("CITIC Securities") and its subsidiaries	Significantly influenced by the key management of the Company
Golden Arches (China) Co., Ltd. ("Golden Arches")	Significantly influenced by the key management of the Company

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(2) Nature of related parties that do not control/are not controlled by the Company (Cont'd)

	Relationship with the Company in the reporting period
Shenzhen Qianhai Webank Co., Ltd.	Significantly influenced by the key management of the Company
Shenzhen Henglu Logistics Co., Ltd. ^{Note 7}	Significantly influenced by the key management of the Company before September 2018
Zhiye Enterprise Co., Ltd.	Significantly influenced by close family members of the ultimate controlling person
SF Charity Foundation	Organisation sponsored by controlling shareholders and the Company's subsidiaries, in which director and supervisor of the company serve on the Board of Management
Suzhou Ruihuang Equity Investment Management Limited Partnership	Another company in which a director of the Group acts as managing partner

Note 1: It was a subsidiary of the Group. The Group lost actual control over Fengyi Technology since 1 June 2019 and ceased to include it in the consolidation scope. Therefore, Fengyi Technology became the Group's related party since 1 June 2019. The related party transactions with Fengyi Technology for the six months ended 30 June 2019 disclosed in the financial statements refer to the transaction volumes made in June 2019.

Note 2: They are S.F. Holding (Group) Commerce Co., Ltd. and its subsidiaries, which are referred as "Commerce Holding and its subsidiaries".

Note 3: It was an associate disposed by the Group in 2019, so its transactions with the Group during the period from January to June 2020 and balance as at 30 June 2020 are presented as "Not applicable".

Note 4: It was a new associate of the Group in December 2019, so its transactions with the Group during the period from January to June 2019 are presented as "Not applicable".

Note 5: It was a joint venture disposed of by the Group in 2019, so its transactions with the Group during the period from January to June 2020 and balance as at 30 June 2020 are presented as "Not applicable".

Note 6: It was a company significantly influenced by the key management of the Group before July 2019. Pursuant to the *Listing Rules of Shenzhen Stock Exchange*, it was the Group's related party as at 30 June 2020.

Note 7: It was a company significantly influenced by the key management of the Group before September 2018. Pursuant to the *Listing Rules of Shenzhen Stock Exchange*, Shenzhen Henglu Logistics Co., Ltd. was no longer a related party of the Group since September 2019, so its related party transactions with the Group during the period from January to June 2020 are presented as "Not applicable".

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(3) Related party transactions

(a) Pricing policies

The pricing method of transactions and transaction price between the Group and related parties are determined, following arm's length principle, by making reference to the market price or through negotiation between both parties.

(b) Income from courier service, combined transport and freight forwarding services

	For the six months ended 30 June	
	2020	2019
McDonald's and its subsidiaries	549,826,934.82	552,358,228.73
Ping An Insurance and its subsidiaries	56,372,650.09	49,226,861.66
CR-SF International Express Co., Ltd.	30,684,995.23	-
Commerce Holding and its subsidiaries	21,087,072.32	56,252,063.81
SF Charity Foundation	16,656,918.94	-
Fengyi Technology	13,789,903.01	1,573,912.41
Pacific Insurance and its subsidiaries	11,325,878.60	12,548,160.80
CITIC Securities and its subsidiaries	1,749,086.07	1,358,208.06
Suzhou Fengchengda Network Technology Co., Ltd.	1,314,952.65	3,530,601.86
Hive Box Technology	893,147.41	477,742.58
Wenzhou Fengbaoke Technology Co., Ltd.	837,218.83	74,532.03
Geling Information and its subsidiaries	566,861.00	-
Zhongyunda Aviation Ground Services Co., Ltd.	238,702.94	18,742,561.01
Shenzhen Henglu Logistics Co., Ltd.	Not applicable	1,076,516.85
Others	3,095,070.72	1,729,249.09
	<u>708,439,392.63</u>	<u>698,948,638.89</u>

(c) Communication income

	For the six months ended 30 June	
	2020	2019
Hive Box Technology	10,540,933.95	12,407,113.50
Fengyi Technology	1,480,366.98	328,502.74
Shenzhen S.F. Hefeng Microfinance Co., Ltd.	809,538.64	316,958.80
	<u>12,830,839.57</u>	<u>13,052,575.04</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(3) Related party transactions (Cont'd)

(d) Commission income for collection and settlement on behalf of related parties

	For the six months ended 30 June	
	2020	2019
Shenzhen S.F. Hefeng Microfinance Co., Ltd.	2,361,931.14	2,306,831.36
Others	117,618.69	213,727.14
	<u>2,479,549.83</u>	<u>2,520,558.50</u>

(e) Income from platform and other services

	For the six months ended 30 June	
	2020	2019
Fengyi Technology	5,236,762.32	877,253.67
CR-SF International Express Co., Ltd.	3,737,098.33	-
SF Lottery	Not applicable	102,242.61
Others	510,730.15	247,622.97
	<u>9,484,590.80</u>	<u>1,227,119.25</u>

(f) Technology development service income

	For the six months ended 30 June	
	2020	2019
Commerce Holding and its subsidiaries	-	1,386,459.91
Others	498,435.44	-
	<u>498,435.44</u>	<u>1,386,459.91</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(3) Related party transactions (Cont'd)

(g) Revenue from rent and property management

	For the six months ended 30 June	
	2020	2019
Fengyi Technology	885,781.70	144,705.04
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	511,585.06	284,915.26
Commerce Holding and its subsidiaries	-	531,933.13
Others	717,532.68	515,379.84
	<u>2,114,899.44</u>	<u>1,476,933.27</u>

(h) Revenue from sales of goods

	For the six months ended 30 June	
	2020	2019
Shenzhen Shunjie Fengda	7,813,123.87	-
Hive Box Technology	3,488,105.88	-
Others	253,909.31	-
	<u>11,555,139.06</u>	<u>-</u>

(i) Interest income

	For the six months ended 30 June	
	2020	2019
Wuhan Shunluo Supply Chain Management Co., Ltd.	321,986.83	Not applicable
DHL Weiheng (Zhuhai) Supply Chain Management Co., Ltd.	317,036.15	-
Kin Shun Information Technology Limited	81,073.63	-
	<u>720,096.61</u>	<u>-</u>

(j) Sales of equity

	For the six months ended 30 June	
	2020	2019
Mingde Holdings	-	135,000,000.00

S.F. HOLDING CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

8 Related parties and related party transactions (Cont'd)**(3) Related party transactions (Cont'd)****(k) Combined transport and freight forwarding expenses**

	For the six months ended 30 June	
	2020	2019
CR-SF International Express Co., Ltd.	191,128,674.20	80,777,966.02
Shenzhen Shunjie Fengda	96,126,152.00	65,885,668.41
Kin Shun Information Technology Limited	63,050,647.89	11,335,714.80
Wulian Shuntong and its subsidiaries	41,165,451.85	4,582,295.35
POST110Ü	18,348,348.24	33,923,159.79
Qingdao Dakai Cargo Agency Co., Ltd.	13,907,375.89	11,254,210.89
Xi'an Huahan Air Passenger and Freight Service Co., Ltd.	11,108,419.89	9,021,788.33
Zhongyunda Aviation Ground Services Co., Ltd.	5,470,688.84	11,072,794.55
Chongqing Boqiang Logistics Co., Ltd.	4,040,564.96	6,467,064.68
Little Red Hat and its subsidiaries	3,459,587.20	5,582,879.06
Others	371,846.29	-
	<u>448,177,757.25</u>	<u>239,903,541.88</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(3) Related party transactions (Cont'd)

(l) Express delivery agent and other service fees

	For the six months ended 30 June	
	2020	2019
Hive Box Technology	41,693,321.90	10,158,052.14
Beijing Dazhangfang and its subsidiaries	2,138,162.91	-
Commerce Holding and its subsidiaries	1,684,942.72	2,595,990.29
Global Connect Holding Limited	1,479,642.95	510,519.23
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	1,352,984.67	-
Others	-	330,530.72
	<u>48,349,055.15</u>	<u>13,595,092.38</u>

(m) Interest expenses

	For the six months ended 30 June	
	2020	2019
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	45,109.62	-
Others	375.91	-
	<u>45,485.53</u>	<u>-</u>

(n) Collection commissions fee

	For the six months ended 30 June	
	2020	2019
Hive Box Technology	<u>60,944,717.00</u>	<u>38,292,379.47</u>

(o) Security service fee

	For the six months ended 30 June	
	2020	2019
ZBHA and its subsidiaries	<u>76,196,898.98</u>	<u>57,702,536.53</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(3) Related party transactions (Cont'd)

(p) Rent and property management fees

	For the six months ended 30 June	
	2020	2019
Commerce Holding and its subsidiaries	23,392,845.68	-
Shenghai Information	5,938,741.66	9,266,275.07
Canbeidou Supply Chain and its subsidiaries	2,020,087.78	1,699,556.69
Beijing Dazhangfang and its subsidiaries	4,153,106.44	-
Others	418,511.36	155,909.70
	<u>35,923,292.92</u>	<u>11,121,741.46</u>

(q) Technology development and operation & maintenance service fee

	For the six months ended 30 June	
	2020	2019
Shenghai Information	14,266,853.37	14,216,580.06
Beijing Shunhetongxin Technology Co., Ltd.	2,853,845.58	1,328,216.32
Shenzhen Zhi Hang UAV Co., Ltd.	231,900.20	342,676.74
	<u>17,352,599.15</u>	<u>15,887,473.12</u>

S.F. HOLDING CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

8 Related parties and related party transactions (Cont'd)**(3) Related party transactions (Cont'd)****(r) Promotion fee**

	For the six months ended 30 June	
	2020	2019
Commerce Holding and its subsidiaries	306,314.75	5,138,819.77
Others	144,091.99	416,405.02
	<u>450,406.74</u>	<u>5,555,224.79</u>

(s) Purchase of materials

	For the six months ended 30 June	
	2020	2019
Hubei Jiuzhou Tongda Technology Development Co., Ltd.	114,605,000.79	92,406,868.08
Fengyi Technology	110,164,700.38	73,636.83
Commerce Holding and its subsidiaries	43,975,730.70	41,772,747.36
Wenzhou Fengbaoke Technology Co., Ltd.	15,714,549.49	6,823,613.26
Shenghai Information	19,055.01	579,897.05
	<u>284,479,036.37</u>	<u>141,656,762.58</u>

S.F. HOLDING CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

8 Related parties and related party transactions (Cont'd)**(3) Related party transactions (Cont'd)****(t) Insurance premium**

	For the six months ended 30 June	
	2020	2019
Pacific Insurance and its subsidiaries	36,409,014.15	45,062,064.16
Ping An Insurance and its subsidiaries	15,821,191.55	2,111,341.83
	<u>52,230,205.70</u>	<u>47,173,405.99</u>

Insurance premium represents the amount amortised over the benefit period of insurance policies.

(u) Donation expenses

	For the six months ended 30 June	
	2020	2019
SF Charity Foundation	<u>20,000,000.00</u>	<u>1,000,000.00</u>

(v) Remuneration of key management

	For the six months ended 30 June	
	2020	2019
Remuneration of key management	<u>16,980,000.00</u>	<u>34,260,000.00</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(4) Receivables from and payables to related parties

(a) Accounts receivable

	30 June 2020	31 December 2019
McDonald's and its subsidiaries	134,420,162.80	148,822,448.84
CR-SF International Express Co., Ltd.	25,431,067.35	10,490,672.84
Fengyi Technology	22,562,224.87	20,394,717.59
Ping An Insurance and its subsidiaries	11,341,219.59	14,293,115.93
Shenzhen Shunjie Fengda	8,836,588.38	-
Commerce Holding and its subsidiaries	7,902,408.66	20,238,017.63
Hive Box Technology	6,317,715.85	784,860.38
Zhongyunda Aviation Ground Services Co., Ltd.	4,083,371.81	4,077,129.23
Pacific Insurance and its subsidiaries	1,867,960.03	5,432,033.59
Suzhou Fengchengda Network Technology Co., Ltd.	1,113,781.63	1,489,069.64
Kin Shun Information Technology Limited	988,758.04	551,749.80
Shenzhen S.F. Hefeng Microfinance Co., Ltd.	778,121.70	702,659.05
Wenzhou Fengbaoke Technology Co., Ltd.	732,481.00	1,108,935.00
Mingde Holdings	13,439.85	900,666.60
Others	2,041,890.85	2,144,864.74
	<u>228,431,192.41</u>	<u>231,430,940.86</u>

(b) Advances to suppliers

	30 June 2020	31 December 2019
Hive Box Technology	44,668,555.59	26,709,547.43
CR-SF International Express Co., Ltd.	11,961,253.90	10,123,755.55
Pacific Insurance and its subsidiaries	11,292,479.00	32,753,736.15
Beijing Dazhangfang and its subsidiaries	2,588,869.39	3,133,950.68
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	1,568,360.16	533,715.17
Ping An Insurance and its subsidiaries	531,696.04	919,101.65
Leshou Network and its subsidiaries	Not applicable	500,000.00
Others	1,041,371.27	719,567.14
	<u>73,652,585.35</u>	<u>75,393,373.77</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(4) Receivables from and payables to related parties (Cont'd)

(c) Loans and advances

	30 June 2020	31 December 2019
DHL Weiheng (Zhuhai) Supply Chain Management Co., Ltd.	34,347,638.89	-
Wuhan Shunluo Supply Chain Management Co., Ltd.	13,897,248.64	-
Kin Shun Information Technology Limited	5,608,135.03	-
	<u>53,853,022.56</u>	<u>-</u>

(d) Other receivables

	30 June 2020	31 December 2019
Hive Box Technology	247,135,969.89	237,357,559.02
McDonald's and its subsidiaries	31,103,056.05	36,592,188.91
Ping An Insurance and its subsidiaries	7,137,983.01	5,868,998.93
Commerce Holding and its subsidiaries	3,522,965.58	3,361,587.61
Kin Shun Information Technology Limited	2,454,749.05	2,101,888.05
Pacific Insurance and its subsidiaries	2,095,636.10	64,871.11
Beijing Dazhangfang and its subsidiaries	1,989,724.03	7,919,259.83
Others	649,726.53	937,930.12
	<u>296,089,810.24</u>	<u>294,204,283.58</u>

(e) Other non-current assets

	30 June 2020	31 December 2019
Hubei Jiuzhou Tongda Technology Development Co., Ltd.	1,586,354.88	-
Shenghai Information	207,370.50	-
	<u>1,793,725.38</u>	<u>-</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(4) Receivables from and payables to related parties (Cont'd)

(f) Deposits from customers

	30 June 2020	31 December 2019
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	5,164,492.27	3,778,707.92
Others	375.91	-
	<u>5,164,868.18</u>	<u>3,778,707.92</u>

(g) Accounts payable

	30 June 2020	31 December 2019
CR-SF International Express Co., Ltd.	71,493,793.46	55,309,253.45
Hubei Jiuzhou Tongda Technology Development Co., Ltd.	31,800,590.71	15,173,062.43
Wulian Shuntong and its subsidiaries	30,019,463.16	22,789,086.87
Shenzhen Shunjie Fengda	27,246,320.95	22,175,003.97
Commerce Holding and its subsidiaries	19,431,154.38	13,653,370.47
Hive Box Technology	15,976,725.41	6,088,200.10
Fengyi Technology	15,574,259.77	16,346,318.11
Wenzhou Fengbaoke Technology Co., Ltd.	13,829,752.22	10,151,946.46
Ping An Insurance and its subsidiaries	10,387,953.83	101,738.80
ZBHA and its subsidiaries	9,818,844.10	11,793,545.33
Shenghai Information	7,817,571.87	5,910,649.64
Pacific Insurance and its subsidiaries	6,793,646.95	17,670,710.48
Xi'an Huahan Air Passenger and Freight Service Co., Ltd.	3,645,881.79	3,015,475.32
Qingdao Dakai Cargo Agency Co., Ltd.	3,329,766.72	2,366,749.33
POST110Ü	2,983,300.22	18,256,861.71
Beijing Dazhangfang and its subsidiaries	1,907,719.48	3,066,989.00
Beijing Shunhetongxin Technology Co., Ltd.	1,774,154.49	2,299,515.96
Zhongyunda Aviation Ground Services Co., Ltd.	1,202,066.73	2,843,434.73
Canbeidou Supply Chain and its subsidiaries	649,492.42	3,394,554.90
Kin Shun Information Technology Limited	-	2,313,127.99
Others	1,149,482.28	1,244,380.38
	<u>276,831,940.94</u>	<u>235,963,975.43</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

8 Related parties and related party transactions (Cont'd)

(4) Receivables from and payables to related parties (Cont'd)

(h) Advances from customers

	30 June 2020	31 December 2019
Kin Shun Information Technology Limited	859,774.94	-
McDonald's and its subsidiaries	-	28,345,182.30
Commerce Holding and its subsidiaries	-	3,286,804.02
Fengyi Technology	-	912,733.08
Ping An Insurance and its subsidiaries	-	538,781.51
Others	-	741,756.19
	<u>859,774.94</u>	<u>33,825,257.10</u>

(i) Contract liabilities

	30 June 2020	31 December 2019
McDonald's and its subsidiaries	8,969,450.57	--
Pacific Insurance and its subsidiaries	2,702,097.44	--
Fengyi Technology	2,603,536.94	--
Ping An Insurance and its subsidiaries	2,340,885.67	--
Shenzhen Shunjie Fengda	733,843.00	--
Others	667,198.56	--
	<u>18,017,012.18</u>	<u>--</u>

(j) Other payables

	30 June 2020	31 December 2019
Hubei Jiuzhou Tongda Technology Development Co., Ltd.	13,733,331.39	11,558,007.28
Ping An Insurance and its subsidiaries	12,481,368.78	492,024.74
Hive Box Technology	2,242,192.95	217,000.00
Pacific Insurance and its subsidiaries	1,151,013.42	430,366.74
Fengyi Technology	800,281.76	793,117.19
Shenzhen S.F. Hefeng Microfinance Co., Ltd.	586,188.36	452,035.81
Qianqu Network and its subsidiaries	193,655.50	897,104.92
Kin Shun Information Technology Limited	182,124.03	1,603,423.64
McDonald's and its subsidiaries	54,316.19	10,839,555.86
Zhongyunda Aviation Ground Services Co., Ltd.	-	1,434,872.00
Others	945,203.48	1,425,068.19
	<u>32,369,675.86</u>	<u>30,142,576.37</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

9 Share-based payment

(1) Overview of share-based payment

30 June 2020

Total restricted shares granted at the beginning of the period	2,456,568.00
Total restricted shares repurchased in the current period	(2,456,568.00)
The exercise price of outstanding restricted shares at the end of the period and residual life of the restricted shares contracts	-

Expenses recognised for the period arising from share-based payment were as follows:

	For the six months ended 30 June	
	2020	2019
Equity-settled share-based payment	54,253,366.54	15,597,712.81
Cash-settled share-based payment	25,351,380.63	17,652,804.63
	<u>79,604,747.17</u>	<u>33,250,517.44</u>

(2) Information on equity-settled share-based payment

(a) Information on share-based payment of the Company

On 30 November 2017, the Company held the 4th interim shareholders' meeting in 2017, at which the proposal of *the Restricted Shares Incentive Plan (Draft) and Summary for 2017* was approved. Authorised by the 4th interim shareholders' meeting in 2017, the Company held the 11th meeting of the 4th Board of Directors on 27 December 2017, at which the *Proposal of Granting Restricted Shares to Incentive Recipients* was approved. The restricted shares were granted on 27 December 2017 and entitled the holders to purchase restricted shares at a price of RMB 29.32 per share, which was 50% of RMB 58.63, the average share price on the prior trading day (total transaction amount on the prior trading day/total transaction volume on the prior trading day) before the *Restricted Shares Incentive Plan (Draft) of S.F. Holding Co., Ltd. for 2017* was released. The Company's Board of Directors was authorised to grant 802 qualified employees restricted ordinary A shares with a total number of 2,705,400 shares at a consideration of RMB 29.32 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

9 Share-based payment (Cont'd)

(2) Information on equity-settled share-based payment (Cont'd)

(a) Information on share-based payment of the Company (Cont'd)

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 RMB 24.33 per share, which was 50% of RMB 48.65, 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 5,421,900 shares at a consideration of RMB 24.33 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	50.00%
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	50.00%

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*.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

9 Share-based payment (Cont'd)

(2) Information on equity-settled share-based payment (Cont'd)

(a) Information on share-based payment of the Company (Cont'd)

In 2017, the Group issued 2,556,661 ordinary A shares denominated in RMB according to the restricted shares incentive plan for 2017, with raised funds totalling RMB 74,961,331.87. On 9 January 2018, the Company completed the granting and registration of the restricted shares incentive plan for 2017.

In 2018, the Group issued 5,231,982 ordinary A shares denominated in RMB according to the restricted shares incentive plan for 2018, with raised funds totalling RMB 127,294,205.35. On 25 June 2018, the Company completed the granting and registration of the restricted shares incentive plan for 2018.

In 2019, the unlocking conditions for the first post lock-up period for the restricted shares incentive plan for 2017 were met and 1,113,173 restricted shares were released.

As stated in Note 4(43), as at 30 June 2020, certain of the former incentive recipients resigned due to personal reasons and did not meet the incentive conditions. Therefore, the Company repurchased and cancelled 751,841 restricted shares that had been granted but not yet released from restrictions.

As stated in Note 4(43), as at 30 June 2020, according to the Group's performance in 2018 and 2019, the unlocking conditions for the second post lock-up period for the restricted shares incentive plan for 2017 and for the first and the second post lock-up period for the restricted shares incentive plan for 2018 were not met; therefore, the Company repurchased and cancelled a total of 5,923,629 restricted shares that had been granted but not yet released from restrictions.

As at 30 June 2020, the above incentive plan of the Company was fully implemented.

As at 30 June 2020, the equity-settled share-based payment recognised in the capital reserve accumulated to RMB 23,632,662.79 (31 December 2019: RMB 23,632,662.79). For the six months ended 30 June 2020, there was no expenses recognised for equity-settled share-based payment (expenses recognised for equity-settled share-based payment for the six months ended 30 June 2019: RMB 11,681,356.03).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

9 Share-based payment (Cont'd)

(2) Information on equity-settled share-based payment (Cont'd)

(b) Information on share-based payment of the Company's subsidiaries

The Group granted some equities or share options of several subsidiaries, to the senior management and other employees of the aforesaid companies or other subsidiaries within the Group respectively.

As at 30 June 2020, the equity-settled share-based payments of the these companies recognised by the Group accumulated to RMB 81,571,228.07 (31 December 2019: RMB 27,317,861.53), including accumulated amounts attributable to shareholders of the parent company of RMB 70,558,921.55 (31 December 2019: RMB 23,378,510.00). For the six months ended 30 June 2020, expenses recognised for equity-settled share-based payment amounted to RMB 54,253,366.54 (for the six months ended 30 June 2019: RMB 3,916,356.78).

(3) Information on cash-settled share-based payment

(a) Information on share-based payment of the Company

On 30 November 2017, the Company held the 4th interim shareholders' meeting in 2017, at which the proposal of the *Incentive Plan of Share Appreciation Rights (Draft) and Summary for 2017* was approved. Authorised by the 4th interim shareholders' meeting in 2017, the Company held the 11th meeting of the 4th Board of Directors on 27 December 2017, at which the *Proposal of Granting Share Appreciation Rights to Incentive Recipients* was approved. The share appreciation rights were granted on 27 December 2017. The exercise price of the share appreciation rights was RMB 29.32 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 RMB 24.33 per share. The incentive recipients of the plan refer to 29 key foreign talents.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

9 Share-based payment (Cont'd)

(3) Information on cash-settled share-based payment (Cont'd)

(a) Information on cash-settled share-based payment of the Company (Cont'd)

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	50.00%
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	50.00%

In addition to the Company's performance, individual performance assessment, which is specified in the *Incentive Plan of Share Appreciation Rights*, has also to be satisfied for the share appreciation rights granted.

As at 30 June 2020, there were no liabilities arising from the cash-settled share-based payment (31 December 2019: RMB 94,340.00). For the six months ended 30 June 2020, there was no expenses recognised for cash-settled share-based payment (expenses recognised for cash-settled share-based payment for the six months ended 30 June 2019: RMB 197,200.63).

(b) Information on share-based payment of the Company's subsidiaries

The Group granted the senior management of subsidiaries with the equities or share options of the subsidiaries with repurchase terms.

As at 30 June 2020, liabilities arising from the cash-settled share-based payment accumulated to RMB 96,307,166.54 (31 December 2019: RMB 70,955,785.90). For the six months ended 30 June 2020, expenses recognised for cash-settled share-based payment in the current period amounted to RMB 25,351,380.63 (for the six months ended 30 June 2019: 17,455,604.00).

S.F. HOLDING CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

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:

	30 June 2020	31 December 2019
Investment contracts that have been signed but not fulfilled or not absolutely fulfilled	2,292,373,768.43	2,235,936,315.03
Buildings, machinery and equipment	3,701,446,485.41	2,499,921,937.09
Others	809,642,633.83	36,618,770.00
	<u>6,803,462,887.67</u>	<u>4,772,477,022.12</u>

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	30 June 2020	31 December 2019
Within 1 year	5,176,546,244.66	5,101,875,264.17
1 to 2 years	3,349,024,471.50	2,981,614,327.74
2 to 3 years	2,073,147,857.38	1,785,237,235.00
Over 3 years	2,674,553,701.27	3,148,454,559.67
	<u>13,273,272,274.81</u>	<u>13,017,181,386.58</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

10 Commitments (Cont'd)

(3) Other commitments

- (i) In September 2019, the Group issued asset-backed securities through the Special Scheme set up by Huatai Securities (Shanghai) Asset Management Co., Ltd. by using three logistics industrial parks held by it as underlying assets. Shenzhen Fengtai E-Commerce Industrial Park Property Service Ltd., Yiwu Fengyutai Enterprise Management Co., Ltd. and Huai'an Fengtai Enterprise Management Co., Ltd. (collectively, "Property Operators"), wholly-owned subsidiaries of the Group, worked as the property operators of the Special Scheme. In case that the actual operating income of the property assets does not reach 90% but is not lower than 80% of the target amount, the Property Operators were committed to compensate the insufficient part of the target amount with Taisen Holdings providing guarantee for the compensation obligation.

At the end of each three years, the manager of the above Special Scheme accepts open-ended withdrawal and subscription of preferred securities within the withdrawal registering period. If the preferred securities shares that have not completed open-ended withdrawal are less than 20% of total undistributed principal of the preferred securities of RMB 765 million, at the extension operation announcement date, Taisen Holdings will purchase such preferred securities.

- (ii) In December 2018, the Group issued asset-backed securities through the Special Scheme set up by Huatai Securities (Shanghai) Asset Management Co., Ltd. by using two logistics industrial parks held by it as underlying assets. Shanghai Fengtai Yuanxing Property Management Service Co., Ltd. ("Fengtai Yuanxing"), a wholly-owned subsidiary of the Group, worked as the property operator of the special scheme. In case that the actual operating income of the property assets does not reach 90% but is not lower than 80% of the target amount, Fengtai Yuanxing was committed to compensate the insufficient part of the target amount with Taisen Holdings providing guarantee for the compensation obligation.

At the end of each three years, the manager of the above Special Scheme accepts open-ended withdrawal and subscription of preferred securities within the withdrawal registering period. If the preferred securities shares that have not completed open-ended withdrawal are less than 20% of total undistributed principal of the preferred securities of RMB 1.12 billion, at the extension operation announcement date, Taisen Holdings will purchase such preferred securities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

11 Events after the balance sheet date

(1) Redemption of the Company's convertible corporate debentures

The convertible corporate debentures (Note 4(35)(d)) issued by the Company have triggered the conditional redemption clause stipulated in the prospectus. Therefore, on 7 July 2020, the 7th meeting of the 5th session of Board of Directors of the Company approved the *Proposal on Early Redemption of "S.F. Convertible Corporate Debentures"*, and decided to exercise the right of redemption of the convertible corporate debentures. As at the reporting date, the above convertible corporate debentures were converted into 144,311,758 ordinary A-shares of the Company. All the remaining unconverted debentures were fully redeemed by the Group on 3 August 2020 at the price of the par value of the debentures plus accrued interest for the period.

12 Business combinations

Refer to Note 5(1).

13 Financial instrument and risk

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The above financial risks and the Group's risk management policies to mitigate the risks are as follows:

The Board of Directors is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyse the risks faced by the Group. These risk management policies specify the risks such as market risk, credit risk and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policies and systems or not. The Group's risk management is carried out by the Risk Management Committee under policies approved by the Board of Directors. The Risk Management Committee encourages the departments of the Group to work closely together to identify, evaluate and avoid relevant risks. The internal audit department of the Group conducts periodical audit to the controls and procedures for risk management and reports the audit results to the Risk Management Committee of the Group.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

13 Financial instrument and risk (Cont'd)**(1) Market risk****(a) Foreign exchange risk**

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. Some operational activities are carried out in regions/countries including Hong Kong, America, Korea and Europe and relevant transactions are settled in HKD, USD, KRW and EUR. The management of the Group is exposed to foreign exchange risk arising from the recognised financial assets and financial liabilities denominated in foreign currencies, and future transactions denominated in foreign currencies. Management is responsible for monitoring the amount of financial assets and liabilities, and transactions denominated in foreign currencies, to reduce foreign exchange risk to the greatest extent.

As at 30 June 2020, the Group's companies whose recording currency is RMB held the financial assets and the financial liabilities denominated in foreign currencies (mainly USD, HKD and EUR), of which the equivalent amounts in RMB are listed as below (31 December 2019: Immaterial):

	30 June 2020			
	USD (RMB)	HKD (RMB)	EUR (RMB)	Total (RMB)
Financial assets denominated in foreign currency				
Cash at bank and on hand	1,012,791,150.61	9,541,938.75	795,510.81	1,023,128,600.17
Receivables	49,185,054.07	34,327.59	27,682,727.03	76,902,108.69
	<u>1,061,976,204.68</u>	<u>9,576,266.34</u>	<u>28,478,237.84</u>	<u>1,100,030,708.86</u>
Financial liabilities denominated in foreign currency				
Payables	<u>80,514,273.80</u>	<u>1,382,945.34</u>	<u>5,885,687.59</u>	<u>87,782,906.73</u>

As at 30 June 2020, if the RMB had strengthened/weakened by 5% against the USD while all other variables had been held constant, the Group's profit before tax for the year would have been approximately RMB 49,073,000.00 lower/higher respectively, for the above various financial assets and liabilities denominated in USD.

The changes in exchange rate of other foreign currencies against RMB have no significant influence on the Group's operating activities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

13 Financial instrument and risk (Cont'd)
(1) Market risk (Cont'd)
(a) Foreign exchange risk (Cont'd)

As at 30 June 2020 and 31 December 2019, the Group's overseas subsidiaries, except for those operating in Hong Kong, held no significant financial assets and liabilities denominated in foreign currencies. Those companies operating in Hong Kong with HKD as recording currency held financial assets and liabilities denominated in foreign currency (mainly USD, RMB and EUR), 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:

	30 June 2020				
	RMB (HKD)	USD (HKD)	EUR (HKD)	Total (HKD)	Total (RMB)
Financial assets denominated in foreign currency					
Cash at bank and on hand	99,841,973.34	45,488,646.21	2,994,550.26	148,325,169.81	135,482,884.99
Receivables	912,297.41	43,468,041.13	-	44,380,338.54	40,538,605.69
Investments in other equity instruments	-	2,485,036,092.38	-	2,485,036,092.38	2,269,931,368.22
	<u>100,754,270.75</u>	<u>2,573,992,779.72</u>	<u>2,994,550.26</u>	<u>2,677,741,600.73</u>	<u>2,445,952,858.90</u>
Financial liabilities denominated in foreign currency					
Payables	<u>4,188,951.39</u>	<u>57,489,595.60</u>	<u>34,975,157.30</u>	<u>96,653,704.29</u>	<u>88,287,061.06</u>
	31 December 2019				Total (RMB)
	RMB (HKD)	USD (HKD)	Total (HKD)	Total (HKD)	
Financial assets denominated in foreign currency					
Cash at bank and on hand	36,761,388.71	32,715,430.95	69,476,819.66		62,237,475.66
Receivables	45,378,223.56	27,514,334.24	72,892,557.80		65,297,510.67
Investments in other equity instruments	-	2,523,762,469.08	2,523,762,469.08		2,260,735,944.55
	<u>82,139,612.27</u>	<u>2,583,992,234.27</u>	<u>2,666,131,846.54</u>		<u>2,388,270,930.88</u>
Financial liabilities denominated in foreign currency					
Payables	<u>6,596,780.74</u>	<u>36,077,816.33</u>	<u>42,674,597.07</u>		<u>38,227,497.81</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

13 Financial instrument and risk (Cont'd)

(1) Market risk (Cont'd)

(a) Foreign exchange risk (Cont'd)

As at 30 June 2020, if the HKD had strengthened/weakened by 1% against the USD while all other variables had been held constant, the Group's profit before tax and other comprehensive income for the year would have been approximately HKD 315,000.00, equivalent to RMB 288,000.00 (31 December 2019: approximately HKD 242,000.00, equivalent to RMB 217,000.00), and HKD 24,850,000.00, equivalent to RMB 22,698,000.00 (31 December 2019: approximately HKD 25,238,000.00, equivalent to RMB 22,608,000.00) lower/higher respectively for the above various financial assets and liabilities denominated in USD.

If the HKD had strengthened/weakened by 5% against the RMB while all other variables had been held constant, the Group's profit before tax for the year would have been approximately HKD 4,828,000.00, equivalent to RMB 4,410,000.00 (31 December 2019: approximately HKD 3,777,000.00, equivalent to RMB 3,383,000.00) lower/higher for the above various financial assets and liabilities denominated in RMB.

The changes in exchange rate of other foreign currencies against HKD 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 30 June 2020, the Group's long-term interest bearing debts were mainly related to the contracts of floating rate long-term borrowings denominated in RMB and HKD, and fixed rate debentures payable denominated in RMB and USD. Among them, the contract amount of floating rate long-term borrowings denominated in RMB was 1,618,059,208.49 (31 December 2019: RMB 2,047,494,503.19), and there was no floating rate long-term borrowings denominated in HKD (31 December 2019: HKD 5,006,896,403.96, equivalent to RMB 4,492,062,281.22); the contract amount of fixed rate debentures payable denominated in RMB was 7,900,000,000.00 (31 December 2019: RMB 7,900,000,000.00), and the contract amount of fixed rate debentures payable denominated in USD was 1,200,000,000.00, equivalent to RMB 8,495,400,000.00 (31 December 2019: USD 500,000,000.00, equivalent to RMB 3,488,100,000.00).

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new interest bearing borrowings and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. Management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

13 Financial instrument and risk (Cont'd)

(1) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

As at 30 June 2020, 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 RMB 8,090,000.00 (31 December 2019: RMB 32,700,000.00).

(c) Other price risk

The Group's other price risk arises mainly from movements in price of various equity and debt instruments measured at fair value that will not be sold within 1 year.

As at 30 June 2020, if the price of various investments in equity instruments measured at fair value rises/falls by 10% while holding all other variables constant, the Group's profit before tax and other comprehensive income will be approximately RMB 53,630,000.00 (31 December 2019: approximately RMB 47,900,000.00) and RMB 505,900,000.00 (31 December 2019: approximately RMB 493,369,000.00) higher/lower respectively.

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, bank wealth management products, placements with and loans to banks and other financial institutions, notes receivable, accounts receivable, factoring receivables, loans and advances, other receivables, contract assets, current portion of non-current assets, long-term receivables, investments in debt instruments measured at fair value through profit or loss that are not included in the assessment of impairment, etc. At the balance sheet date, the Group's maximum exposure to credit risk represents the carrying amount of the Group's financial assets, except that the maximum exposure to credit risk of long-term receivables represents its undiscounted contractual cash flows.

The Group expects that there is no significant credit risk associated with cash at bank and on hand, bank wealth management products and placements with and loans to banks and other financial institutions since they are mainly deposits at state-owned banks and other medium or large size listed banks with good reputation and a higher credit rating. The Group does not expect that there will be any significant losses from non-performance by these counterparties.

Notes receivable, accounts receivable, other receivables, contract assets, current portion of non-current assets and long-term receivables include receivables from related parties and receivables from non-related parties. In respect of receivables from related parties, the Group considers that they have low credit risk; in respect of receivables from non-related parties, the Group will develop relevant policies to control the exposure to credit risk and will focus on their credit and recovery situation on a regular basis. In respect of customers with a poor credit history, the Group will use payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

13 Financial instrument and risk (Cont'd)
(2) Credit risk (Cont'd)

For factoring receivables and loans, the Group developed credit policies and operational implementation rules in accordance with the requirements of relevant state regulatory authorities, and implemented standardised management over the entire process of credit granting. In addition, the Group further improved the systems for credit risk monitoring and early warning and defective credit extension management. The Group actively responded to the changes in the credit environment, regularly analysed the situation and dynamic of credit risks and took risk control measures on a forward-looking basis. The Group also established an optimisation management mechanism for defective credit and accelerated the optimisation progress of defective credit to avoid non-performing loans.

As at 30 June 2020, the Group had no significant collateral or other credit enhancements held as a result of debtor's mortgage.

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. Cash flow forecasting is aggregated by the Group. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows:

	30 June 2020				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Deposits from customers	5,164,868.18	-	-	-	5,164,868.18
Accounts payable	12,185,137,292.01	-	-	-	12,185,137,292.01
Notes payable	15,000,000.00	-	-	-	15,000,000.00
Other payables	5,434,784,386.15	-	-	-	5,434,784,386.15
Short-term borrowings	6,639,175,512.15	-	-	-	6,639,175,512.15
Other current liabilities	4,116,973,768.70	-	-	-	4,116,973,768.70
Current portion of non-current liabilities	2,338,158,168.63	-	-	-	2,338,158,168.63
Long-term borrowings	74,411,946.19	871,716,251.08	697,231,413.70	179,686,638.07	1,823,046,249.04
Debentures payable	410,851,529.11	2,156,531,967.47	5,142,345,850.34	11,552,493,750.51	19,262,223,097.43
Long-term payables	-	9,909,019.16	-	46,592,984.75	56,502,003.91
	<u>31,219,657,471.12</u>	<u>3,038,157,237.71</u>	<u>5,839,577,264.04</u>	<u>11,778,773,373.33</u>	<u>51,876,165,346.20</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

13 Financial instrument and risk (Cont'd)**(3) Liquidity risk (Cont'd)**

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flows (Cont'd):

	31 December 2019				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Deposits from customers	3,778,707.92	-	-	-	3,778,707.92
Accounts payable	11,988,256,010.34	-	-	-	11,988,256,010.34
Notes payable	30,000,000.00	-	-	-	30,000,000.00
Other payables	4,707,159,830.62	-	-	-	4,707,159,830.62
Short-term borrowings	6,151,261,091.68	-	-	-	6,151,261,091.68
Other current liabilities	1,023,994,803.71	-	-	-	1,023,994,803.71
Current portion of non-current liabilities	2,111,387,911.36	-	-	-	2,111,387,911.36
Long-term borrowings	253,786,278.73	1,107,381,804.17	5,906,797,399.52	253,880,664.36	7,521,846,146.78
Debentures payable	257,083,187.50	2,042,115,516.27	4,499,901,505.31	6,148,000,000.00	12,947,100,209.08
Long-term payables	6,075,000.00	12,052,179.43	12,150,000.00	48,595,616.33	78,872,795.76
	<u>26,532,782,821.86</u>	<u>3,161,549,499.87</u>	<u>10,418,848,904.83</u>	<u>6,450,476,280.69</u>	<u>46,563,657,507.25</u>

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

14 Fair value estimates (Cont'd)**(1) Financial assets and liabilities measured at fair value on a recurring basis**

As at 30 June 2020, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets held for trading-				
Structural deposits	-	-	13,471,241,285.61	13,471,241,285.61
Others	174,323.32	-	-	174,323.32
Other non-current financial assets				
Special scheme equity-class securities	-	-	260,424,488.45	260,424,488.45
Industrial fund investments	-	-	275,846,467.40	275,846,467.40
Investments in other equity instruments-				
Equity instruments	867,696,433.34	-	4,191,307,983.06	5,059,004,416.40
Total financial assets	<u>867,870,756.66</u>	<u>-</u>	<u>18,198,820,224.52</u>	<u>19,066,690,981.18</u>

As at 31 December 2019, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1	Level 2	Level 3	Total
Financial assets held for trading-				
Structural deposits	-	-	2,909,852,581.06	2,909,852,581.06
Others	74,554.47	245,792.67	-	320,347.14
Other non-current financial assets				
Special scheme equity-class securities	-	-	260,424,488.45	260,424,488.45
Industrial fund investments	-	-	218,615,943.17	218,615,943.17
Investments in other equity instruments-				
Equity instruments	806,383,940.40	-	4,127,308,996.79	4,933,692,937.19
Total financial assets	<u>806,458,494.87</u>	<u>245,792.67</u>	<u>7,516,202,009.47</u>	<u>8,322,906,297.01</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

14 Fair value estimates (Cont'd)

(1) Financial assets and liabilities measured at fair value on a recurring basis (Cont'd)

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There were no transfers between levels for the current period.

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:

	Financial assets held for trading	Other non-current financial assets - Special scheme equity-class securities	Other non-current financial assets - Industrial fund investments	Other equity instruments - Available-for-sale equity instruments
31 December 2019	2,909,852,581.06	260,424,488.45	218,615,943.17	4,127,308,996.79
Increase in the current period	61,765,000,000.00	-	56,616,465.82	500,000.00
Decrease in the current period	(51,432,770,887.14)	-	-	-
Gains or losses recognised in profit or loss	229,159,591.69	-	272,668.05	-
Gains recognised in other comprehensive income	-	-	-	(10,728,054.93)
Translation of foreign currency financial statements	-	-	341,390.36	74,227,041.20
30 June 2020	13,471,241,285.61	260,424,488.45	275,846,467.40	4,191,307,983.06

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

14 Fair value estimates (Cont'd)

(1) Financial assets and liabilities measured at fair value on a recurring basis (Cont'd)

	Available-for-sale financial assets	Available-for-sale financial assets	Other non-current financial assets - Special scheme equity-class securities	Other non-current financial assets - SAFE and discounted warrants	Other non-current financial assets - Industrial fund investments	Other equity instruments - Available-for-sale equity instruments
31 December 2018	178,403,812.08	2,276,274,386.92	-	-	-	-
Changes in accounting policies	(178,403,812.08)	(2,276,274,386.92)	178,403,812.08	344,685,887.97	105,000,000.00	1,997,472,148.15
1 January 2019	-	-	178,403,812.08	344,685,887.97	105,000,000.00	1,997,472,148.15
Increase in the current period	-	-	-	-	74,283,651.74	1,257,296,652.39
Decrease in the current period	-	-	(40,403,812.08)	(577,143,861.19)	-	(175,682.00)
Gains or losses recognised in profit or loss	-	-	-	304,239,702.03	16,000,000.00	-
Gains or losses recognised in other comprehensive income	-	-	-	-	-	(4,812,932.98)
30 June 2019	-	-	138,000,000.00	71,781,728.81	195,283,651.74	3,249,780,185.56

(2) Financial assets and liabilities not measured at fair value but disclosed

The Group's financial assets and liabilities measured at amortised cost mainly include cash at bank and on hand, bank wealth management products, placements with and loans to banks and other financial institutions, receivables, factoring receivables, loans and advances, current portion of non-current liabilities, long-term receivables, short-term borrowings, payables, long-term borrowings, debentures payable, current portion of non-current liabilities, other current liabilities and long-term payables.

The carrying amount of financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

The fair value of debentures payable that are traded in an active market is determined at quoted prices in the active market, categorised within Level 1 of the fair value hierarchy. The fair value of long-term borrowings and long-term payables is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, and categorised within Level 3 of the fair value hierarchy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

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 30 June 2020 and 31 December 2019, the Group's gearing ratio was as follows:

	30 June 2020	31 December 2019
Gearing ratio	<u>53.81%</u>	<u>54.08%</u>

16 Notes to the Company's financial statements**(1) Cash at bank and on hand**

	30 June 2020	31 December 2019
Cash at bank	141,166,499.31	967,647,842.56
Other cash balances	<u>16,643.40</u>	<u>-</u>
	<u>141,183,142.71</u>	<u>967,647,842.56</u>

(2) Other receivables

	30 June 2020	31 December 2019
Dividends receivable from Taisen Holdings	-	1,117,405,390.21
Funds raised by convertible corporate debentures granted to subsidiaries	2,939,092,200.48	2,246,708,314.12
Others	<u>110,273.98</u>	<u>433,688.52</u>
	<u>2,939,202,474.46</u>	<u>3,364,547,392.85</u>
Less: Provision for bad debts	<u>-</u>	<u>-</u>
	<u>2,939,202,474.46</u>	<u>3,364,547,392.85</u>

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

16 Notes to the Company's financial statements (Cont'd)

(2) Other receivables (Cont'd)

The ageing of other receivables is analysed as follows:

	30 June 2020	31 December 2019
Within 1 year	2,939,202,474.46	2,247,142,002.64
1 to 2 years	-	1,117,405,390.21
	<u>2,939,202,474.46</u>	<u>3,364,547,392.85</u>

(3) long-term receivables

	30 June 2020	31 December 2019
Funds raised by a non-public offering of shares granted to subsidiaries	<u>7,673,525,251.44</u>	<u>7,691,259,432.16</u>

The above funds raised granted to subsidiaries constitute substantially a long-term equity in the net investment in the subsidiaries.

(4) Long-term equity investments

	30 June 2020	31 December 2019
Subsidiaries (a)	43,323,539,117.29	43,323,539,117.29
Less: Provision for impairment of long-term equity investments	-	-
	<u>43,323,539,117.29</u>	<u>43,323,539,117.29</u>

There is no significant restriction on sales of the long-term equity investments held by the Company.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

16 Notes to the Company's financial statements (Cont'd)

(4) Long-term equity investments (Cont'd)

(a) Subsidiaries

	Accounting method	31 December 2019	Decrease in the current period	30 June 2020	Shareholding (%)	Voting rights (%)	Explanation of disparity between percentages of shareholding and voting rights	Provision for impairment loss	Cash dividends declared in the current period
Taisen Holdings	Cost method	43,323,539,117.29	-	43,323,539,117.29	100.00%	100.00%	Not applicable	-	-

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)
[English translation for reference only]

16 Notes to the Company's financial statements (Cont'd)

(5) Investment income

	For the six months ended 30 June	
	2020	2019
Investment income from financial assets held for trading	39,274,743.44	-
Investment income from wealth management products	5,629,216.85	2,044,740.25
Others	-	(115,448.74)
	<u>44,903,960.29</u>	<u>1,929,291.51</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

1 Statement of non-recurring profit or loss

	For the six months ended 30 June	
	2020	2019
Gains on disposal of non-current assets	7,613,935.62	315,373,555.74
Government grants recognised in profit or loss for the current period (government grants recognised in non-operating income, other income and deducted against related cost and expenses)	426,807,766.64	175,408,699.42
Gains or losses on changes in fair value of financial assets and liabilities held for trading and investment (loss)/income arising from disposals of financial assets and liabilities held for trading	(1,429,156.76)	347,394,450.91
Net loss of the subsidiaries for the period from the beginning of the period to the combination date arising from business combinations involving enterprises under common control	-	(1,303,632.26)
Net amount of other non-operating income and expenses	(23,668,908.06)	10,683,463.79
Sub-total	409,323,637.44	847,556,537.60
Less: Income tax effect	(90,886,652.95)	(78,025,730.22)
Less: Non-recurring profit or loss attributable to minority shareholders	(1,605,088.81)	(32,917.44)
Non-recurring profit or loss attributable to shareholders of the parent company	316,831,895.68	769,497,889.94
Including: Non-recurring profit or loss from continuing operations	316,831,895.68	769,497,889.94

Basis for preparation of statement of non-recurring profit or loss

Pursuant to the *Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No.1 - Non-recurring Profit or Loss (2008)* issued by the China Securities Regulatory Commission, non-recurring profit or loss refers to profit or loss arising from transactions and events those are not directly related to the Company's normal course of business, also from transactions and events those even are related to the company's normal course of business, but will interfere with the right judgement of users of the financial statements on the company's operation performance and profitability due to their special nature and occasional occurrence.

S.F. HOLDING CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(All amounts in RMB Yuan unless otherwise stated)

[English translation for reference only]

2 Return on net assets and earnings per share

	Weighted average		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	return on net assets (%)		For the six months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019	2020	2019
Net profit attributable to ordinary shareholders of the Company	8.51%	8.20%	0.85	0.70	0.85	0.70
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	7.79%	6.19%	0.78	0.53	0.78	0.53
Including:						
- Continuing operations						
Net profit attributable to ordinary shareholders of the Company	8.51%	8.20%	0.85	0.70	0.85	0.70
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	7.79%	6.19%	0.78	0.53	0.78	0.53

Chapter 12 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 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.
- (3) The original text of the 2020 Semi-Annual report signed by the chairman of the Board of Directors.
- (4) The place where the above documents are maintained: the office of the Company's Board of Directors.



DELIVERY ON OUR EVERY PROMISE

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