



SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

SEMI-ANNUAL REPORT 2016

Date of disclosure: 26 August 2016

Section I Important Reminders, Contents & Definitions

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of Shenzhen Chiwan Wharf Holdings Limited (hereinafter referred to as “the Company”) warrant that this report is factual, accurate and complete without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

This report has been reviewed and approved at the Sixth Meeting of the Eighth Board of Directors. Independent Director Su Qiyun was unable to attend the Meeting for his own reason, but he had expressed his consent to all proposals for the Meeting and authorized Independent Director Li Changqing to attend the Meeting, express opinions and sign relevant meeting documents on behalf of him.

The Company plans not to distribute cash dividends or bonus shares or turn capital reserve into share capital.

Shi Wei, chairman of the Board of Directors, Zhang Fang, CFO, and Li Li, financial manager, hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

The future plans, development strategies and some other forward-looking statements mentioned in this report shall not be considered as virtual promises of the Company to investors. And investors are kindly reminded to pay attention to possible risks.

Securities Times, Ta Kung Pao (HK) and www.cninfo.com.cn have been designated by the Company for information disclosure. And all information about the Company shall be subject to what’s disclosed on the aforesaid media. Investors are kindly reminded to pay attention to possible risks.

This report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

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Definitions

Term	Refers to	Definition
Company, the Company or Chiwan Wharf	Refers to	Shenzhen Chiwan Wharf Holdings Limited
CMHI or CMPort*	Refers to	China Merchants Holdings (International) Company Limited or China Merchants Port Holdings Company Limited
CND Group	Refers to	China Nanshan Development (Group) Inc.
Malai Storage	Refers to	Shenzhen Malai Storage Co., Ltd.
KFEL	Refers to	Keen Field Enterprises Limited, a wholly-funded subsidiary of China Merchants Holdings (International)
The CSRC	Refers to	China Securities Regulation Commission
Shenzhen CSRC	Refers to	Shenzhen Bureau of China Securities Regulatory Commission
The Company Law	Refers to	The Company Law of the People's Republic of China
The Securities Law	Refers to	The Securities Law of the People's Republic of China
The Articles of Association	Refers to	The Articles of Association of Shenzhen Chiwan Wharf Holdings Limited
The cninfo website	Refers to	www.cninfo.com.cn

* China Merchants Holdings (International) Company Limited has officially changed its name to "China Merchants Port Holdings Company Limited" ("CMPort" for short) on 10 August 2016.

Section II Company Profile

I Basic information about the Company

Stock name	Chiwan Wharf A, Chiwan Wharf B	Stock code	000022, 200022
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	深圳赤湾港航股份有限公司		
Abbreviation (if any)	深赤湾		
Company name in English (if any)	Shenzhen Chiwan Wharf Holdings Limited		
Abbreviation (if any)	Chiwan Wharf		
Legal representative	Shi Wei		

II Contact information

	Board Secretary	Securities Representative
Name	Mr. Wang Yongli	Ms. Hu Jingjing and Ms. Chen Dan
Address	8/F, Chiwan Petroleum Building, Shenzhen, PRC	
Tel.	+86 755 26694222	+86 755 26694222
Fax	+86 755 26684117	+86 755 26684117
E-mail	cwh@szcwh.com	cwh@szcwh.com

III Other information

1. Ways to contact the Company

The registered address, office address and their zip codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2015 Annual Report.

2. About information disclosure and the place where this report is kept

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing this report and the place where this report is kept did not change during the reporting period. The said information can be found in the 2015 Annual Report.

3. Changes in the registered information

The registration date and place of the Company, its business license No., taxation registration No. and organizational code did not change during the reporting period. The said information can be found in the 2015 Annual Report.

Section III Highlights of Accounting Data & Financial Indicators

I Major accounting data and financial indicators

Does the Company adjust retrospectively or restate accounting data of previous years due to change of the accounting policy or correction of any accounting error?

Yes No

Unit: RMB

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues	904,809,652.24	880,788,008.78	2.73%
Net profit attributable to shareholders of the Company	266,535,506.97	241,977,372.34	10.15%
Net profit attributable to shareholders of the Company after excluding extraordinary gains and losses	264,716,384.31	243,763,081.71	8.60%
Net cash flows from operating activities	368,657,243.80	365,522,514.71	0.86%
Basic EPS (RMB/share)	0.413	0.375	10.13%
Diluted EPS (RMB/share)	0.413	0.375	10.13%
Weighted average ROE (%)	5.88%	5.76%	0.12%
	As at the end of the reporting period	As at the end of last year	+/- (%)
Total assets	6,626,761,280.09	6,913,772,876.99	-4.15%
Net assets attributable to shareholders of the Company	4,445,203,535.69	4,439,600,537.05	0.13%

Number of the Company's total shares of the trading day before the disclosure of this report:

The Company's total shares of the trading day before the disclosure of this report (share)	644,763,730
Fully diluted EPS based on the latest total shares above (RMB/share)	0.413

II Differences between accounting data under domestic and overseas accounting standards

1. Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

No such differences

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

No such differences

III Items and amounts of extraordinary gains and losses

Unit: RMB

Item	Amount
Gains/losses on the disposal of non-current assets (including the offset part of the asset impairment provisions)	-176,169.44
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	419,197.16
Non-operating income and expense other than the above	1,894,720.46
Less: Income tax effects	144,553.92
Minority interests effects (after tax)	174,071.60
Total	1,819,122.66

The Company did not shift in the reporting period any extraordinary gain/loss item as defined and listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses to a recurrent gain/loss item.

Section IV Report of the Board of Directors

I Overview

We are principally engaged in the handling, warehousing and transportation of containers and bulk cargoes, as well as the provision of related services. We have 6 container berths and 7 bulk cargo berths in Chiwan Port (Shenzhen), 3 container berths in Mawan Port (Shenzhen) and 5 bulk cargo berths in Machong Port (Dongguan). We also have an investment in Laizhou Wharf in Shandong Province.

The first half of 2016 saw a weak recovery of the global economy and increased volatility in the financial market. As China steadily pushed forward its supply-side structural reform and transformation, its economic growth further slowed down to 6.7%. With sluggish demand, China's total volume of foreign trade dropped 8.7% from the same period of last year. Growth in the wharf industry was at a slow pace. The cargo throughput of China's coastal wharfs above the designated size went up 1.7% year on year.

The main indicators of our production and operation in the reporting period all registered growth: a cargo throughput of 32.585 million tons (a year-on-year increase of 2.0%, slightly higher than the national average), operating revenues of RMB905 million (a year-on-year increase of 2.73%), total profit of RMB384 million (a year-on-year increase of 11.54%), and net profit attributable to the Company of RMB267 million (a year-on-year increase of 10.15%).

1. Container handling business

Growth in the global container capacity significantly slowed down to 3.9%, but overcapacity remained. With lower earnings for shipping companies, the shipping alliances were on the verge of a reshuffle. In the reporting period, container throughput of main ports in South China declined 2.7% year on year. Ports in Shenzhen achieved a container throughput of 11.436 million TEU, down 1.2% from a year earlier. Thanks to our efforts in strengthening business expansion and looking for new shipping routes to minimize the impact of the alliance reshuffle, we managed to maintain a stable number of shipping routes. Meanwhile, we upgraded our logistics service by developing our barge business to attract cargoes from the hinterland. As a result, the number of transit containers from the Pearl River Delta rose 9.7% as compared to the same period of last year. Amid increasing local competition, we handled 2.444 million TEU of containers, up 5.5% on a year-on-year basis, accounting for 21% of the Shenzhen port market, 1 percentage point higher than the same period of last year.

2. Bulk cargo handling business

Due to a weak market and the government's de-stocking policy, China's imports of grain and fertilizer both decreased in the first half of the year. We had to work hard to expand our inbound grain and feedstuff handling business. And our effort was rewarded by a 2.0% increase in our grain and feedstuff throughput despite a 6.7% decrease in the region's total inbound grain and feedstuff, which means we are still a leader in the Pearl River Delta in this respect. Meanwhile, due to a weak demand and high port capacity, our throughput of fertilizer dropped 16.6% on a year-on-year basis. To sum up, we achieved a bulk cargo throughput of 8.567 million tons in the reporting period, down 2.2% from a year earlier.

3. Supporting services and investment management

Our supporting services of tow truck, tugboat, customs clearance, barge and the like went on smoothly. Meanwhile, our main investees such as China Overseas Harbour Affairs (Laizhou) Co., Ltd., China Merchants Bonded Logistics Co., Ltd. and China Merchants Holdings (International) Information Technology Co., Ltd. achieved greatly improved business results, producing much higher returns on our investments from a year earlier.

Our business highlights are set out as follows:

Main business indicator	Reporting period (January-June 2016)	Same period of last year (January-June 2015)	YoY +/-%
Total throughput (thousand tons)	32,585	31,956	2.0%
Among which: Container throughput (thousand TEU)	2,444	2,316	5.5%
Bulk cargo throughput (thousand tons)	8,567	8,758	-2.2%
Hours charged for tow trucks (thousand hours)	547	539	1.5%
Hours charged for tugboats (hour)	16,790	15,609	7.6%

In the reporting period, we continued to push forward lean management by launching a management information platform. We encouraged technique and process reform and accomplished multiple projects of technical innovation. The internal control system was further improved in quality and efficiency. In addition, cost control was strengthened. As a result, operating costs grew slower than the business volume did and our operating efficiency was further increased.

In the second half of the year, recovery of the global economy is expected to continue to slow down, with more downward pressure on China's economy. Meanwhile, due to weak demand and currency pressure, China's foreign trade may remain sluggish, posing a great challenge to our business development. In terms of our container handling business, growth is difficult because of the local competition and lower transit demand as a result of customers' business adjustments. We will keep a watchful eye on new adjustments of liner alliances and adopt flexible, effective business tactics to look for opportunities amid route adjustments. In the meantime, we will upgrade our berths to cater for bigger and bigger ships and maintain stable business. Concerning our bulk cargo handling business, we closely follow market and policy changes, push forward strategic coordination with other local wharfs and try to maintain stability in key clients and rates. Meanwhile, we will accelerate the resource upgrade of our Chiwan Wharf and the construction of warehousing facilities in our Machong Wharf so as to increase the overall resource capability of our wharfs and help seek opportunities for business growth in the second half of the year. As for internal management, we will strengthen control of operating risks, push forward all the work as planned and focus on maintaining the level of earnings by increasing our resource use efficiency and effective cost control.

II Main business analysis

YoY movements in financial highlights

Unit: RMB

	Reporting period	Same period of last year	YoY +/-%	Main reasons for movements
Operating revenues	904,809,652.24	880,788,008.78	2.73%	-
Operating costs	492,158,524.59	463,427,511.59	6.20%	-
Administrative expenses	81,947,868.71	84,201,871.92	-2.68%	-
Financial costs	14,253,614.35	34,170,800.29	-58.29%	Interest cost decreased as the average balance of interest-bearing debts and the average loan rate decreased
Corporate income tax expenses	49,661,006.76	34,458,531.16	44.12%	Expiration of the income tax preferential policy (exemption for first three years and half reduction for second three years) of subsidiary Dongguan Chiwan Wharf Company Limited from this year
R&D expenses	15,986,053.06	15,445,960.91	3.50%	-
Net cash flows from operating activities	368,657,243.80	365,522,514.71	0.86%	-
Net cash flows from investing activities	16,665,254.18	-12,068,746.10	238.09%	Increase in dividends from joint ventures and associates
Net cash flows from financing activities	-664,817,669.11	-514,366,523.61	-29.25%	Increase in debt repayments-net
Net increase in cash and cash equivalents	-277,266,096.67	-160,462,810.25	-272.79%	Decrease in cash flows from financing activities

No major changes occurred to the profit structure or sources of the Company during the reporting period.

No future development planning stated in the Company's prospectuses, asset reorganization reports or other disclosed documents lasts till the reporting period.

Progress of previously disclosed operating plans in the reporting period:

In the reporting period, we adhered to the guideline of "Recognize the Situation, Based on the Main Business and Create a Bright Future", vigorously responded to challenges, and are rewarded by sound growth in our business and earnings.

1. Main business of wharf services: Despite a severe environment, we tried our best to expand our business and adopted proactive, flexible business tactics to deal with market changes. As a result, our business volume has further increased as a percentage in the local wharf market.
2. Construction projects: All our construction projects went on as scheduled and have produced stage results, laying a foundation for the improvement of our market competitiveness.

3. Management and innovation: We pushed forward delicacy management and innovative management as a project and drew up an overall plan for informatization to strengthen the use of the internet technology in our management step by step.

4. Investment and cooperation progress: We are now applying for approval for the cooperation project between our Machong Wharf and Onoda, and at the same time looking for opportunities for resource integration and business expansion as a way to optimize our business structure.

III Breakdown of main business

Unit: RMB

	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over the same period of last year (%)	Increase/decrease of operating costs over the same period of last year (%)	Increase/decrease of gross profit rate over the same period of last year (%)
Classified by industry:						
Cargo handling	844,465,634.31	458,877,279.34	45.66%	1.84%	4.56%	-3.15%
Classified by region:						
Mainland China	903,301,572.23	482,155,336.11	46.62%	2.77%	4.04%	-1.38%

IV Core competitiveness analysis

Upon more than three decades of development, we have gathered a pool of experienced professionals and an excellent managerial team, with our business management highly spoken of by our shareholders and clients. With stable client sources and efficient business process flows, we are considered a leader in the sector in terms of operating efficiency. As a mature listed port company in China, we enjoy excellent brand recognition and a good market reputation.

Container berths: A R&D project of smart quayside handling has been set up and four quay cranes have been put into trial operation in May 2016.

Bulk cargo berths: In June 2016, State I of Machong Wharf II was granted the Acceptance Certificate of Completed Wharf Project by the Department of Transportation of Guangdong Province. In the same month, Machong Wharf obtained an administrative permit from Huangpu Customs to build bonded warehouses for public use with an area of 15,700 m², available for immediate use upon the Customs' check and acceptance. In addition, the bulk grain silo expansion project of Machong Wharf has started construction.

These improvements in our resource capacity will further increase our competitiveness and provide guarantee for the continuous stability in our performance.

V Investment analysis

1. Investments in equities of external parties

(1) Investments in external parties

The Company did not invest in any external party during the reporting period.

(2) Equity-holdings in financial enterprises

The Company did not have any equity-holding in any financial enterprise during the reporting period.

(3) Securities investments

Unit: RMB

Variety of securities	Code of securities	Name of securities	Initial investment cost	Number of shares held at period-begin	Shareholding percentage at period-begin	Number of shares held at period-end	Shareholding percentage at period-end	Closing book value	Gain/losses for reporting period	Accounting title	Source of stock
Stock	600377	Jiangsu Expressway	1,120,000	1,000,000	0.02%	1,000,000	0.02%	8,340,000	400,000	Available-for-sale financial assets	Corporate shares allowed for circulation after share reform
Stock	400032	Petrochemical A1	3,500,000	780,000	0.26%	780,000	0.26%	382,200	-	Available-for-sale financial assets	Corporate shares
Stock	400009	Guang Jian 1	27,500	20,000	0.02%	20,000	0.02%	17,000	-	Available-for-sale financial assets	Corporate shares
Total			4,647,500	1,800,000	--	1,800,000	--	8,739,200	400,000	--	--

(4) Shareholdings in other listed companies

No such cases in the reporting period.

2. Wealth management entrustment, derivative investments and entrustment loans

(1) Wealth management entrustment

No such cases in the reporting period.

(2) Derivatives investment

No such cases in the reporting period.

(3) Entrustment loans

No such cases in the reporting period.

3. Use of raised funds

No such cases in the reporting period.

4. Analysis to main subsidiaries and shareholding companies

Unit: RMB

Company name	Company variety	Industry	Main products /services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Chiwan Container Terminal Co., Ltd.	Subsidiary	Transportation	Container handling	USD95.3 million	2,051,540,573.39	1,657,941,334.39	374,877,558.79	163,036,982.70	140,636,274.86
Shenzhen Chiwan Harbor Container Co. Ltd.	Subsidiary	Transportation	Container handling	RMB288.2 million	812,267,200.33	557,444,934.04	160,292,499.85	74,152,084.48	63,790,618.83
Dongguan Chiwan Wharf Company Limited	Subsidiary	Transportation	Handling and storage of bulk cargos	RMB450 million	1,005,139,221.34	730,874,263.97	137,362,432.71	43,763,939.53	32,992,167.94
Dongguan Chiwan Terminal Co., Ltd.	Subsidiary	Transportation	Handling and warehousing of bulk cargoes	RMB400 million	967,207,126.88	507,822,895.26	92,866,618.38	20,270,052.29	20,275,070.03

5. Significant projects of investments with non-raised funds

No such cases in the reporting period.

VI Performance forecast for January-September 2016

Not applicable

VII Explanation given by the Board of Directors and the Supervisory Committee regarding any “non-standard auditor’s report” issued by the CPAs firm for the reporting period

Not applicable

VIII Explanation given by the Board of Directors regarding any “non-standard auditor’s report” issued for last year

Not applicable

IX Implementation of profit allocation during the reporting period

Pursuant to the guiding spirit of the Notice of CSRC on Further Implementing Matters Related to Cash Dividends of Listed Companies, the Notice of CSRC Shenzhen Bureau on Fully Implementing the Notice of CSRC on Further Implementing Matters Related to Cash Dividends of Listed Companies (Shen-Zheng-Ju-Gong-Si-Zi (2012) No. 43), the Company has revised some

articles in its Articles of Association in relation to the profit distribution policy, which involves the specific policy, the decision-making procedure and mechanism, the adjustment and implementation of the profit distribution policy, profit distributed to foreign shareholders and other aspects. The revised Articles of Association of the Company was reviewed and approved on the 5th Special Session of the 7th Board of Directors for 2012 on 3 Aug. 2012, and later on the 1st Special Shareholders' General Meeting for 2012 on 21 Aug. 2012. During the reporting period, the Company executed the profit allocation policy in strict compliance with the revised Articles of Association, and it did not again alter the profit allocation policy, especially the cash dividend policy.

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company (without subsidiaries) for 2015 stood at RMB264,241,215.72 and the cumulative distributable profit at RMB703,644,298.05.

1) According to the Company Law and the Articles of Association of the Company, the Company may stop making statutory surplus reserve when its accumulative amount reaches 50% of the registered capital. The accumulative statutory surplus reserve of the Company (without subsidiaries) stood at RMB520,074,434.56 for 2015, equal to 80.66% of the registered capital. Therefore, the Company did not plan to draw surplus reserve from retained profit for 2015.

2) As planned, based on the total 644,763,730 shares as at the end of 2015, a cash dividend of RMB4.10 (tax included) was to be distributed for every 10 shares, with a total of RMB264,353,129.30 being distributed.

After the aforesaid allocations, the retained profit of the Company (without subsidiaries) stood at RMB439,291,168.75.

Implementation of the said profit allocation plan was completed on 1 August 2016, with the book closure date for A-shares and the last trading date for B-shares both on 27 July 2016 and the ex-dividend date on 28 July 2016.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and the resolution of the general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors fulfilled their responsibilities and played their due role.	Yes
Minority shareholders have the chance to fully express their opinion and desire and their legal rights and interests were fully protected.	Yes
In adjustment or alteration of the cash dividend policy, the conditions and procedure were in compliance with regulations and transparent.	Yes

X Preplan for profit distribution and turning capital reserve into share capital for the reporting period

The Company planed not to distribute cash dividends or bonus shares or turn capital reserve into share capital for the reporting period.

XI Particulars about researches, visits and interviews received in this reporting period

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
January-June 2016	Company Office	By phone	Individual	Individual investors	Basic operation situation of the Company, investments made and its financial position

Section V Significant Events

I Corporate governance

Ever since its establishment, the Company has been in strict compliance with the company law and securities law, as well as relevant laws and regulations issued by CSRC. And it has timely formulated and amended its relevant management rules according to the Code of Corporate Governance for Listed Companies, which are conscientiously and carefully executed. An effective system of internal control has thus taken shape in the Company. There is no difference between the actual circumstances of the Company and the Company Law and the CSRC rules.

II Lawsuits

No significant lawsuits or arbitrations in the reporting period.

III Media's queries

No such cases in the reporting period.

IV Bankruptcy reorganization

No such cases in the reporting period.

V Asset transactions

1. Purchase of assets

No such cases in the reporting period.

2. Sale of assets

No such cases in the reporting period.

3. Business combination

No such cases in the reporting period.

VI Implementation of equity incentive and its influence

The Company did not make or carry out any equity incentive plan during the reporting period.

VII Significant related-party transactions

1. Related-party transactions concerning routine operation

Related transaction party	Relation	Type of the transaction	Contents of the transaction	Pricing principle	Transaction price (RMB)	Transaction amount (RMB'000)	Proportion in the total amount of transactions of the same kind (%)	Approved transaction line (RMB'000)	Over approved line or not	Mode of settlement	Obtainable market price for the transaction of the same kind (RMB)	Disclosure date	Disclosure index
CND Group	Shareholder	Lease	Land use fee	Mutual negotiation	32,410,191.19	32,410.19	76.67%	80,000	No	Rent payment by month	32,410,191.19	2016-03-28	See http://www.cninfo.com.cn
Total				--	--	32,410.19	--	80,000	--	--	--	--	--
Details about return of large-amount sales										N/A			
Where the Company classifies and estimates the total amount of routine related-party transactions for the reporting period, explain the actual implementation during the reporting period (if any)										N/A			
Explain why the transaction price is greatly different from the market price (if applicable)										N/A			

2. Related-party transactions arising from acquisition and sale of assets

No such cases in the reporting period.

3. Related-party transactions arising from joint investment in external parties

No such cases in the reporting period.

4. Credits and liabilities with related parties

No such cases in the reporting period.

5. Other significant related-party transactions

Unit: RMB'000

Related party	Relation	Type of credit/liability	Reason for credit/liability	Whether there was non-operating capital occupation	Opening balance	Increase in the reporting period	Decrease in the reporting period	Closing balance
China Development Finance Company Ltd.	Director of the Company as its vice board chairman	Credit receivable from the related party	Bank deposits	No	55,649.1	54,310.1	109,700.00	259.2

Website index to the interim announcement on the related transaction above

Title of the interim announcement	Disclosure date of the interim announcement	Website where the interim announcement was disclosed
Announcement on Expected Routine Related-Party Transactions for 2016	2016-03-28	http://www.cninfo.com.cn

VIII Occupation of the Company's funds for non-operating purposes by the controlling shareholder and its related parties

No such cases in the reporting period.

IX Significant contracts and fulfillment thereof

1. Trusteeship, contracting and leasing

(1) Trusteeship

No such cases in the reporting period.

(2) Contracting

No such cases in the reporting period.

(3) Leasing

No such cases in the reporting period.

2. Guarantees provided by the Company

No such cases in the reporting period.

3. Other significant contracts

No such cases in the reporting period.

4. Other significant transactions

No such cases in the reporting period.

X Commitments made by the Company or shareholders holding over 5% of the Company's shares in the reporting period, or such commitments carried down into the reporting period

Commitment type	Commitment maker	Contents	Time of making commitment	Period of commitment	Fulfillment
Share reform commitment	CND Group	In order to enhance the shareholding confidence of tradable share holders, and encourage the core management and key personnel so that the interests of the management and all the shareholders can coincide, CND made a commitment to entrust, through the general meeting of the Company, the Board of Directors of the Company to formulate and carry out an equity incentive plan at a proper timing after the completion of the share division reform according to applicable laws and regulations.	April 2006	Standing	CND Group proposed in Mar. 2009 to the Company <The Report on Formulating and Carrying out the Equity Incentive Plan of Shenzhen Chiwan Wharf Holdings Limited>, which was reviewed and approved in the general meeting of the Company in May 2009. The Board of Directors of the Company was authorized to formulate and carry out an equity incentive plan at a proper timing according to applicable laws and regulations. In Jun. 2014, according to <The Methods (Trial) for State Holding Listed Companies to Carry out Equity Incentive> jointly promulgated by the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance, as well as <The Administrative Methods (Trial) for Equity Incentive of Listed Companies> promulgated by CSRC, the equity incentive plan could not be successfully formulated due to policy and regulation changes, as well as some restrictions. Therefore, the Company has decided not to formulate and carry out the equity incentive plan for now. The Board of Directors will continue to follow and study relevant policies and regulations, and reconsider formulating and carrying out a new equity incentive plan according to the actual situation of the Company and executing the decision-making procedure.

Commitment in the acquisition report or the report on equity changes	China Merchants Holdings (International) Company Limited	1. Commitments made by China Merchants Holdings (International) about share custody; 2. Commitment made by China Merchants Holdings (International) about guaranteeing the independency of the Company; 3. Commitment made by China Merchants Holdings (International) about horizontal competition; and 4. Commitment made by China Merchants Holdings (International) about regulating related-party transactions	2012-09-17	Concerning horizontal competition, it is promised that the horizontal competition issue will be solved through ways such as asset reorganization in the coming 3-5 years. And the other three commitments are subject to the share custody period.	In the process of execution
	Malai Storage	1. Commitment made by Malai Storage about guaranteeing the independency of the Company; 2. Commitment made by Malai Storage about horizontal competition; and 3. Commitment made by Malai Storage about regulating related-party transactions	2012-12-27	Whenever Malai Storage holds the Company's shares	In the process of execution
Other commitments made to minority shareholders	CND Group	CND Group irrevocably and unconditionally agrees that if Chiwan Wharf suffers from any loss, expense, liability, demanded compensation or law suit due to any actual or potential illegality or unenforceability in any land use agreement or relevant documents signed or to be signed by CND Group or other related problems, CND Group promises to give full immunity to the recipient party of the land use right and its inheritor and the recipient person regarding the aforesaid matters.	2001-03-20; 2003-06-18; 2004-09-29	Standing	In the process of execution
	The Company	If the Company cannot pay interest on time, pay principals upon maturity or is involved in any violation, it shall at least take the following measures: 1. Not to distribute profit to shareholders; 2. Suspend capital outlay projects such as significant outward investments or mergers; 3. Reduce or stop salaries and bonuses for directors and senior management staff; and 4. Not to remove the persons held chiefly responsible.	2013-10-18	Whenever any of the corporate bonds of "13 Chiwan 01" exists	In the process of execution
Executed on time or not			Yes		
Explain in detail specific reasons for failing to fulfill commitment and plan for next step in case of commitment unfulfilled on time			N/A		

XI Engagement and disengagement of the CPAs firm

This semi-annual report has not been audited by a CPAs firm.

XII Punishments and rectifications

No such cases in the reporting period.

XIII Delisting risk due to violation of laws or regulations

No such cases in the reporting period.

XIV Other significant events

In the reporting period, the Company disclosed the following significant events on Securities Times, Ta Kung Pao (HK) and www.cninfo.com.cn:

Announcement No.	Title	Date
2016-001	Announcement on Resolutions of the First Special Meeting of the Eighth Board of Directors in 2016	2016-01-06
2016-002	Notice of the First Special General Meeting in 2016	2016-01-06
2016-003	Announcement on Business Volume Data of December 2015	2016-01-09
2016-004	Indicative Announcement on Convening the First Special General Meeting in 2016	2016-01-18
2016-005	Announcement on Resolutions of the First Special General Meeting in 2016	2016-01-23
2016-006	Announcement on Resolutions of the Second Special Meeting of the Eighth Board of Directors in 2016	2016-01-23
2016-007	Announcement on Business Volume Data of January 2016	2016-02-05
2016-008	Announcement on Abnormality of Stock Price	2016-02-19
2016-009	Announcement on Business Volume Data of February 2016	2016-03-10
2016-010	Announcement on Resolutions of the Fifth Meeting of the Eighth Board of Directors	2016-03-28
2016-011	Announcement on Resolutions of the Fifth Meeting of the Eighth Supervisory Committee	2016-03-28
2016-012	Abstract of Annual Report 2015	2016-03-28
2016-013	Announcement on Expected Routine Related-Party Transactions for 2016	2016-03-28

2016-014	Announcement on Business Volume Data of March 2016	2016-04-08
2016-015	Announcement on the Due Payment of 2015 Phase I Short-term Financing Bonds	2016-04-15
2016-016	Announcement on Follow-up Rating Result of Corporate Bond “13 Chiwan 01”	2016-04-23
2016-017	Announcement on Resolutions of the Third Special Meeting of the Eighth Board of Directors in 2016	2016-04-27
2016-018	Quarter One Report 2016	2016-04-27
2016-019	Announcement on Joint Investment with Related Party in Haixing Onoda Project	2016-04-27
2016-020	Notice of Annual General Meeting 2015	2016-04-27
2016-021	Announcement on Business Volume Data of April 2016	2016-05-10
2016-022	Indicative Announcement on Convening Annual General Meeting 2015	2016-05-28
2016-023	Announcement on Resolutions of Annual General Meeting 2015	2016-06-07
2016-024	Announcement on the Due Payment of 2015 Phase III Short-term Financing Bonds	2016-06-08
2016-025	Announcement on Business Volume Data of May 2016	2016-06-13

XV Corporate bonds

Corporate bonds publicly offered and listed on a stock exchange, which were undue before the approval date of this report or were due but could not be redeemed in full: Yes

1. Basic information about the corporate bonds

Name	Abbr.	Code	Issue date	Due date	Outstanding balance (RMB'000)	Interest rate	Way of principal and interest payment
Corporate Bonds 2013 (Phase I) of Shenzhen Chiwan Wharf Holdings Limited	13 Chiwan 01	112192	2013-10-18	2018-10-18	500,000	5.60%	Interest payment once a year, principal repayment in lump sum upon maturity together with the last payment of interest
Exchange place for the listing or transfer of the corporate bonds						Shenzhen Stock Exchange	
Arrangements regarding investor eligibility						N/A	
Interest and principal payment during the reporting period						Still before the interest payment day of the year	
Execution of special terms added to the corporate bonds such as the issuer/investor option terms, the convertible terms, etc. in the reporting period (if applicable)						N/A	

2. Bonds trustee manager and credit rating agency

Bonds trustee manager:							
Name	China Merchants Securities Co. Ltd.	Office address	38-45/F, Tower A, Jiangsu Building, Yitian Rd., Futian District, Shenzhen, Guangdong Province, P.R.China	Contact person	Xiao Diheng, Zhan Haiming, Xiao Zhe	Tel.	0755-82943666
Credit rating agency that tracked and rated the corporate bonds during the reporting period:							
Name	China Chengxin Securities Rating Co., Ltd.		Office address	8/F, Anji Building, 760 Xizang South Rd., Huangpu District, Shanghai			
If the bonds trustee manager or the credit rating agency was changed in the reporting period, give the reason for change, executed procedure, influence on investors' interests, etc. (if applicable)						N/A	

3. Use of funds raised through the corporate bonds

Use of funds raised through the corporate bonds and the procedure executed	RMB500 million was raised through these corporate bonds, of which RMB281 million was used to repay HK dollar bank loans of the Company and its wholly-owned subsidiary—Shenzhen Chiwan Wharf Container Co., Ltd., and the rest was used to supplement the working capital.
Closing balance (RMB'000)	0
Operation of the raised funds special account	The special account has been canceled when the raised funds was used up.
Whether the use of the raised funds is in line with the usage, use plan and other terms promised in the prospectus	Yes

4. Rating of the corporate bonds

On 23 April 2016, China Chengxin Securities Rating Co., Ltd. carried out tracking rating on the credit condition of Corporate Bonds “13 Chiwan 01” issued by the Company and issued the Tracking Rating Report of the Corporate Bonds 2013 (Phase I) of Shenzhen Chiwan Wharf Holdings Limited (2016) (No.: XPWHZ [2016] Tracking No. 031), maintaining the credit rating of “13 Chiwan 01” at “AA+” and the main body credit rating of the Company at “AA+” with a stable outlook.

5. Credit enhancement mechanism, debt repayment plan and other debt repayment safeguards for the corporate bonds

Not applicable

6. Bond holders' meetings convened in the reporting period

In the first half of 2016, no such events occurred that required a bond holders' meeting.

7. Duty performance of the bonds trustee manager in the reporting period

China Merchants Securities Co. Ltd. is the trustee manager of the Company's Bond “13 Chiwan 01”. During the reporting period, it disclosed the Report on Trustee Management of Corporate Bond

“13 Chiwan 01” (2015) in June 2016. For details, please refer to the relevant Company announcement disclosed on www.cninfo.com.cn dated 22 June 2016.

8. Accounting and financial highlights of the Company as at the end of the reporting period and last year (or as of the reporting period and the same period of last year)

Unit: RMB'000

Item	As at the end of the reporting period	As at the end of last year	+/- (%)	Reason for movement
Liquidity ratio	100.16%	84.86%	15.30%	-
Asset-liability ratio	19.98%	24.36%	-4.38%	-
Quick ratio	97.70%	83.27%	14.43%	-
	Reporting period	Same period of last year	+/- (%)	
Times interest earned (EBITDA)	243.00	140.00	73.57%	Interest cost decreased as the average balance of interest-bearing debts and the average loan rate decreased
Loan repayment ratio	100.00%	100.00%	-	-
Interest coverage ratio	100.00%	100.00%	-	-

9. Asset right limitations at the end of the reporting period

Not applicable

10. Overdue debts

Not applicable

11. Interest and principal payment for other bonds and debt financing instruments in the reporting period

We offered our 2015 Phase I short-term financing bonds to the public via the national inter-bank bond market on 10 April 2015, with an amount of RMB0.3 billion, a term of 366 days, an interest rate of 4.9% and lump-sum payment terms of the interest and principal upon maturity. And the interest and principal have been paid on time on the due date of 13 April 2016.

We offered our 2015 Phase III SCP to the public via the national inter-bank bond market on 8 September 2015, with an amount of RMB0.2 billion, a term of 268 days, an interest rate of 3.44% and lump-sum payment terms of the interest and principal upon maturity. And the interest and principal have been paid on time on the due date of 4 June 2016.

12. Bank credit lines and their use and repayment in the reporting period

As at the end of the first half of 2016, we had bank credit lines of RMB990.94 million in total. We enjoy a good reputation and repay our bank loans on time, with no such cases as loan extension, reduction or exemption.

13. Execution of agreements and promises in the bond prospectus in the reporting period

Not applicable

14. Relevant significant events in the reporting period

See “XIV Other significant events” in “Section V Significant Events”.

15. Guarantor for the corporate bonds

Not applicable

XVI Internal control progress

Pursuant to the “Internal Control Rules for Enterprises” and the mating guidelines, the Company officially implemented internal control, with details as follows:

1. The Company updated the name list of the members of internal control task groups. The chairman of the board was the head of the internal control project, with divisional leaders and departmental leaders as the members for the internal control steering committee. At the Company level, important professionals of all functional departments were the members for the task group. At the level of a subsidiary, the task group was headed by the general manager of the subsidiary, with important professionals in the subsidiary as the members for the task group.

2. The work plan for internal control of 2016 was worked out.

3. The subjects and internal control processes included in the internal control improvement task for 2016 were determined. According to its own business characteristics and importance and based on the internal control process improvement results of the previous years, subjects included in the internal control improvement task for 2016 were: the Company, Chiwan Container Terminal Co., Ltd., Shenzhen Chiwan Wharf Container Co. Ltd., Dongguan Chiwan Wharf Company Limited and Dongguan Chiwan Terminal Company Limited. Internal control processes included in the internal control improvement and self-evaluation task for 2016 were: the organizational structure, development strategy, human resources, social responsibilities, corporate culture, capital operation, procurement, asset management, marketing, R&D, engineering projects, guarantees, outsourcing, financial reporting, overall budget, contract management, internal information transmission and the information system.

4. Work flow charts were sent down to confirm the specific work and schedules for the members of the internal control task groups.

5. External and internal trainings were organized for members of the internal control task groups.

6. The internal control task groups of the Headquarters and the subsidiaries have reviewed the flow chart risk matrix assessment of last year, and have re-described work flows within the internal control improvement scope according to business changes this year so as to formulate an internal control risk matrix and a core flow chart for the Company for 2016.

7. The internal control task groups of the Headquarters and the subsidiaries have carried out a walk-through test on the effectiveness of the internal control design to look for defects.

As reviewed and approved at the Fifth Meeting of the Eighth Board of Directors on 24 March 2016 and later at the 2015 Annual Shareholders' General Meeting on 6 June 2016, Deloitte Touche Tohmatsu Certified Public Accountants LLP has been hired as the internal control auditor for the Company for 2016.

In line with the schedule for the internal control improvement plan for 2016, the Company has finished all the preparation work. The internal control project is right on schedule, with no derivation or delay.

Section VI Changes in Shares & Particulars about Shareholders

I Changes in shares

Unit: share

	Before		Increase/decrease (+, -)					After	
	Number	Percentage	New shares	Bonus shares	Capitalization of capital reserve	Other	Subtotal	Number	Percentage
I Restricted shares	431,094	0.07%	0	0	0	-125,994	-125,994	305,100	0.05%
1. Shares held by the State	0	0%	0	0	0	0	0	0	0%
2. Share held by state-owned corporations	0	0%	0	0	0	0	0	0	0%
3. Shares held by other domestic investors	431,094	0.07%	0	0	0	-125,994	-125,994	305,100	0.05%
Among which: Shares held by domestic corporations	0	0%	0	0	0	0	0	0	0%
Shares held by domestic individuals	431,094	0.07%	0	0	0	-125,994	-125,994	305,100	0.05%
4. Shares held by foreign investors	0	0%	0	0	0	0	0	0	0%
Among which: Shares held by foreign corporations	0	0%	0	0	0	0	0	0	0%
Shares held by foreign individuals	0	0%	0	0	0	0	0	0	0%
II Non-restricted shares	644,332,636	99.93%	0	0	0	125,994	125,994	644,458,630	99.95%
1. Renminbi common shares	464,866,999	72.10%	0	0	0	-949	-949	464,866,050	72.10%
2. Domestically listed foreign shares	179,465,637	27.83%	0	0	0	126,943	126,943	179,592,580	27.85%
3. Overseas listed foreign shares	0	0%	0	0	0	0	0	0	0%
4. Others	0	0%	0	0	0	0	0	0	0%
III Total shares	644,763,730	100%	0	0	0	0	0	644,763,730	100%

Reasons for share changes:

1. Director changes: changes in the shareholdings of director who left and newly appointed director;
2. Increase in the shareholding of senior executive.

II Total number of shareholders and their shareholdings

Unit: share

Total number of shareholders at the end of the reporting period	36,261 shareholders, including 26,079 A-share holders and 10,182 B-share holders		Total number of preference shareholders who had resumed their voting right at the end of the reporting period (if any)	0			
Shareholdings of top ten shareholders (all being non-restricted share holders)							
Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of common shares held at the period-end	Increase/decrease in the reporting period	Pledged or frozen shares	Number of common shares held at the period-end	Type of shares (A, B, H or other)
CHINA NANSHAN DEVELOPMENT (GROUP) INC.	State-owned corporation	32.52%	209,687,067	0	0	209,687,067	A-share
SHENZHEN MALAI STORAGE CO., LTD.	Common domestic corporation	25%	161,190,933	0	0	161,190,933	A-share
KEEN FIELD ENTERPRISES LIMITED	Foreign corporation	8.58%	55,314,208	0	0	55,314,208	B-share
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign corporation	7.43%	47,914,954	0	Unknown	47,914,954	B-share
ZHU WUGUANG	Domestic individual	0.62%	3,973,723	3,781,499	Unknown	3,769,399	A-share
						204,324	B-share
CMBNA/STICHTING PENS FND ABP	Foreign corporation	0.54%	3,463,503	0	Unknown	3,463,503	B-share
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign corporation	0.41%	2,617,518	0	Unknown	2,617,518	B-share
TEMPLETON ASIAN GROWTH FUND	Foreign corporation	0.39%	2,534,858	-122,994	Unknown	2,534,858	B-share
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.33%	2,111,462	175,886	Unknown	2,111,462	B-share
NORGES BANK	Foreign corporation	0.26%	1,660,562	579,100	Unknown	1,660,562	B-share
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders:	China Merchants Holdings (International) Company Limited (CMHI) is a shareholder of China Nanshan Development (Group) Inc., Shenzhen Malai Storage Co., Ltd. and Keen Field Enterprises Limited are both wholly-funded subsidiaries of CMHI. Other than that, the Company does not know whether the other non-restricted shareholders are related parties or not.						

None of the top ten shareholders of the Company carried out any agreed buy-back in the reporting period.

III Change of the controlling shareholder or the actual controller

No such cases in the reporting period.

IV Any shareholding increase plan proposed or implemented by any shareholder or its act-in-concert party during the reporting period

No such cases in the reporting period to the best knowledge of the Company.

Section VII Preference Shares

Applicable Not applicable

The Company had no preference shares in the reporting period.

Section VIII Directors, Supervisors & Senior Management Staff

I Changes in the shareholdings of directors, supervisors and senior management staff

Unit: share

Name	Office title	Incumbent/ former	Opening shares held	Increased shares of the period	Decrease d shares of the period	Closing shares held	Opening restricted shares held	Restricted shares granted in the period	Closing restricted shares held
Shi Wei	Board Chairman	Incumbent	0	0	0	0	0	0	0
Lv Shengzhou	Director	Incumbent	0	0	0	0	0	0	0
Li Yubin	Director	Incumbent	0	0	0	0	0	0	0
Pan Ke	Director	Incumbent	0	0	0	0	0	0	0
Qu Jiandong	Director	Incumbent	112,544	0	0	112,544	0	0	0
Zhang Jianguo	Director	Incumbent	74,282	0	0	74,282	0	0	0
Yuan Yuhui	Independent Director	Incumbent	14,040	0	0	14,040	0	0	0
Su Qiyun	Independent Director	Incumbent	0	0	0	0	0	0	0
Li Changqing	Independent Director	Incumbent	0	0	0	0	0	0	0
Yu Shixin	Supervisory Board Chairman	Incumbent	0	0	0	0	0	0	0
Wen Ling	Supervisor	Incumbent	0	0	0	0	0	0	0
Zhao Jianli	Supervisor	Incumbent	0	0	0	0	0	0	0
Ni Keqin	Supervisor	Incumbent	29,211	0	0	29,211	0	0	0
Zheng Linwei	Supervisor	Incumbent	0	0	0	0	0	0	0
Zhao Qiang	General Manager	Incumbent	15,103	0	0	15,103	0	0	0
Nie Qi	Vice General Manager	Incumbent	85,409	3,000	0	88,409	0	0	0
Zhao Chaoxiong	Vice General Manager	Incumbent	64,954	0	0	64,954	0	0	0
Wang Yongli	Vice General Manager and Board Secretary	Incumbent	4,985	0	0	4,985	0	0	0
Zhang Fang	CFO	Incumbent	3,267	0	0	3,267	0	0	0

II Changes in directors, supervisors and senior management staff

Name	Position	Type of change	Date of change	Reason for change
Shi Wei	Board Chairman	Elected	2016-01-22	The Proposal on Director Adding was considered and approved at the First Special General Meeting 2016 and Ms. Shi Wei was elected with cumulative votes as a director for the Eighth Board of Directors of the Company. The Proposal on Election of Chairman for the Eighth Board of Directors was considered and approved at the Second Special Meeting the Eighth Board of Directors in 2016 and Director Shi Wei was elected as the Chairman for the Eighth Board of Directors of the Company.
Lv Shengzhou	Director	Elected	2016-01-22	The Proposal on Director Adding was considered and approved at the First Special General Meeting 2016 and Mr. Lv Shengzhou was elected with cumulative votes as a director for the Eighth Board of Directors of the Company.
Qu Jiandong	Director	Elected	2016-01-22	The Proposal on Director Adding was considered and approved at the First Special General Meeting 2016 and Mr. Qu Jiandong was elected with cumulative votes as a director for the Eighth Board of Directors of the Company.

Section IX Financial Report

I Auditor's report

The semi-annual financial report has not been audited by a CPAs firm.

II Financial statements (see the attached)

Section X Documents Available for Reference

- I The 2016 Semi-Annual Report carrying the signature of the Board Chairman;
- II The 2016 Semi-Annual Financial Report carrying the signatures of the Company's Legal Representative, Chief Financial Officer and Financial Manager; and
- III Original copies of all documents and announcements disclosed during the reporting period on Securities Times, Ta Kung Pao and www.cninfo.com.cn.

For and on behalf of the Board

Shi Wei

Chairman

Shenzhen Chiwan Wharf Holdings Limited

Dated 26 August 2016

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

AT 30 JUNE 2016

Consolidated Balance Sheet

Unit: RMB

ASSETS	Notes	30 Jun. 2016	31 Dec. 2015	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30 Jun. 2016	31 Dec. 2015
Current Assets:				Current Liabilities:			
Cash and bank balances	(V)1	405,872,026.99	683,138,123.66	Short-term borrowings	(V)20	-	141,610,178.37
Notes receivable	(V)2	700,000.00	3,327,000.00	Accounts payable	(V)21	104,297,915.81	91,453,838.66
Accounts receivable	(V)3	243,122,948.05	189,016,564.86	Receipts in advance	(V)22	76,107,732.84	40,504,130.84
Prepayments	(V)4	3,332,334.70	2,678,775.41	Employee benefits payable	(V)23	59,500,565.06	77,084,662.63
Interest receivable	(V)5	-	72,773.05	Taxes payable	(V)24	59,461,002.25	48,134,602.74
Dividends receivable	(V)6	-	-	Interest payable	(V)25	19,715,068.47	18,519,838.93
Other receivables	(V)7	45,731,255.62	14,908,748.44	Dividends payable	(V)26	353,068,137.47	88,715,008.17
Inventories	(V)8	17,882,080.33	17,300,307.66	Other payables	(V)27	50,513,413.29	76,713,923.82
Other current assets	(V)9	12,584,516.23	12,889,208.71	Non-current liabilities due within one year	(V)28	5,405,618.17	5,306,254.17
Total current assets		729,225,161.92	923,331,501.79	Other current liabilities	(V)29	-	500,000,000.00
Non-current Assets:				Total current liabilities		728,069,453.36	1,088,042,438.33
Available-for-sale financial assets	(V)10	22,249,200.00	22,659,200.00	Non-current Liabilities:			
Long-term equity investments	(V)11	1,439,244,037.52	1,447,024,975.16	Bonds payable	(V)30	498,163,287.70	497,764,383.59
Investment property	(V)12	26,286,805.06	26,747,795.38	Long-term payables	(V)31	1,027,725.60	-
Fixed assets	(V)13	3,118,183,948.02	3,213,180,964.08	Special payables	(V)32	34,990,596.50	34,990,596.50
Construction in progress	(V)14	42,297,498.37	22,222,084.78	Deferred income	(V)33	59,661,550.43	61,757,528.45
Intangible assets	(V)15	1,029,095,706.17	1,046,896,621.98	Deferred tax liabilities	(V)18	1,805,000.00	1,907,500.00
Goodwill	(V)16	10,858,898.17	10,858,898.17	Total non-current liabilities		595,648,160.23	596,420,008.54
Long-term prepaid expenses	(V)17	55,983,868.34	57,241,809.97	TOTAL LIABILITIES		1,323,717,613.59	1,684,462,446.87
Deferred tax assets	(V)18	11,274,320.82	11,274,320.82	SHAREHOLDERS' EQUITY:			
Other non-current assets	(V)19	142,061,835.70	132,334,704.86	Share capital	(V)34	644,763,730.00	644,763,730.00
Total non-current assets		5,897,536,118.17	5,990,441,375.20	Capital reserve	(V)35	167,480,381.25	165,564,739.15
				Other comprehensive income	(V)36	(8,197,146.43)	(7,889,646.43)
				Special reserve	(V)37	5,532,234.45	3,719,755.58
				Surplus reserve	(V)38	520,074,434.56	520,074,434.56
				Unappropriated profit	(V)39	3,115,549,901.86	3,113,367,524.19
				Total shareholders' equity attributable to equity holders of the parent		4,445,203,535.69	4,439,600,537.05
				Minority interests		857,840,130.81	789,709,893.07
				TOTAL SHAREHOLDERS' EQUITY:		5,303,043,666.50	5,229,310,430.12
TOTAL ASSETS		6,626,761,280.09	6,913,772,876.99	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,626,761,280.09	6,913,772,876.99

The accompanying notes form part of the financial statements.

The financial statements on pages 2 to 100 were signed by the following:

Legal Representative: Shi Wei

Chief Financial Officer: Zhang Fang

Head of Accounting Department: Li Li

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

AT 30 JUNE 2016

Balance Sheet of the Company

Unit: RMB

ASSETS	Notes	30 Jun. 2016	31 Dec. 2015	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30 Jun. 2016	31 Dec. 2015
Current Assets:				Current Liabilities:			
Cash and bank balances		190,393,031.45	331,615,767.60	Accounts payable		14,364,592.18	15,487,513.65
Accounts receivable	(XIV)1	15,508,498.87	20,084,782.32	Receipts in advance		-	152,681.00
Prepayments		1,879,438.00	489,500.00	Employee benefits payable		40,481,033.69	47,533,873.50
Interest receivable		-	-	Taxes payable		4,461,191.36	1,571,813.93
Dividends receivable		108,370,429.14	217,818,690.44	Interest payable		20,813,087.68	20,381,890.98
Other receivables	(XIV)2	650,841,057.71	679,107,748.88	Dividend payable		301,961,669.95	37,608,540.65
Inventories		990,235.94	1,026,023.04	Other payables		381,896,614.98	327,263,528.94
Other current assets		694,528.41	487,860.51	Other current liabilities		-	500,000,000.00
Total current assets		968,677,219.52	1,250,630,372.79	Total current liabilities		763,978,189.84	949,999,842.65
Non-current Assets:				Non-current Liabilities:			
Available-for-sale financial assets		22,249,200.00	22,659,200.00	Bonds payable		498,163,287.70	497,764,383.59
Long-term receivables		11,004,284.75	11,004,284.75	Long-term payables		116,662,000.00	-
Long-term equity investments	(XIV)3	2,007,724,536.83	2,000,153,426.29	Deferred tax liabilities		1,805,000.00	1,907,500.00
Investment property		16,068,823.21	16,358,585.53	Total non-current liabilities		616,630,287.70	499,671,883.59
Fixed assets		185,019,059.64	192,230,359.90	TOTAL LIABILITIES		1,380,608,477.54	1,449,671,726.24
Construction in progress		3,894,286.37	1,945,894.40	SHAREHOLDERS' EQUITY			
Intangible assets		63,626,977.11	65,112,021.93	Share capital		644,763,730.00	644,763,730.00
Long-term prepaid expenses		4,246,400.47	4,391,427.41	Capital reserve		240,001,254.59	239,043,433.54
Total non-current assets		2,313,833,568.38	2,313,855,200.21	Other Comprehensive Income		5,515,000.00	5,822,500.00
				Special reserve		1,060,510.78	1,465,450.61
				Surplus reserve		520,074,434.56	520,074,434.56
				Unappropriated profit		490,487,380.43	703,644,298.05
				TOTAL SHAREHOLDERS' EQUITY		1,901,902,310.36	2,114,813,846.76
TOTAL ASSETS		3,282,510,787.90	3,564,485,573.00	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,282,510,787.90	3,564,485,573.00

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Income Statement

Unit: RMB

ITEM	Notes	Jan.-Jun. 2016	Jan.-Jun. 2015
I. Total operating income	(V)40	904,809,652.24	880,788,008.78
Less: Operating costs	(V)40	492,158,524.59	463,427,511.59
Business taxes and levies	(V)41	3,167,942.41	3,917,496.88
Administrative expenses	(V)42	81,947,868.71	84,201,871.92
Financial expenses	(V)43	14,253,614.35	34,170,800.29
Impairment losses of assets	(V)44	288,044.16	153,277.43
Add: Investment income	(V)45	69,300,256.41	48,834,997.32
Including: Income from investments in associates and joint ventures	(V)45	63,008,068.56	48,454,997.32
II. Operating profit		382,293,914.43	343,752,047.99
Add: Non-operating income	(V)46	2,639,213.81	1,012,630.77
Including: Gains from disposal of non-current assets	(V)46	321,539.16	166,790.00
Less: Non-operating expenses	(V)47	501,465.63	95,584.70
Including: Losses from disposal of non-current assets	(V)47	497,708.60	54,508.30
III. Gross profit		384,431,662.61	344,669,094.06
Less: Income tax expenses	(V)48	49,661,006.76	34,458,531.16
IV. Net profit		334,770,655.85	310,210,562.90
Net profit attributable to shareholders of the parent		266,535,506.97	241,977,372.34
Profit or loss attributable to minority shareholders		68,235,148.88	68,233,190.56
V. Amount of Other Comprehensive Net Income After Tax:	(V)49	(307,500.00)	1,785,000.00
Amount of other comprehensive net income after tax attributable to equity holders of the parent		(307,500.00)	1,785,000.00
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
(i) Change as a result of remeasurement of the net defined benefit plan liability or asset		-	-
(ii) Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss		-	-
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		(307,500.00)	1,785,000.00
(i) Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss		-	-
(ii) Gains or losses on changes in fair value of available-for-sale financial assets		(307,500.00)	1,785,000.00
(iii) Translation differences of financial statements denominated in foreign currencies		-	-
Amount of other comprehensive net income after tax attributable to minority shareholders		-	-
VI. Total comprehensive income attributable to:		334,463,155.85	311,995,562.90
Shareholders of the parent		266,228,006.97	243,762,372.34
Minority shareholders		68,235,148.88	68,233,190.56
VII. Earnings per share:			
(I) Basic earnings per share		0.413	0.375
(II) Diluted earnings per share		0.413	0.375

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2016

Income Statement of the Company

Unit: RMB

ITEM	Notes	Jan.-Jun. 2016	Jan.-Jun. 2015
I. Total operating income	(XIV)4	105,710,030.13	127,147,838.62
Less: Operating costs	(XIV)4	64,949,950.84	69,660,728.99
Business taxes and levies		1,547,777.62	2,555,308.33
Administrative expenses		33,379,091.02	36,261,079.80
Financial expenses		5,094,574.72	17,668,038.66
Impairment loss of assets		1,895.24	-
Add: Investment income	(XIV)5	49,037,666.37	29,413,790.50
Including: Income from investments in associates and joint ventures	(XIV)5	42,745,478.52	29,033,790.50
II. Operating profit		49,774,407.06	30,416,473.34
Add: Non-operating income		1,631,374.22	323,108.34
Including: Gains from disposal of non-current assets		171,539.16	166,790.00
Less: Non-operating expenses		232,526.52	12,076.40
Including: Losses from disposal of non-current assets		232,526.52	-
III. Gross profit		51,173,254.76	30,727,505.28
Less: Income tax expenses		(22,956.92)	-
IV. Net profit		51,196,211.68	30,727,505.28
V. Amount of Other Comprehensive Net Income After Tax:		(307,500.00)	1,785,000.00
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
(i) Change as a result of remeasurement of the net defined benefit plan liability or asset		-	-
(ii) Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss		-	-
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		(307,500.00)	1,785,000.00
(i) Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss		-	-
(ii) Gains or losses on changes in fair value of available-for-sale financial assets		(307,500.00)	1,785,000.00
(iii) Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income		50,888,711.68	32,512,505.28

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Cash Flow Statement

Unit: RMB

ITEM	Notes	Jan.-Jun. 2016	Jan.-Jun. 2015
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		909,202,402.61	845,675,647.07
Other cash receipts relating to operating activities	(V)51(1)	5,778,446.67	16,046,584.93
Sub-total of cash inflows		914,980,849.28	861,722,232.00
Cash payments for goods purchased and services received		257,633,025.65	237,838,796.37
Cash payments to and on behalf of employees		184,930,609.51	176,748,169.75
Payments of all types of taxes		57,624,012.99	63,929,640.40
Other cash payments relating to operating activities	(V)51(2)	46,135,957.33	17,683,110.77
Sub-total of cash outflows		546,323,605.48	496,199,717.29
Net Cash Flows from Operating Activities	(V)52(1)	368,657,243.80	365,522,514.71
II. Cash Flows from Investing Activities:			
Cash receipts from investments income		77,197,846.38	30,785,676.52
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		1,916,084.08	229,408.50
Sub-total of cash inflows		79,113,930.46	31,015,085.02
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		62,448,676.28	43,083,831.12
Sub-total of cash outflows		62,448,676.28	43,083,831.12
Net Cash Flows from Investing Activities		16,665,254.18	(12,068,746.10)
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		100,000,000.00	133,294,087.68
Cash receipts from issue of bonds		-	499,000,000.00
Sub-total of cash inflows		100,000,000.00	632,294,087.68
Cash repayments of borrowings		744,466,721.71	900,000,000.00
Cash payments for distribution of dividends or profit or interest		20,324,960.51	246,532,314.98
Including: Payments for distribution of dividends or profit to minorities		-	199,874,053.12
Other cash payments relating to financing activities	(V)51(3)	25,986.89	128,296.31
Sub-total of cash outflows		764,817,669.11	1,146,660,611.29
Net Cash Flows from Financing Activities		(664,817,669.11)	(514,366,523.61)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		2,229,074.46	449,944.75
V. Net Increase (Decrease) in Cash and Cash Equivalents		(277,266,096.67)	(160,462,810.25)
Add: Opening balance of Cash and Cash Equivalents	(V)52(2)	683,138,123.66	468,635,486.47
VI. Closing Balance of Cash and Cash Equivalents	(V)52(2)	405,872,026.99	308,172,676.22

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2016

Cash Flow Statement of the Company

Unit: RMB

ITEM	Notes	Jan.-Jun. 2016	Jan.-Jun. 2015
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		115,849,225.53	114,925,818.68
Other cash receipts relating to operating activities		462,768,621.77	571,999,822.81
Sub-total of cash inflows		578,617,847.30	686,925,641.49
Cash payments for goods purchased and services received		31,533,042.73	30,481,597.43
Cash payments to and on behalf of employees		63,282,140.23	63,956,603.14
Payments of all types of taxes		4,088,453.58	7,002,326.88
Other cash payments relating to operating activities		368,439,595.82	436,136,465.42
Sub-total of cash outflows		467,343,232.36	537,576,992.87
Net Cash Flows from Operating Activities	(XIV)8	111,274,614.94	149,348,648.62
II. Cash Flows from Investing Activities:			
Cash receipts from investments income		151,872,638.18	140,785,676.52
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		1,677,137.08	96,842.47
Cash receipts from disposal of subsidiaries and other business units		-	-
Sub-total of cash inflows		153,549,775.26	140,882,518.99
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		2,409,879.75	373,900.00
Sub-total of cash outflows		2,409,879.75	373,900.00
Net Cash Flows from Investing Activities		151,139,895.51	140,508,618.99
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		219,658,000.00	-
Cash receipts from issue of bonds		-	499,000,000.00
Sub-total of cash inflows		219,658,000.00	499,000,000.00
Cash repayments of borrowings		600,000,000.00	900,000,000.00
Cash payments for distribution of dividends or profit or interest		19,798,230.88	46,400,000.00
Other cash payments relating to financing activities		25,986.89	128,296.31
Sub-total of cash outflows		619,824,217.77	946,528,296.31
Net Cash Flows from Financing Activities		(400,166,217.77)	(447,528,296.31)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(3,471,028.83)	104,691.94
V. Net Increase(Decrease) in Cash and Cash Equivalents		(141,222,736.15)	(157,566,336.76)
Add: Opening balance of Cash and Cash Equivalents		331,615,767.60	281,427,034.32
VI. Closing Balance of Cash and Cash Equivalents		190,393,031.45	123,860,697.56

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

ITEM	Amount of Jan-Jun 2016									Amount of last year								
	Attributable to shareholders of the parent							Minority interests	Total shareholders' equity	Attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others			Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others		
I. Closing balance of the preceding year	644,763,730.00	165,564,739.15	(7,889,646.43)	3,719,755.58	520,074,434.56	3,113,367,524.19	-	789,709,893.07	5,229,310,430.12	644,763,730.00	162,698,555.65	(8,977,146.43)	2,219,777.52	520,074,434.56	2,794,519,480.29	-	760,300,768.84	4,875,599,600.43
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	644,763,730.00	165,564,739.15	(7,889,646.43)	3,719,755.58	520,074,434.56	3,113,367,524.19	-	789,709,893.07	5,229,310,430.12	644,763,730.00	162,698,555.65	(8,977,146.43)	2,219,777.52	520,074,434.56	2,794,519,480.29	-	760,300,768.84	4,875,599,600.43
III. Changes for the year	-	1,915,642.10	(307,500.00)	1,812,478.87	-	2,182,377.67	-	68,130,237.74	73,733,236.38	-	2,866,183.50	1,087,500.00	1,499,978.06	-	318,848,043.90	-	29,409,124.23	353,710,829.69
(I) Total comprehensive income	-	-	(307,500.00)	-	-	266,535,506.97	-	68,235,148.88	334,463,155.85	-	-	1,087,500.00	-	-	527,751,492.42	-	124,966,166.19	653,805,158.61
(II) Owners' contributions and reduction in capital	-	1,915,642.10	-	-	-	-	-	-	1,915,642.10	-	2,866,183.50	-	-	-	-	-	-	2,866,183.50
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognised in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	1,915,642.10	-	-	-	-	-	-	1,915,642.10	-	2,866,183.50	-	-	-	-	-	-	2,866,183.50
(III) Profit distribution	-	-	-	-	-	(264,353,129.30)	-	-	(264,353,129.30)	-	-	-	-	(208,903,448.52)	-	(95,620,966.90)	(304,524,415.42)	
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(264,353,129.30)	-	-	(264,353,129.30)	-	-	-	-	(208,903,448.52)	-	(95,620,966.90)	(304,524,415.42)	
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	1,812,478.87	-	-	-	(104,911.14)	1,707,567.73	-	-	-	1,499,978.06	-	-	-	63,924.94	1,563,903.00
1. Withdrawn in the period	-	-	-	7,938,679.84	-	-	-	1,921,430.61	9,860,110.44	-	-	-	15,469,088.95	-	-	-	4,006,535.26	19,475,624.21
2. Utilized in the period	-	-	-	(6,126,200.97)	-	-	-	(2,026,341.74)	(8,152,542.71)	-	-	-	(13,969,110.89)	-	-	-	(3,942,610.32)	(17,911,721.21)
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	644,763,730.00	167,480,381.25	(8,197,146.43)	5,532,234.45	520,074,434.56	3,115,549,901.86	-	857,840,130.81	5,303,043,666.50	644,763,730.00	165,564,739.15	(7,889,646.43)	3,719,755.58	520,074,434.56	3,113,367,524.19	-	789,709,893.07	5,229,310,430.12

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2016

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

ITEM	Amount of Jan-Jun.2016							Amount of last year						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Total shareholders' equity	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Total shareholders' equity
I. Closing balance of the preceding year	644,763,730.00	239,043,433.54	5,822,500	1,465,450.61	520,074,434.56	703,644,298.05	2,114,813,846.76	644,763,730.00	204,296,719.24	4,735,000.00	-	520,074,434.56	648,306,530.85	2,022,176,414.65
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	644,763,730.00	239,043,433.54	5,822,500.00	1,465,450.61	520,074,434.56	703,644,298.05	2,114,813,846.76	644,763,730.00	204,296,719.24	4,735,000.00	-	520,074,434.56	648,306,530.85	2,022,176,414.65
III. Changes for the year	-	957,821.05	(307,500.00)	(404,939.83)	-	(213,156,917.62)	(212,911,536.40)	-	34,746,714.30	1,087,500.00	1,465,450.61	-	55,337,767.20	92,637,432.11
(I) Total comprehensive income	-	-	(307,500.00)	-	-	51,196,211.68	50,888,711.68	-	-	1,087,500.00	-	-	264,241,215.72	265,328,715.72
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognised in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	(264,353,129.30)	(264,353,129.30)	-	-	-	-	-	(208,903,448.52)	(208,903,448.52)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(264,353,129.30)	(264,353,129.30)	-	-	-	-	-	(208,903,448.52)	(208,903,448.52)
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	(404,939.83)	-	-	(404,939.83)	-	-	-	1,296,180.48	-	-	1,296,180.48
1. Transfer to special reserve in the period	-	-	-	1,310,805.30	-	-	1,310,805.30	-	-	-	2,927,499.53	-	-	2,927,499.53
2. Utilized in the period	-	-	-	(1,715,745.13)	-	-	(1,715,745.13)	-	-	-	(1,631,319.05)	-	-	(1,631,319.05)
(VI) Others	-	957,821.05	-	-	-	-	957,821.05	-	34,746,714.30	-	169,270.13	-	-	34,915,984.43
IV. Closing balance of the year	644,763,730.00	240,001,254.59	5,515,000.00	1,060,510.78	520,074,434.56	490,487,380.43	1,901,902,310.36	644,763,730.00	239,043,433.54	5,822,500.00	1,465,450.61	520,074,434.56	703,644,298.05	2,114,813,846.76

The accompanying notes form part of the financial statements.

(I) GENERAL INFORMATION OF THE COMPANY

Shenzhen Chiwan Wharf Holdings Limited (hereinafter referred to as the "Company") was a stock limited company incorporated on 16 January 1993.

The headquarters of the Company is located in Shenzhen Guangdong Province. The Company and its subsidiaries (collectively the "Group") are principally engaged in the provision of cargo handling, warehousing, land and sea transportation services, cargo packing, agency business and other services.

The scope of consolidated financial statements in the current period involves 10 subsidiaries. See Note (VII) "Equity in other entities" for details.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation of financial statements

The Group has adopted the Accounting Standards for Business Enterprises issued by the Ministry of Finance (MoF) including the new and modified ones in 2014. In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15-General Provisions on Financial Reporting (Revised in 2014).

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement of the financial statements. Upon being restructured into a stock company, the fixed assets and intangible assets initially contributed by the state-owned shareholders are recognized based on the valuation amounts confirmed by the state-owned assets administration department. Where assets are impaired, provisions for asset impairment are made in accordance with the relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and/or disclosure in the financial statements are determined according to the above basis.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS - continued

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

Going Concern

The Group evaluated its going concern ability within 12 months since 30 Jun. 2016. No events or circumstances are noted, which could cause significant doubt upon the entity's ability to continue as going concern. Hence, the financial statements have been prepared on a going concern basis.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

All the following significant accounting policies and accounting estimates are based on Accounting Standards for Business Enterprises.

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 30 June 2016, and the Company's and consolidated results of operations and cash flows for six months ended 30 June 2016.

2. Accounting period

The Group has adopted the calendar year as its accounting year, e.g. from 1 January to 31 December.

3. Operating cycle

Buginese cycle is referred to the period from which an enterprise buys assets to manufacture to the date it achieves cash or cash equivalents.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its subsidiaries operate. Therefore, the Company and its subsidiaries choose RMB as their functional currency. The Group adopts RMB to prepare its financial statements.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

5. The accounting treatment of business combinations involving or not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

5.1 Business combinations involving enterprises under common control

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

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

5.2 Business combinations not involving enterprises under common control and goodwill

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

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses (fees in respect of auditing, legal services, valuation and consultancy services, etc.) and other administrative expenses attributable to the business combination are recognized in profit or loss in the periods when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired by the acquirer in a business combination that meet the recognition criteria shall be measured at fair value at the acquisition date.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

5. The accounting treatment of business combinations involving or not involving enterprises under common control - continued

5.2 Business combinations not involving enterprises under common control and goodwill - continued

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

6. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiary.

For a subsidiary already disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For subsidiaries acquired through a business combination involving enterprises not under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Preparation of consolidated financial statements - continued

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the parent is treated as minority interests and presented as "minority interests" in the consolidated balance sheet under shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement under the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount is still allocated against minority interests.

Acquisition of minority interests or disposals of interests in a subsidiary that do not result in the loss of control over the subsidiary are accounted for as equity transactions. The carrying amounts of the parent's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to shareholders' equity (capital reserve). If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of equity investment or other reason, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interests is recognized as investment income in the period in which control is lost, and the goodwill is offset accordingly. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7.Types of joint arrangements and the accounting treatment of joint operation

There are two types of joint arrangements - joint operations and joint ventures. The classification of joint arrangements under is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in joint ventures are accounted for using the equity method by the Group, which is detailed in Note(III) 13.3.2 A long-term equity investment accounted for using the equity method.

The Group as a joint operator recognizes the following items in relation to its interest in a joint operation: (1) its solely-held assets, including its share of any assets held jointly; (2) its solely-assumed liabilities, including its share of any liabilities incurred jointly; (3) its revenue from the sale of its share of the output arising from the joint operation; (4) its share of the revenue from the sale of the output by the joint operation; and (5) its solely-incurred expenses, including its share of any expenses incurred jointly. The Group accounts for the recognised assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the requirements applicable to the particular assets, liabilities, revenues and expenses.

8. Recognition criteria of cash and cash equivalents

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

9. Foreign currency transactions

9.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from change in the carrying amounts other than the amortized cost of available-for-sale monetary items are included in other comprehensive income.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Foreign currency transactions- continued

9.1 Transactions denominated in foreign currencies - continued

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions; the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value including changes of exchange rate and is recognized in profit and loss or included in other comprehensive income.

10. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts.

10.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts etc.

10.2 Classification, recognition and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Classification, recognition and measurement of financial assets - continued

10.2.1 Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at fair value through profit or loss ("FVTPL") include financial assets held for trading and those designated as at fair value through profit or loss.

A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) it has been acquired principally for the purpose of selling in the near term; or (2) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) it is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or (2) the financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; or (3) eligible hybrid instruments that contain embedded derivatives.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

10.2.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.2 Classification, recognition and measurement of financial assets - continued

10.2.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, interest receivable, dividends receivable, and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

10.2.4 Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of financial assets are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognized in investment gains.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

10.3 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.3 Impairment of financial assets - continued

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
 - Adverse changes in the payment status of borrower in the group of assets;
 - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer of equity instruments operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
- (9) Other objective evidence indicating there is an impairment of a financial asset.

- Impairment of financial assets measured at amortized cost

If financial assets carried at cost or amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal does not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.3 Impairment of financial assets - continued

- Impairment of financial assets measured at amortized cost - continued

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

- Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognized directly in other comprehensive income is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized in profit or loss.

- Impairment of financial assets measured at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognized as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognized.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.4 Transfer of financial assets

The Group derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognized; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss

10.5 Classification, recognition and measurement of financial liabilities

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and definitions of financial liability and equity instrument.

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

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.5.1 Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL consist of financial liabilities held for trading and those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of repurchasing in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognizing the gains or losses on them on different bases; or (2) the financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; or (3) eligible hybrid instruments that contain embedded derivatives.

Financial liabilities at FVTPL are subsequently measured at fair value, and any gains or losses arising from changes in the fair value or any dividend or interest expense related with the financial liabilities are recognized in profit or loss.

10.5.2 Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with gains or losses arising from derecognition or amortization recognized in profit or loss.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Financial instruments - continued

10.5 Classification and recognition of financial liabilities - continued

10.5.3 Financial guarantee contracts

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss, are initially measured at their fair values less the directly attributable transaction costs. Subsequent to initial recognition, they are measured at the higher of: (i) the amount determined in accordance with Accounting Standard for Business Enterprises No. 13 - Contingencies; and (ii) the amount initially recognized less cumulative amortization recognized in accordance with the principles set out in Accounting Standard for Business Enterprises No. 14 - Revenue.

10.6 Derecognition of Financial Liabilities

The Group derecognizes a financial liability (or part of it) when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

10.7 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognized amounts, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset with the net amount presented in the balance sheet. Except for the circumstances above, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

10.8 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The issuance including refinancing, repurchase, sale or cancellation of equity instrument of the Group is recognized as movement of shareholders' equity. The Group does not recognize any changes in the fair value of equity instruments. Transaction costs associated with equity transactions are deducted from shareholders' equity.

The distributions made by the Group to holders of the equity instruments are recognized as profit distribution. Any issuance of stock dividends do not affect the shareholders' equity.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Receivables

11.1 Receivables that are individually significant and for which bad debt provision is individually assessed

Basis or monetary criteria for determining individually significant receivables	Top five balances of receivables are deemed as individually significant receivables by the Group.
Provision methods for receivables that are individually significant and for which bad debt provision is individually assessed	For receivables that are individually significant, the Group assesses the receivables individually for impairment; for a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

11.2 Receivables for which bad debt provision is collectively assessed on a credit risk portfolio basis

Basis for determining a portfolio	
Portfolio 1	The portfolio primarily includes amounts due from related parties of the Group, deposits and petty cash etc.
Portfolio 2	This portfolio excludes amounts due from related parties of the Group, deposits and petty cash etc.
Bad debt provision methods for a portfolio	
Portfolio 1	Specific Identification Method
Portfolio 2	Aging Analysis Method

Portfolios that use aging analysis for bad debt provision:

Aging	Provision proportion for accounts receivable (%)	Provision proportion for other receivables (%)
Within 90 days (inclusive)	0	0
More than 91 days but not exceeding 183 days	0-3	0-3
More than 184 days but not exceeding year	5	5
More than 1 year but not exceeding 2 years	20	20
More than 2 years but not exceeding 3 years	50	50
More than 3 years	100	100

11.3 Accounts receivable that are not individually significant but for which individual bad debt provision is individually assessed:

Reasons for making individual bad debt provision	As objective evidence indicates the Group is unable to collect the receivables under original terms, the company makes individual bad debt provision.
Bad debt provision methods	Under bad debt provision method, the provision is recognized by the differences between the expected present value of future cash flows and carrying value.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

12. Inventories

12.1 Categories of inventories

Inventories include spare parts, fuel, and low value consumables. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

12.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

12.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is made. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, after taking into consideration the purposes of inventories being held and effect of post balance sheet events.

Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realizable value on an item-by-item basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

12.4 Inventory count system

The perpetual inventory system is maintained for stock system.

12.5 Amortization methods for low cost and short-lived consumable items and packaging materials

Packaging materials and low cost and short-lived consumable items are amortized using the immediate write-off method.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

13. Long-term equity investments

13.1 Basis for determining joint control and significant influence over investee

Control is achieved when the Group has the power over the investee and has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

13.2 Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment shall be the share of party being absorbed of the owners' equity in the consolidated financial statements of the ultimate controlling party at the date of combination. The aggregate face value of the shares issued shall be accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued shall be adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess shall be adjusted to retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment acquired is the cost of acquisition.

The absorbing party's or purchaser's intermediary expenses (fees in respect of auditing, legal services, valuation and consultancy services, etc.) and other administrative expenses attributable to the business combination are recognized in profit or loss in the periods when they are incurred.

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with Accounting Standard for Business Enterprises No.22—Financial Instruments: Recognition and Measurement of (CAS 22) and the additional investment cost.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

13. Long-term equity investments - continued

13.3 Subsequent measurement and recognition of profit or loss

13.3.1 A long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. Additional or withdrawing investment would affect the cost of long-term equity investment. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

13.3.2 A long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment 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 recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the other comprehensive income and net profit or loss of the investee for the period as other comprehensive income and investment income or loss respectively for the period, and the carrying amount of the long-term equity investment is adjusted accordingly. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the investing enterprise. The investing enterprise shall adjust the carrying amount of the long-term equity investment for other changes in owners' equity of the investee (other than net profits or losses, other comprehensive income and profit distribution), and include the corresponding adjustment in capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individually identifiable assets at the acquisition date after making appropriate adjustments. Where the accounting policies and accounting period adopted by the investee are different from those of the investing enterprise, the investing enterprise shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognise other comprehensive income and investment income or losses based on the adjusted financial statements. Unrealized profits or losses resulting from the Group's transactions and assets invested or sold that are not recognized as business transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Group's, equity interest are eliminated. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

13. Long-term equity investments - continued

13.3 Subsequent measurement and recognition of profit or loss - continued

13.3.2 A long-term equity investment accounted for using the equity method - continued

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee are reduced to zero. Except that if the Group has incurred obligations to assume additional losses, a provision is recognized according to the obligation expected, and recorded in the investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

13.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period. For long-term equity investments accounted for using the equity method, if the remaining interest after disposal is still accounted for using the equity method, other comprehensive income previously recognised for using the equity method is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; owners' equity recognised due to changes in other owners' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis.

For long-term equity investments accounted for using the cost method, if the remaining interest after disposal is still accounted for using the cost method, other comprehensive income previously recognised for using the equity method or in accordance with the standards for the recognition and measurement of financial instruments before obtaining the control over the investee, is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; changes in other owners' equity in the investee's net assets recognised under the equity method (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis.

14. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out; a land use right held for transfer upon capital appreciation; and a building that is leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably, other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**14. Investment properties - continued**

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property which is consistent with that for buildings or land use rights.

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

15. Fixed assets*15.1 Recognition criteria for fixed assets*

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost. Upon being restructured into a stock company, the fixed assets initially contributed by the state-owned shareholders are recognized based on the valuation amounts confirmed by the state-owned assets administration department.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

15.2 Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method starting from the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Estimated useful lives	Estimated residual value	Annual depreciation rate
Port and terminal facilities	5 - 50 years	10%	1.8%-18%
Container yards and buildings	5 - 40 years	10%	2.25%-18%
Mechanical equipment	5 - 15 years	10%	6%-18%
Motor vehicles, cargo ships and tugboats	5 - 20 years	10%	4.5%-18%
Other equipment	5 years	10%	18%

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

15. Fixed assets - continued

15.3 Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

16. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

17. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**17. Borrowing Costs - continued**

During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

18. Intangible assets

Intangible assets include land use rights, sea area use rights and computer software.

An intangible asset is measured initially at cost. Upon being restructured into a stock company, the intangible assets initial contributed by the state-owned shareholders are recognized based on the valuation amounts confirmed by the state-owned assets administration department. When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life.

Category	Amortization method	Estimated useful lives(year)	Residual value (%)
Land use rights	Straight-line method	20-50	-
Computer software	Straight-line method	5	-
Sea area use rights	Straight-line method	5-50	-
Coastal line use rights	Straight-line method	41.9-44.3	-

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

19. Impairment of long-term assets

The Group assesses at the balance sheet date whether there is any indication that the long-term equity investments, investment properties measured at cost method, construction in progress, fixed assets and intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

19. Impairment of long-term assets - continued

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets groups, i.e., goodwill is reasonably allocated to the related assets groups or each of assets groups expected to benefit from the synergies of the combination. In testing an assets group with goodwill for impairment, an impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata basis on the basis of the carrying amount of each asset (other than goodwill) in the group.

Once the impairment loss of above-mentioned asset is recognized, it shall not be reversed in any subsequent period.

20. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

21. Employee benefits

21.1 The accounting treatment of short-term employee benefits

Actually occurred short-term employee benefits are recognised as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognised in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognised as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

21. Employee benefits - continued

21.2 The accounting treatment of post-employment benefits

All the post-employment benefits are defined contribution plans.

The contribution payable to the defined contribution plan is recognised as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group.

21.3 The accounting treatment of termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognised for termination benefits, with a corresponding charge to the profit or loss for the period at the earlier of: (1) when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and (2) when the Group recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

22. Provisions

Provisions are recognised when the Group has a present obligation related with contingencies, it is probable that the Group will be required to settle that obligation causing an outflow of economic benefits, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance sheet date, taking into account the risks, uncertainties and time value of money surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows where the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable should not exceed the carrying amount of provisions.

23. Revenue

23.1 Revenue from rendering of services

The Group provides load and unload services, tugboat and trailer services, logistics agency and other related harbor services to customers. Revenue from rendering of services is recognized when (1) the amount of revenue can be measured reliably; (2) it is probable that the associated economic benefits will flow to the enterprise; and (3) the associated costs incurred or to be incurred can be measured reliably.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

23. Revenue - continued

23.2 Rental income - continued

The operating lease income of investment property should be recognized in the lease term at the price stated in contract or agreements using the straight-line method.

23.3 Interest income

Interest income is calculated based on the length of time for which the Group's cash is used by others and the applicable interest rate.

24. Government grants

Government grants are transfer of monetary assets or non-monetary assets from the government to the Group at no consideration. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period.

A government grant is recognized only when the Group can comply with the conditions attached to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

24.1 The accounting treatment of government grants related to assets

A government grant, such as special funds for modern logistics project and special funds for energy-saving and emission reduction of transportation, related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

24.2 The accounting treatment of government grants related to income

A government grant relating to income, if used to compensate the related expenses or losses to be incurred in subsequent periods, such as financial support funds of business tax converted to VAT and reward for energy saving, is determined as deferred income and recognised in profit or loss over the periods in which the related costs are recognized; if used to compensate the related expenses or losses already incurred, is recognised immediately in profit or loss for the period.

25. Deferred tax assets/ deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

25.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Deferred tax assets/ deferred tax liabilities - continued

25.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates applicable in the period in which the asset is realized or the liability is settled according to tax laws.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in equity, in which case they are recognized in other comprehensive income or in equity, and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Deferred tax assets/ deferred tax liabilities - continued

25.3 Offset of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

26. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

26.1 The accounting treatment of operating leases

26.1.1 The Group as lessee under operating leases

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

26.1.2 The Group as lessor under operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged in profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Safety Production Cost

According to the *Administrative Rules on Provision and Use of Enterprise Safety Production Cost* jointly issued by the Ministry of Finance and the State Administration of Work Safety on 14 February 2012 (filed as Cai Qi [2012] No. 16), safety production cost set aside by the Group is directly included in the cost of relevant products or recognized in profit or loss for the period, as well as the special reserve. When safety production cost set aside is utilized, if the costs incurred can be categorized as expenditure, the costs incurred should be charged against the special reserve. If the costs set aside are used to build up fixed assets, the costs should be charged to construction in progress, and reclassified to fixed assets when the safety projects are ready for intended use. Meantime, expenditures in building up fixed assets are directly charged against the special reserve with the accumulated depreciation recognized at the same amount. Depreciation will not be made in the future period on such fixed assets.

28. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates

In the application of accounting policies as set out in Note (III), the Company is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Company's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company regularly reviews the judgments, estimates and assumptions on a going concern basis. Changes in accounting estimates which only affect the current period should be recognized in current period; changes which not only affect the current but the future periods should be recognized in current and future periods. At the balance sheet date, key assumptions and uncertainties that are likely to lead to significant adjustments to the book values of assets and liabilities in the future are:

Goodwill impairment

For the purpose of impairment testing, the present value of the expected future cash flows of the assets group or portfolio including goodwill shall be calculated, and such expected future cash flows shall be estimated. Meantime, a pre-tax rate shall be determined that should reflect the time value of money on the current market and the specific asset risks.

(III) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**28. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates - continued***Recognition of deferred tax*

The Group calculates and makes provision for deferred income tax liabilities according to the profit distribution plan of subsidiaries, associates and the joint ventures subject to the related law. For retained earnings which are not allocated by the investment company, since the profits will be used to invest the company's daily operation and future development, no deferred income tax liabilities are recognized. If the actually distributed profits in the future are more or less than those expected, corresponding deferred tax liabilities will be recognized or reversed at the earlier of profits distribution date and the declaration date, in the profit and loss of the current period.

Deferred tax assets are recognized based on the deductible temporary difference and the corresponding tax rate, to the extent that it has become probable that future taxable profit will be available for the deductible temporary difference. If in the future the actual taxable income does not coincide with the amount currently expected, the deferred tax assets resulting will be recognized or reversed in the period when actually incurred, in profit or loss.

(IV) TAXES**1. Major taxes and tax rates**

Taxes	Tax basis	Tax rate
Enterprise income tax	Taxable income	25%
Value-add Tax	Load and unload income, tugboat income, trailer income, warehousing income and agency income	6% (Note 1)
	Taxable income from vehicle maintenance and utilities supplies on ships in shore	13% and 17%
	Taxable income from sales of scraps and rental income from tangible property	3%
Business tax	Taxable rental income from intangible property and labor dispatching income	5 % (Note 2)
Urban maintenance and construction tax	VAT and Business tax paid	5% and 7 % (Note 3)
Education surcharges	VAT and Business tax paid	3%
Regional education surcharges	VAT and Business tax paid	2%

Entities using different enterprise income tax rate:

Name of entity	Enterprise income tax rate
Chiwan Wharf Holdings (HK) Limited	16.50%
Chiwan Shipping (HK) Company Limited	16.50%
Xuanyun Development Company Limited	16.50%

(IV) TAXES - continued

1. Major taxes and tax rates - continued

Note 1: According to the *Notice on Taxable Services Subject to "VAT" Tax Rate of Zero and Exemption* issued by the Ministry of Finance and State Administration of Taxation (filed as Cai Shui [2011] No.131), and approvals released by Shekou National Taxation Bureau in Shenzhen (filed as Jian Mian Bei [2012] No.0686, No.0693, No.0834 and Jian Mian Bei [2013] No.0136 respectively), Container Terminal Company Limited, Shenzhen Chiwan Harbor Container Company Limited and Shenzhen Chiwan Tugboat Company Limited, the subsidiaries of the Company, are exempt from "VAT" when providing logistics support service (except for warehousing service).

Note 2: As per the Notice of the Ministry of Finance on Full Trial Implementation of Business Tax to VAT (Document MOF [2016] No. 36), the Group shall pay business tax on its real estate rental income and labor dispatch income for January-April 2016, and pay VAT on these items from May 2016.

Note 3: The subsidiaries set up in Shenzhen are subject to an urban maintenance and construction tax rate of 7%, and those set up in Dongguan are subject to an urban maintenance and construction tax rate of 5%.

2. Tax preference

On 21 February 2012, Machong Branch of National Taxation Bureau in Dongguan City approved that Dongguan Chiwan Wharf Co., Ltd (DGW), a subsidiary of the Group, was subject to tax preference of "3-year exemption followed by 3-year half reduction" commencing from 2010. 2015 is its third year with tax preference of half reduction; hence, DGW has calculated its income tax at a rate of 12.5% (2014: 12.5%). The corporate income tax preferential policy of "exemption for the first three years and half reduction for the second three years" has come to an end in 2016.

On 8 July 2014, Machong Branch of National Taxation Bureau in Dongguan City approved that Dongguan Chiwan Terminal Co., Ltd (DGT), a subsidiary of the Group, was subject to tax preference of "3-year exemption followed by 3-year half reduction" commencing from 2014. DGT is exempted from income tax in 2016 (2015: exempted from enterprise income tax).

According to Doc. [2013] No.3 issued by Shekou Local Taxation Bureau In Shenzhen, the profits derived from berth #13A of Shenzhen Chiwan Harbour Container Company Limited, are entitled to full exemption from income tax for three years commencing from its first profit making year and 50% exemption for the following three year when certain requirements are met. 2016 is the fifth profit-making year of berth #13A; hence, the tax rate of 12.5% was adopted to calculate its enterprise income tax. (2015: 12.5%).

According to the joint verification by Science and Technology Innovation Commission of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, Shenzhen Provincial Office, SAT and Shenzhen Local Taxation Bureau, the DGT, a subsidiary of the Group, is a high-tech enterprise, subject to tax preference of 3-year enterprise income tax rate of 15% commencing in 2014. Hence, Chiwan Container Terminal Company Limited has calculated its income tax at a rate of 15% in 2016 (2015: 15%).

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	Closing balance	Opening balance
Cash:		
RMB	18,371.96	24,361.90
USD	470.82	461.05
HKD	1,376.49	3,824.97
Subtotal	20,219.27	28,647.92
Bank deposit:		
RMB	271,047,140.42	409,906,378.32
USD	108,645,822.77	164,610,997.05
HKD	25,292,497.89	108,138,907.80
Subtotal	404,985,461.08	682,656,283.17
Other cash and bank balances (Note)		
RMB	866,346.64	453,192.57
USD	-	-
HKD	-	-
Subtotal	866,346.64	453,192.57
Total	405,872,026.99	683,138,123.66
Including: The total amount of funds deposited in overseas	621,2991.61	88,863,245.66

Note: The balance of other cash and bank balances is mainly the amount deposited in the securities settlement account of China Merchants Securities Co., Ltd.

2. Notes receivable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance bills	700,000.00	3,327,000.00

Note: No notes receivable pledged, endorsed or discounted at the year end.

3. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: RMB

Item	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	7,270,290.07	2.98	-	-	7,270,290.07	12,418,434.10	6.56	-	-	12,418,434.10
Portfolio 2	236,335,708.38	97.02	483,050.40	0.20	235,852,657.98	176,789,459.37	93.44	191,328.62	0.11	176,598,130.76
Subtotal of portfolios	243,605,998.45	100.00	483,050.40	0.20	243,122,948.05	189,207,893.47	100.00	191,328.62	0.10	189,016,564.86
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually										
Total	243,605,998.45	100.00	483,050.40	0.20	243,122,948.05	189,207,893.47	100.00	191,328.62	0.10	189,016,564.86

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. Accounts receivable - continued

(1) Disclosure of accounts receivable by categories - continued

Accounts receivable portfolios for which bad debt provision has been assessed using the aging analysis approach:

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	234,757,667.60	134,666.47	0.06	234,623,001.12	176,739,529.66	142,974.91	0.08	176,596,554.76
More than 1 year but not exceeding 2 years	1,537,071.07	307,414.21	20.00	1,229,656.85	1,970.00	394.00	20.00	1,576.00
More than 2 years but not exceeding 3 years	-	-	-	-	-	-	-	-
More than 3 years	40,969.71	40,969.71	100.00	-	47,959.71	47,959.71	100.00	-
Total	236,335,708.38	483,050.39	0.20	235,852,657.97	176,789,459.37	191,328.62	0.11	176,598,130.76

(2) Bad debt provision, reversal and written-off

Unit: RMB

Item	Opening balance	bad debt provision	Decrease		Closing balance
			Reversal	Write-off	
Accounts receivable	191,328.62	291,721.78	-	-	483,050.40

(3) There are no accounts receivables that have been written off during the year.

(4) Top five balances of accounts receivable classified by debtor:

Unit: RMB

Name of customer	Relationship with the Company	Amount	Proportion of the amount to the total accounts receivable (%)	Bad debt provision
Customer A	Customer	29,464,326.68	12.10	-
Customer B	Customer	29,124,355.80	11.96	237,941.20
Customer C	Customer	25,793,208.00	10.59	-
Customer D	Customer	22,826,987.28	9.37	-
Customer E	Customer	7,147,512.59	2.93	210.00
Total		114,356,390.35	46.95	238,151.20

4. Prepayments

(1) Prepayments presented by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	3,157,334.70	94.75	2,503,775.41	93.47
More than 1 year but not exceeding 2 years	175,000.00	5.25	175,000.00	6.53
Total	3,332,334.70	100.00	2,678,775.41	100.00

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Prepayments - continued

(2) Top five balances of prepayments classified by entities

Unit: RMB

Entities	Relationship with the Company	Closing balance	Proportion of the closing balance to the total prepayments (%)
China State Construction Harbour Construction Co., Ltd.	Supplier	1,383,738.00	41.52
Shenzhen branch of China Life Insurance Co., Ltd.	Supplier	497,585.07	14.93
Shenzhen MMatch Novel Materials Co., Ltd.	Supplier	231,200.00	6.94
Beijing Aopeng Technology Development Co., Ltd.	Supplier	175,000.00	5.25
Shenzhen branch of China Life Insurance Co., Ltd.	Supplier	90,000.00	2.70
Total		2,377,523.07	71.34

(3) The Group has no significant aging over one year prepayment.

5. Interest receivable

(1) Interest receivable

Unit: RMB

Category	Closing balance	Opening balance
Fixed term deposit	-	72,773.05

(2) The Group has no significant overdue interest.

6. Dividends receivable

(1) Dividends receivable

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Impairment appeared or not
China Overseas Harbor Affairs (Laizhou) Co., Ltd.	-	36,132,189.03	36,132,189.03	-	No
China Ocean Shipping Agency (Shenzhen) Company Limited	-	5,892,187.85	5,892,187.85	-	No
Jiang Su Ninghu Expressway Company Limited	-	400,000.00	400,000.00	-	No
MEDIA PORT INVESTMENTS LIMITED	-	34,085,893.00	34,085,893.00	-	No
Total	-	76,510,269.88	76,510,269.88	-	

(2) The Group has no dividends receivable aging more than one year.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Other receivables

(1) Disclosure of other receivables by categories:

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Other receivables for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	24,649,075.50	53.23	100,000.00	0.41	24,549,075.50	12,390,252.83	80.02	100,000.00	0.81	12,290,252.83
Portfolio 2	21,654,409.34	46.77	472,229.22	2.18	21,182,180.12	3,094,402.45	19.98	475,906.84	15.38	2,618,495.61
Subtotal of portfolios	46,303,484.84	100.00	572,229.22	1.24	45,731,255.62	15,484,655.28	100.00	575,906.84	3.72	14,908,748.44
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	46,303,484.84	100.00	572,229.22	1.24	45,731,255.62	15,484,655.28	100.00	575,906.84	3.72	14,908,748.44

Other receivables portfolios for which bad debt provision has been assessed using the aging analysis

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	21,178,250.05	3,434.53	0.02	21,174,815.52	2,622,437.97	10,265.61	0.39	2,612,172.36
More than 1 year but not exceeding 2 years	6,794.81	1,358.96	20.00	5,435.85	2,600.00	520.00	20.00	2,080.00
More than 2 years but not exceeding 3 years	3,857.50	1,928.75	50.00	1,928.75	8,486.50	4,243.25	50.00	4,243.25
More than 3 years	465,506.98	465,506.98	100.00	-	460,877.98	460,877.98	100.00	-
Total	21,654,409.34	472,229.22	2.18	21,182,180.12	3,094,402.45	475,906.84	15.38	2,618,495.61

(2) Increase, reverse and write-off of bad debt provision

Unit: RMB

Item	Opening balance	Increase	Decrease		Translate foreign currency statements	Closing balance
			Reversal	Write-off		
Other receivable	575,906.84	22,089.34	25,766.96	-	-	572,229.22

(3) Other receivable has not been written off during the year.

(4) Disclosure of other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance
Temporary payments	16,545,528.12	4,789,080.04
Deposits	4,438,902.44	4,469,460.16
Others	25,319,054.28	6,226,115.08
Total	46,303,484.84	15,484,655.28

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Other receivables - continued

(5) Top five balances of other receivables classified by creditors

Unit: RMB

Name of company	Nature of the fund	Amount	Aging	Proportion of the amount to the total accounts receivable (%)	Bad debt provision
Dongguan Finance Bureau	Watercourse occupancy fee	14,469,500.00	Within one year	31.25	-
Shenzhen Mawan Port Co., Ltd. ("SMP")	Temporary payments from related parties	9,004,511.91	Within one year	19.45	-
Shenzhen Mawan Terminals Co., Ltd. ("SMT")	Temporary payments from related parties	5,816,232.37	Within one year	12.56	-
CMBL	Temporary payments from related parties	1,957,705.47	Within one year	4.23	-
Shenzhen Nanhai Grain Industrial Co., Ltd.	Land rents	1,066,345.10	Within one year	2.30	-
Total		32,314,294.85		69.79	-

8. Inventories

(1) Categories of inventories

Unit: RMB

Item	30 Jun. 2016			31 Dec. 2015		
	Carrying amount	Provision for decline in value of inventories	Book value	Carrying amount	Provision for decline in value of inventories	Book value
Spare parts	18,108,961.97	972,744.93	17,136,217.04	17,569,310.18	972,744.93	16,596,565.25
Fuel	745,863.29	-	745,863.29	703,742.41	-	703,742.41
Total	18,854,825.26	972,744.93	17,882,080.33	18,273,052.59	972,744.93	17,300,307.66

(2) Provision for decline in value of inventories

Unit: RMB

Item	Opening balance	Increase	Decrease		Closing balance
			Reversal	Write-off	
Spare parts	972,744.93	-	-	-	972,744.93

9. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Added-value tax to be certified and deducted	12,584,516.23	12,889,208.71

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Available-for-sale financial assets

(1) Available-for-sale financial assets

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Available-for-sale equity instruments	25,377,500.00	3,128,300.00	22,249,200.00	25,787,500.00	3,128,300.00	22,659,200.00
Measured at fair value	8,340,000.00	-	8,340,000.00	8,750,000.00	-	8,750,000.00
Measured at cost	17,037,500.00	3,128,300.00	13,909,200.00	17,037,500.00	3,128,300.00	13,909,200.00
Total	25,377,500.00	3,128,300.00	22,249,200.00	25,787,500.00	3,128,300.00	22,659,200.00

(2) Available-for-sale financial assets measured at fair value at the end of the year

Unit: RMB

Classification of available-for-sale financial assets	Available-for-sale equity instruments
Cost of equity instruments	1,120,000.00
Fair value	8,340,000.00
Accumulated amount of changes in fair value included in the other comprehensive income	7,220,000.00
Provision amount for impairment	-

Note: The available-for-sale financial assets held by the Company represent the circulating shares of Jiang Su Ninghu Expressway Company Ltd at the end of the year.

(3) Available-for-sale financial assets measured at cost at the end of the year

Unit: RMB

Investees	Carrying amount				Provision for impairment				Proportion of ownership interests in the investee (%)	Cash dividends for the period
	Opening balance	Increase	Decrease	Closing balance	Opening balance	Increase	Decrease	Closing balance		
Shenzhen Petro-chemical Industry (Group) Company Limited	3,500,000.00	-	-	3,500,000.00	3,117,800.00	-	-	3,117,800.00	0.26	-
Guangdong Guang Jian Group Company Limited	27,500.00	-	-	27,500.00	10,500.00	-	-	10,500.00	0.02	-
China Ocean Shipping Agency (Shenzhen) Company Limited	13,510,000.00	-	-	13,510,000.00	-	-	-	-	15.00	5,892,187.85
Total	17,037,500.00	-	-	17,037,500.00	3,128,300.00	-	-	3,128,300.00		5,892,187.85

Note: The available-for-sale financial assets measured at cost are equity investments of Shenzhen Petro-chemical Industry (Group) Company Limited, Guangdong Guang Jian Group Company Limited and China Ocean Shipping Agency (Shenzhen) Company Limited. None of the stocks of above-mentioned companies are traded in market or fair value could be measured reliably, hence, the Group measures these equity investments under cost method.

(4) Movements of available-for-sale financial assets in the reporting period

Unit: RMB

Category	Available-for-sale equity instruments
Provision amount for impairment at the beginning of the year	3,128,300.00
Increase in the current year	-
Decrease in the current year	-
Provision amount for impairment at the end of the year	3,128,300.00

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

11. Long-term equity investments

Unit: RMB

Investee	Accounting method	Investment cost	Opening balance	Changes								Closing balance	Closing value of provision for impairment
				Increase	Decrease	Investment profit or loss under equity method	Reconciling items from other comprehensive income	Other equity movements	Cash dividends or profits announced of issuance	Provision for impairment	Others		
I. Joint ventures													
China Overseas Harbor Affairs (Laizhou) Co., Ltd.(Note 1)	Equity method	749,655,300.00	770,930,325.06	-	-	37,197,754.16	-	-	(36,132,189.03)	-	-	771,995,890.19	-
II. Associates													
China Merchants Holdings (International) Information Technology Company Ltd.	Equity method	1,875,000.00	12,833,857.95	-	-	1,674,220.38	-	-	-	-	-	14,508,078.33	-
CMBL	Equity method	280,000,000.00	326,663,063.66	-	-	7,747,007.96	-	1,915,642.10	-	-	-	336,325,713.72	-
MediaPortInvestmentsLimited("MPIL") (Note 2)	Equity method	139,932.00	336,597,728.49	-	-	16,389,086.06	-	-	(36,572,459.27)	-	-	316,414,355.28	-
Subtotal		282,014,932.00	676,094,650.10	-	-	25,810,314.40	-	1,915,642.10	(36,572,459.27)	-	-	667,248,147.33	-
Total		1,031,670,232.00	1,447,024,975.16	-	-	63,008,068.56	-	1,915,642.10	(72,704,648.30)	-	-	1,439,244,037.52	-

Note 1: The Company holds 40% equity interests in China Overseas Harbor Affairs (Laizhou) Co., Ltd. (hereinafter "COHA (Laizhou)"). According to its articles of incorporation, significant matters such as operating decisions can be passed only when jointly approved by directors of the Company and the other ventures. Therefore, COHA (Laizhou) is deemed to be under common control of Chiwan Wharf and the other shareholders; accordingly COHA (Laizhou) is accounted for as a joint venture.

Note 2: On 30 September 2002, China Merchants Holdings (International) Company Limited (the "CMHI", a listed company in Hong Kong) and Shenzhen South Oil (Group) Company Limited (the "SSOG") entered into an agreement called "Agreement on Cooperation and Development of Mawan Port" (the "Development Agreement") to incorporate three joint ventures, namely Shenzhen Mawan Wharf Co., Ltd. ("SMW"), SMP and Shenzhen Mawan Terminals Co., Ltd. ("SMT") (together referred to as "Mawan Companies"), to construct and operate the berth 0#, 5#, 6#, 7# and 8# in Mawan Port. According to the Development Agreement, CMHI and the Group will jointly set up Media Port Investments Limited (the "MPIL") with equal percentage of equity held respectively. MPIL then incorporates the abovementioned three joint ventures together with SSOG, and MPIL has 60% equity in each of the three joint ventures.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**12. Investment properties****(1) Investment properties measured under cost method**

Unit: RMB

Item	Opening carrying amount	Increase	Decrease	Closing carrying amount
I. Total original carrying amount	47,138,271.09	-	-	47,138,271.09
1. Buildings	17,054,506.09	-	-	17,054,506.09
2. Land use right	30,083,765.00	-	-	30,083,765.00
II. Total accumulated depreciation and amortization	20,390,475.71	460,990.32	-	20,851,466.03
1. Buildings	5,755,252.68	188,410.86	-	5,943,663.54
2. Land use right	14,635,223.03	272,579.46	-	14,907,802.49
III. Total net book value of investment property	26,747,795.38	-	-	26,286,805.06
1. Buildings	11,299,253.41	-	-	11,110,842.55
2. Land use right	15,448,541.97	-	-	15,175,962.51
IV. Total accumulated amount of provision for impairment losses of investment property	-	-	-	-
1. Buildings	-	-	-	-
2. Land use right	-	-	-	-
V. Total carrying value of investment property	26,747,795.38	-	-	26,286,805.06
1. Buildings	11,299,253.41	-	-	11,110,842.55
2. Land use right	15,448,541.97	-	-	15,175,962.51

Note: Depreciation and amortization for the current period is RMB460,990.32.

(2) Investment properties without ownership certificates

As of 30 Jun. 2016, the Group has not obtained any ownership certificates of investment properties. For buildings located within the scope of Chiwan watershed with net book value of RMB22,918,774.71 (original carrying amount: RMB43,589,738.00), the underlying reasons and management's resolutions for obtaining certificates of title are set out in Note (V) 15, and the rest certificates of title are under the process of application.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued

13. Fixed assets

(1) Fixed assets

Unit: RMB

Item	Opening carrying amount	Increase	Decrease	Closing carrying amount
I. Total original carrying amount	5,521,417,273.83	3,869,647.61	10,235,844.25	5,515,051,077.19
Including: Port and terminal facilities	1,991,233,464.06	198,717.94	220,458.31	1,991,211,723.69
Container yards and buildings	1,062,056,772.68	203,264.90	540,523.32	1,061,719,514.26
Mechanical equipment	2,070,831,567.49	724,837.69	5,339,776.29	2,066,216,628.89
Motor vehicles, cargo ships and tugboats	286,170,237.48	-	2,547,096.02	283,623,141.46
Other equipment	111,125,232.12	2,742,827.08	1,587,990.31	112,280,068.89
II. Total accumulated depreciation	2,250,816,840.79	96,908,007.22	8,277,187.80	2,339,447,660.21
Including: Port and terminal facilities	436,187,670.38	20,661,414.61	80,275.25	456,768,809.74
Container yards and buildings	260,763,251.13	12,300,780.94	486,756.44	272,577,275.63
Mechanical equipment	1,317,849,657.09	52,790,102.66	4,001,207.75	1,366,638,552.00
Motor vehicles, cargo ships and tugboats	153,286,793.39	6,895,959.30	2,292,866.59	157,889,886.10
Other equipment	82,729,468.80	4,259,749.71	1,416,081.77	85,573,136.74
III. Total net book value of fixed assets	3,270,600,433.04	-	-	3,175,603,416.98
Including: Port and terminal facilities	1,555,045,793.68	-	-	1,534,442,913.95
Container yards and buildings	801,293,521.55	-	-	789,142,238.63
Mechanical equipment	752,981,910.40	-	-	699,578,076.89
Motor vehicles, cargo ships and tugboats	132,883,444.09	-	-	125,733,255.36
Other equipment	28,395,763.32	-	-	26,706,932.15
IV. Total provision for impairment losses	57,419,468.96	-	-	57,419,468.96
Including: Port and terminal facilities	4,261,599.48	-	-	4,261,599.48
Container yards and buildings	53,157,869.48	-	-	53,157,869.48
Mechanical equipment	-	-	-	-
Motor vehicles, cargo ships and tugboats	-	-	-	-
Other equipment	-	-	-	-
V. Total carrying value of fixed assets	3,213,180,964.08	-	-	3,118,183,948.02
Including: Port and terminal facilities	1,550,784,194.20	-	-	1,530,181,314.47
Container yards and buildings	748,135,652.07	-	-	735,984,369.15
Mechanical equipment	752,981,910.40	-	-	699,578,076.89
Motor vehicles, cargo ships and tugboats	132,883,444.09	-	-	125,733,255.36
Other equipment	28,395,763.32	-	-	26,706,932.15

Note 1: The increase of total original carrying amount for current period consists of new acquisition of RMB1,204,535.79, an increase of RMB2,665,111.82 of amount transferred from construction in progress. The decrease of total original carrying amount for current period consists of a decrease of RMB10,104,580.48 resulting from disposal of fixed assets.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13. Fixed assets - continued

Note 2: The increase in accumulated depreciation for current period consists of charge for the current year of RMB96,908,007.22. The decrease in accumulated depreciation for current period consists of a decrease of RMB8,277,187.28 resulting from disposal of fixed assets .

Note 3: As of 30 Jun. 2016, the Group has no fixed assets that used as collateral.

Note 4: As of 30 Jun. 2016, the certificates of title for the Group's buildings with a net book value of RMB325,250,949.13 (total original carrying amount: RMB439,065,086.69) have not yet been obtained. For buildings located within the scope of Chiwan watershed with net book value of RMB29,344,505.38 (original carrying amount: RMB119,204,302.62), the underlying reasons and management's solutions for obtaining certificates of title are set out in Note (V) 15, and the rest certificates of title are under the process of application.

(2) Other issues

Unit: RMB

Item	Amount	Note
The original amounts of fixed assets fully depreciated but still in use at 30 Jun. 2016	686,411,348.15	
Closing original amount of temporary idle fixed assets	-	
Fixed assets disposed or retired in the current year	-	
Original amount of fixed assets disposed or retired in the current year	10,104,580.48	
Net book value of fixed assets disposed or retired in the current year	1,827,873.35	
Gain or loss on disposal or retire of fixed assets	(252,117.45)	

14. Construction in progress

(1) Details of construction in progress are as follows:

Unit: RMB

Item	Closing Balance			Opening Balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Relavent construction work of 50.86 meters coastline, Machong Port	4,994,656.36	-	4,994,656.36	4,994,656.36	-	4,994,656.36
Supporting equipment & facilities renovation project, Chiwan Port terminal	5,938,912.87	-	5,938,912.87	4,802,731.27	-	4,802,731.27
Bulk grain warehouses Phase II, Machong Port	19,549,290.82	-	19,549,290.82	2,526,814.00	-	2,526,814.00
Technological transformation of Berth 7#, Chiwan Port	3,894,286.37	-	3,894,286.37	1,447,719.40	-	1,447,719.40
Others	7,920,351.95	-	7,920,351.95	8,450,163.75	-	8,450,163.75
Total	42,297,498.37	-	42,297,498.37	22,222,084.78	-	22,222,084.78

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued

14. Construction in progress - continued

(2) Changes in significant construction in progress

Unit: RMB

Item	Budget amount	Opening balance	Increase in the current period	Transfer to fixed and intangible assets	Decrease in the current period	Closing balance	Proportion of accumulated construction investment in budget	Construction progress	Amount of accumulated capitalised interest	Including: capitalised interest for the current period	Interest capitalisation rate for the current period (%)	Capital source
Relevant construction work of 50.86 meters coastline, Machong Port	8,819,228.91	4,994,656.36	-	-	-	4,994,656.36	56.63%	56.63%	-	-	0.00%	Self-funding
Supporting equipment & facilities renovation project, Chiwan Port terminal	30,500,000.00	4,802,731.27	1,136,181.60	-	-	5,938,912.87	19.47%	27.31%	-	-	0.00%	Self-funding
Bulk grain warehouses Phase II, Machong Port	320,000,000.00	2,526,814.00	17,022,476.82	-	-	19,549,290.82	6.11%	6.11%	-	-	0.00%	Self-funding
Technological transformation of Berth 7# , Chiwan Port	29,500,000.00	1,447,719.40	2,446,566.97	-	-	3,894,286.37	13.20%	13.20%	-	-	0.00%	Self-funding
Others	37,266,722.40	8,450,163.75	2,255,708.34	2,665,111.82	120,408.32	7,920,351.95	28.73%	28.73%	-	-	0.00%	Self-funding
Total	426,085,951.31	22,222,084.78	22,860,933.73	2,665,111.82	120,408.32	42,297,498.37	-	-	-	-	-	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Intangible assets

Unit: RMB

Item	Opening carrying amount	Increase	Decrease	Closing carrying amount
I. Total original carrying amount	1,603,264,701.83	1,432,215.08	116,787.00	1,604,580,129.91
Land use rights - prepaid under lease (Note 2)	1,198,990,903.76	-	-	1,198,990,903.76
Land use rights - prepaid under investment (Note 2)	122,623,476.00	-	-	122,623,476.00
Land use rights - purchased	116,702,512.59	-	-	116,702,512.59
Computer software	32,061,672.48	381,132.08	-	32,442,804.56
Sea area use rights	72,886,137.00	1,051,083.00	116,787.00	73,820,433.00
Coast line use rights	60,000,000.00	-	-	60,000,000.00
II. Total accumulated amortization	556,368,079.85	19,233,130.89	116,787.00	575,484,423.74
Land use rights - prepaid under lease (Note 2)	459,820,965.73	14,188,775.46	-	474,009,741.19
Land use rights - prepaid under investment (Note 2)	57,428,661.26	1,226,234.76	-	58,654,896.02
Land use rights - purchased	6,475,618.84	1,193,113.08	-	7,668,731.92
Computer software	22,130,915.57	1,198,195.28	-	23,329,110.85
Sea area use rights	9,355,651.15	733,051.93	116,787.00	9,971,916.08
Coast line use rights	1,156,267.30	693,760.38	-	1,850,027.68
III. Total net carrying amount of intangible assets	1,046,896,621.98			1,029,095,706.17
Land use rights - prepaid under lease (Note 2)	739,169,938.03			724,981,162.57
Land use rights - prepaid under investment (Note 2)	65,194,814.74			63,968,579.98
Land use rights - purchased	110,226,893.75			109,033,780.67
Computer software	9,930,756.91			9,113,693.71
Sea area use rights	63,530,485.85			63,848,516.92
Coast line use rights	58,843,732.70			58,149,972.32
IV. Total provision for impairment	-	-	-	-
Land use rights - prepaid under lease	-	-	-	-
Land use rights - prepaid under investment	-	-	-	-
Land use rights - purchased	-	-	-	-
Computer software	-	-	-	-
Sea area use rights	-	-	-	-
Coast line use rights	-	-	-	-
V. Total carrying value of intangible assets	1,046,896,621.98			1,029,095,706.17
Land use rights - prepaid under lease (Note 2)	739,169,938.03			724,981,162.57
Land use rights - prepaid under investment (Note 2)	65,194,814.74			63,968,579.98
Land use rights - purchased	110,226,893.75			109,033,780.67
Computer software	9,930,756.91			9,113,693.71
Sea area use rights	63,530,485.85			63,848,516.92
Coast line use rights	58,843,732.70			58,149,972.32

Note 1: The amortization for the current period is RMB19,233,130.89.

(V) **NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT** - continued

15. Intangible assets - continued

Note 2: The Group has obtained the land use right for berth and container yard located in Chiwan watershed area with original amount of RMB1,400,288,984.00 from Nanshan Group. The tenure ranging between 20 - 50 years. The land with a total area of 1,049,946.00 square meters consists of an area of 2.2 square kilometers invested by Shenzhen Investment Holding Corporation, a stockholder of Nanshan Group, and a land arising from marine reclamation by Nanshan Group.

The land use rights for the plot of 270,692 sq. meters (original amount: RMB122,623,476.00) was contributed by Nanshan Group as capital injection at corporate restructuring of the Company. The rest land use rights were obtained from Nanshan Group by long-term leasing.

Since Nanshan Group has yet obtained official certificates of land use rights for the above lands so far, the Group has no certificates of title for relevant land and buildings either.

On 20 March 2001, 18 June 2003 and 29 September 2004, Nanshan Group made commitments on all the land use rights obtained by the Group from it as of the commitment date respectively: Nanshan Group has no right to withdraw the commitment and will unconditionally consent that, if the Group suffers loss, bears expense and liability, is claimed for compensation or runs into lawsuit, for any actually or potentially illegal and non-executable issues arising from land use right agreements and their relevant documents which signed or will be signed by the Group, Nanshan Group guarantees that the acquiring party and its inheritor of those land use right will be fully exempted from above issues. Hence, directors of the Company believe there is no significant impairment risk in respect of the absence of land use right certificate and no significant contingent liability.

The management notes that Nanshan Group is positively approaching relevant government authorities to solve the above historical land problem; however, it cannot predict the exact time to obtain legal certificates of title for above land and relevant building property ownership certificates.

As of 30 Jun. 2016, lease agreements for land use rights with total original carrying amount of RMB99,320,299.24 mentioned above have expired. The underlying land with an area of 146,613.00 m² consists of: a returned cultivated land of Chiwan Village with an area of 9,897.70 m² (original carrying amount: RMB7,918,160.00) being returned to Shenzhen Chiwan Shekou Industrial Co., Ltd; 8 # storeroom with an area of 6,118.50 m² not being renewal any more, and the remaining land being subject to renewal, but the renewal of land contracts for the remaining land are under way.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued

16. Goodwill

Unit: RMB

Investee	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
Chiwan Container Terminal Company Limited	10,858,898.17	-	-	10,858,898.17

Note: The goodwill arose from the acquisition of the minority interests in Chiwan Container Terminal Company Limited in prior years, being the difference of the additional cost of investment and the Group's share of the fair value of the identifiable net assets in Chiwan Container Terminal Company Limited. Based on past years' operation performance and development forecast of the Company, the management holds the opinion that there is no need to allocate impairment to goodwill arising from the investment of Chiwan Container Terminal Company Limited.

17. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increase	Amortization	Other decreases	Closing balance	Original Cost	Residual useful life
Construction expenditure of Tonggu sea-route (Note)	56,946,077.44	-	1,028,451.80	-	55,917,625.64	69,514,455.56	27 years
Golf membership	295,732.53	-	16,773.24	212,716.59	66,242.70	2,443,549.00	1-6 years
Total	57,241,809.97	-	1,045,225.04	212,716.59	55,983,868.34	71,958,004.56	

Note 1: In 2007, Shenzhen municipal government launched the construction work of the public sea route connecting Tonggu sea route, Shekou port area, Chiwan port area, Mawan port area, Qianhaiwan port area and Dachanwan port area ("Connecting Sea Route"). In compliance with the government resolution, 60% of dredging expenditure would be born by the investee companies while the remaining 40% born by the government. 35% of the expenditure born by the investee companies was assumed by the port operators in Western Shenzhen port , and the allocation portion to each operator was determined on the basis of function, waterfront length, and berthing ship of each port operator. The Tonggu sea route construction expenses allocated to the Group is amortized on a straight-line basis over 35 years of the expected useful lives of Connecting Sea Route starting from 2008 when the Tonggu Sea Route is put into use.

18. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets that are presented at the net amount without offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred income	24,769,557.06	6,192,389.27	24,769,557.06	6,192,389.27
Provision for impairment losses of assets	1,256,892.70	199,181.44	1,256,892.70	199,181.44
Depreciation of fixed assets and amortization of intangible assets	186,560.41	46,640.11	186,560.41	46,640.11
Organization costs	24,827,835.78	4,663,638.92	24,827,835.78	4,663,638.92
Others	959,082.56	172,471.08	959,082.56	172,471.08
Total	51,999,928.51	11,274,320.82	51,999,928.51	11,274,320.82

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued

18. Deferred tax assets and deferred tax liabilities - continued

(2) Deferred tax liabilities that are presented at the net amount without offsetting

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation of fixed assets and amortization of intangible assets	-	-	-	-
Change in fair value of available-for-sale financial assets	7,220,000.00	1,805,000.00	7,630,000.00	1,907,500.00
Total	7,220,000.00	1,805,000.00	7,630,000.00	1,907,500.00

(3) Deferred tax assets or liabilities that are presented at the net amount after offsetting

Unit: RMB

Item	Closing amount of deferred tax assets and liabilities that are offset	Closing amount of deferred tax assets or liabilities after offsetting	Opening amount of deferred tax assets and liabilities that are offset	Opening amount of deferred tax assets or liabilities after offsetting
Deferred tax assets	-	11,274,320.82	-	11,274,320.82
Deferred tax liabilities	-	1,805,000.00	-	1,907,500.00

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	103,403,311.37	109,232,919.92
Deductible losses	175,298,730.79	175,298,730.79
Total	278,702,042.16	284,531,650.70

Note: Deferred tax assets are not recognized for the above-mentioned deductible temporary differences and deductible losses due to uncertainty whether sufficient taxable profits will be available in the future.

(5) Deductible losses for unrecognized deferred tax assets will be expired in the following years

Unit: RMB

Year	Closing balance	Opening balance	Note
2015	-	-	
2016	16,885,955.11	16,885,955.11	
2017	30,345,268.82	30,345,268.82	
2018	75,300,266.59	75,300,266.59	
2019	49,621,628.48	49,621,628.48	
2020	3,145,611.79	3,145,611.79	
Total	175,298,730.79	175,298,730.79	

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued

19. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Land Use Right (Note)	132,334,704.86	132,334,704.86
Prepayments on construction	9,727,130.84	-
Total	142,061,835.70	132,334,704.86

Note: On March and October 2006, November 2007 and September 2014, the Company entered into *Cooperation Framework Agreement on Usage of Coastline and Land for 2#- 5# Berth at Machong Port in Dongguan* and its supplementary agreements with Dongguan Humen Port Administration Commission. The Company purchased use rights of coastline and land with a total area of 800,000 square meters, including waters with depth of 700 meters from the front of terminal, and coastline from berth 2# to berth 5# with a total length of 1,200 meters at Dongguan Machong Port at a consideration of RMB260,000,000. As the Group has not obtained the use right certificates for the above land, the relevant prepayments were therefore recognized as other non-current assets.

20. Short-term borrowings

Unit:RMB

Item	Closing balance	Opening balance
Credit loan	-	141,610,178.37

21. Accounts payable

(1) Details of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Service	51,292,905.18	51,543,398.18
Material purchase	24,047,284.92	17,995,475.96
Rental	23,214,497.23	14,693,668.47
Construction	5,445,725.82	7,029,001.36
Equipment	297,502.66	192,294.70
Total	104,297,915.81	91,453,838.66

(2) There is no significant accounts payable aged more than one year at the end of the year.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued

22. Receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Service fee receipt in advance	76,107,732.84	40,504,130.84

23. Employee benefits payable

(1) Employee benefits payable

Unit:RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Short-term benefits	77,084,662.63	152,940,280.60	170,524,378.17	59,500,565.06
II. Post-employment benefits - defined contribution plans	-	16,824,818.52	16,824,818.52	-
III. Termination benefits	-	2,479,242.00	2,479,242.00	-
Total	77,084,662.63	172,244,341.12	189,828,438.69	59,500,565.06

(2) Short-term benefits

Unit:RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Wages and salaries, bonuses, allowances and subsidies	64,209,436.41	130,219,071.25	147,983,499.99	46,445,007.67
II. Staff welfare	-	2,983,391.11	2,983,391.11	-
III. Social insurance charges	535.54	4,175,860.19	4,175,860.19	535.54
Including:				
Medical insurance	-	3,567,689.17	3,567,689.17	-
Work injury insurance	535.54	194,577.30	194,577.30	535.54
Maternity insurance	-	413,593.72	413,593.72	-
IV. Housing funds	-	9,439,595.82	9,439,595.82	-
V. Labor union and employee education funds	12,874,690.68	3,404,369.55	3,224,038.38	13,055,021.85
VI. Others	-	2,717,992.68	2,717,992.68	-
Total	77,084,662.63	152,940,280.60	170,524,378.17	59,500,565.06

Note: There are no amounts in arrears under the employee benefits payable.

(3) Post-employment benefits - defined contribution plans

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Basic pension (Note 1)	-	11,945,008.55	11,945,008.55	-
II. Unemployment insurance (Note 1)	-	208,267.51	208,267.51	-
III. Enterprise annuity plan (Note 2)	-	4,671,542.46	4,671,542.46	-
Total	-	16,824,818.52	16,824,818.52	-

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued**23. Employee benefits payable - continued****(3) Post-employment benefits - defined contribution plans - continued**

Note 1: The Group participates in the social security contributions and the unemployment insurance plan established by government institutions as required. According to such plans, the Group contributes 14% (13% for staffs without Shenzhen householder register) , 2% (1% for staffs in Dongguan City) respectively to such plans based on the employee's basic salary each month.

During the year, the Group is obliged to contribute RMB 11,945,008.55 and RMB 208,267.51 respectively to the social security contributions and the unemployment insurance plan (2015: RMB 11,277,331.36 and RMB 338,221.02). As at 30 Jun. 2016, the Group have no outstanding contributions to be paid to the social security contributions and the unemployment insurance plan.

Note 2: On 3 June 2008, the Group participated in a group defined enterprise annuity plan of Nanshan Group approved by Shenzhen municipal government. This supplementary pension contributions were paid into a managed account through Nanshan Group.

24. Taxes payable

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Enterprise income tax	16,077,966.04	49,661,006.76	40,831,185.27	24,907,787.53
Withholding tax (Note)	26,779,214.63	-	-	26,779,214.63
Business tax	187,545.59	1,225,080.84	1,412,626.43	-
Value-added-tax	1,957,048.39	14,825,265.79	14,934,235.69	1,848,078.49
Others	3,132,828.09	15,723,042.46	12,929,948.95	5,925,921.60
Total	48,134,602.74	81,434,395.85	70,107,996.34	59,461,002.25

Note: The amount represents the withholding tax provided by the Group at the rate of 5% or 10% when paying out dividends to foreign shareholders and Chiwan Wharf Holdings (H.K.) Limited located in Hong Kong.

25. Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Interest on corporate debentures	19,715,068.47	18,440,692.42
Interest on short-term borrowings	-	79,146.51
Total	19,715,068.47	18,519,838.93

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued**26. Dividends payable**

Unit: RMB

Item	Closing balance	Opening balance
Ordinary share dividends	353,068,137.47	88,715,008.17
Including: Payable to International Enterprise Co., Ltd.	50,466,621.41	50,466,621.41
Payable to Hidoney Developments Co., Ltd.	38,248,386.76	38,248,386.76
Nanshan Group	85,971,697.47	-
Shenzhen Malai Warehouse Co., Ltd.	66,088,282.53	-
Public A Shares	38,536,023.00	-
Public B Shares	73,757,126.30	-

27. Other payables

(1) Other payables presented by the nature of amount

Unit: RMB

Item	Closing balance	Opening balance
Amount payable for construction and quality warranty	13,287,619.63	40,593,200.80
Temporary receipts	8,342,777.66	4,584,940.63
Security expense payable	5,416,043.56	13,871,671.22
Deposits received	4,102,463.02	5,903,230.85
Others	19,364,509.42	11,760,880.32
Total	50,513,413.29	76,713,923.82

(2) Significant other payables aged more than one year

There is no significant other payables aged more than one year at the end of the year.

28. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Deferred income due within one year	5,405,618.17	5,306,254.17

29. Other current liabilities

(1) Short-term bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Short-term bonds payable	-	500,000,000.00

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

29. Other current liabilities - continued

(2) Changes in short-term bonds payable:

Unit: RMB

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance	Amount issued in the current period	Interest accrued at par during the year	Discount or premium amortization	Repayment in the current year	Closing balance
15 Chiwan port CP001(note1)	300,000,000.00	10/04/2015	366days	300,000,000.00	300,000,000.00	-	4,136,885.24	-	300,000,000.00	-
15 Chiwan port SCP003(note2)	200,000,000.00	08/09/2015	268days	200,000,000.00	200,000,000.00	-	2,913,661.20	-	200,000,000.00	-
Total				500,000,000.00	500,000,000.00	-	7,050,546.44	-	500,000,000.00	-

Note1: According to *Notice of Registration Acceptance* (Zhong Shi Xie Zhu [2013] No. CP171) issued by China's Interbank Market Dealers Association received by the Company on 7 May 2013, the Interbank Market Dealers Association approved the Company's short-term financing registration of RMB 1.6 billion with valid period of two years with effect from the acceptance of *Notice of Registration Acceptance*. On 10 April, 2015, the Company issued the second short-term financing bill with an amount of RMB 300 million at the interest rate of 4.90%. The principle should be repaid with interest when the bill is due within 366 days, which has been repaid in this period.

Note2: According to *Notice of Registration Acceptance* (Zhong Shi Xie Zhu [2013] No. CP171) issued by China's Interbank Market Dealers Association received by the Company on 14 May 30 Jun. 2016, the Interbank Market Dealers Association approved the Company's super short-term financing registration of RMB 1.6 billion with valid period of two years with effect from the acceptance of *Notice of Registration Acceptance*. On 8 September 2015, the Company issued the third phase of super short-term financing bills with an amount of RMB 200 million at the interest rate of 3.44%. The principle should be repaid with interest accrued when the bills are due in 268 days, which has been repaid in this period.

30. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Corporate bonds	498,163,287.70	497,764,383.59

(2) Changes of bonds payable:

Unit: RMB

Name of bonds	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance	Amount issued in the current year	Interest accrued at par during the year	Discount or premium amortization	Repayment in the current year	closing balance
13 ChiWan 01	500,000,000.00	18/10/2013	Fiveyears	500,000,000.00	497,764,383.59	-	13,961,643.82	-	-	498,163,287.70
Total				500,000,000.00	497,764,383.59	-	13,961,643.82	-	-	498,163,287.70

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

30. Bonds payable - continued

(2) Changes of bonds payable: - continued

Note: On 25 November 2011, the Company received the Approval from CSRC (filed as Zhen Jian Xu Ke [2011] No.1889) to issue corporate bonds with face value no more than 1 billion.

On 18 October 2013, the Company's actual issue amounted to RMB500,000,000 with the term of five years. The bond interests should be calculated on simple interest basis at a nominal fixed interest rate of 5.60% on a yearly basis and repaid once annually.

According to the bond prospectus, the Company should make an announcement on whether to exercise the redemption option at the 30th trading date before the interest payment date in the third interest-bearing year. If the decision of exercising the redemption option is made, the bond would be regarded as to be matured in the third year. If the decision of not exercising the redemption of option is made, the Company should make an announcement on whether to raise the interest rate and the extent of variation, which ranges from zero to 100 base points. If the company chooses to exercise the option of raising the stated interest rate, the stated interest rate of the portion of non-put-back bond due in two years after the remaining period equals to the stated interest rate due in three years prior to the remaining period plus the increased base point, and the stated interest rate of the bond due in two years after the remaining period would be fixed. If the company chooses not to exercise the option of raising the stated interest rate, the original stated interest rate remains the same for the portion of non-put-back bond due in two years after the remaining period.

Investors have the option to sell bonds back to the Company at the interest payment date in the third interest-bearing year at the par value wholly or in partially, after the Company makes the announcement on whether to raise the stated interest rate and the extent of variation.

If the Company abandons the redemption option and the bondholders abandon the put back option wholly or partially, the rest of the principal would be paid back in advance. Namely, 30% proportion of the principal should be paid back at the end of the fourth year since the bond issued and the rest should be paid back at the end of the fifth year.

31. Long-term payables

Item	Closing balance	Opening balance
Sea area use rights	1,027,725.60	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

32. Special payables

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing Balance	Reason
Refunds of Harbor Construction Fee	34,990,596.50	-	-	34,990,596.50	Note

Note: The item is refunds of harbor construction fee from Shenzhen Traffic Bureau. According to *Measures of Harbor Construction Fee Management* released by Ministry of Finance, the funds should be managed in separate account and can be only used on fundamental facilities' construction of marine transportation.

33. Deferred income

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing Balance	Reason
Deferred income	67,063,782.62	938,560.76	2,935,174.78	65,067,168.60	
Including: Berth priority right	38,067,281.42	938,560.76	2,535,977.62	36,469,864.56	Note 1
Government grants related to assets	28,996,501.20	-	399,197.16	28,597,304.04	Note 2
Total	67,063,782.62	938,560.76	2,935,174.78	65,067,168.60	
Less: Non-current liabilities due within one year	5,306,254.17	-	-	5,405,618.17	
Including: Berth priority right	4,707,860.00	-	-	4,807,620.00	
Government grants related to assets	598,394.17	-	-	597,998.17	
Deferred income	61,757,528.45	-	-	59,661,550.43	

Note 1: This item represents berth priority right with total amounts to USD14,000,000 that agreed in the contract signed in 2003. The Group should satisfy the berthing requirement of contracted customers in priority during the contract period. According to the contract, the berth priority right should be amortized over twenty years on the straight-line basis.

Note 2: The item represents the government grants received by the Group which is based on the Announcement Released by National Development and Reform Commission about 2010 Investment Plans within Budget of Grains and Modern Logistics Program (NDRC[2010] No.1263), the Announcement Released by Guangdong Provincial Department of Finance about 2012 Provincial Special Funds to Guide the Development of Modern Service Project (Guangdong Production Letter [2012] No. 621) and Transportation of energy saving special funds Interim Measures (Finance Building [2011] No. 374), Nanshan District, Shenzhen, energy saving projects funded sub contract, Announcement Released by Reform and Development Commission of Guangdong Province and the Grain Bureau of Guangdong Province about 2015 Investment Plans within Budget of Grains and Modern Logistics Program (GDRC[2015] No.521), Measures Released by Dongguan Government about Grants Management to Special Fund Program for the Development of National and Provincial Industries (DGM[2013]No.162), Interim Measures Released by Shenzhen Government about the Management to Special Fund used in Recycling Economy and Energy Savings, and the Reply of Ministry of Transport to Implementation Program of Building 19 Regional Projects such as the Construction of a Green Recycling Low-carbon Transportation City by Beijing Government (Transportation Law Letter[2014]No.499). The government grants shall be amortized on the straight-line basis over the useful life of the related assets.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

33. Deferred income - continued

Programs related with government grants:

Unit: RMB

Liability Program	Opening balance	New subsidy of the year	The amount included in operating income of the year	Other changes	Closing Balance	Related to assets/Related to income
Special funds for modern logistics project	23,360,000.54	-	83,478.24	-	23,276,522.30	Related to assets
Special funds for the development of modern service guide	1,409,557.00	-	26,022.60	-	1,383,534.40	Related to assets
Special funds for energy-saving and emission reduction of transportation	4,136,666.66	-	280,000.02	-	3,856,666.64	Related to assets
Green carbon harbor thematic projects subsidy granted by central government	90,277.00	-	9,696.30	-	80,580.70	Related to assets
Total	28,996,501.20	-	399,197.16	-	28,597,304.04	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

34. Share capital

Unit: RMB

	Opening balance	Changes for the period					Subtotal	Closing balance
		New issue of share	Bonus issue	Capitalisation of surplus reserve	Others			
2016:								
I. Restricted tradable shares								
1. State-owned shares	-	-	-	-	-	-	-	
2. State-owned legal person shares	-	-	-	-	-	-	-	
3. Other domestic shares	431,094.00	-	-	-	(125,994.00)	(125,994.00)	305,100.00	
4. Other foreign shares		-	-	-	-	-	-	
Total restricted tradable shares	431,094.00	-	-	-	(125,994.00)	(125,994.00)	305,100.00	
II. Non-restricted tradable shares								
1. Ordinary shares denominated in RMB	464,866,999.00	-	-	-	(949.00)	(949.00)	464,866,050.00	
2. Foreign capital shares listed domestically	179,465,637.00	-	-	-	126,943.00	126,943.00	179,592,580.00	
3. Foreign capital shares listed overseas		-	-	-	-	-	-	
4. Others		-	-	-	-	-	-	
Total non-restricted tradable shares	644,332,636.00	-	-	-	125,994.00	125,994.00	644,458,630.00	
III. Total shares	644,763,730.00	-	-	-	-	-	644,763,730.00	
2015:								
I. Restricted tradable shares								
1. State-owned shares	-	-	-	-	-	-	-	
2. State-owned legal person shares	-	-	-	-	-	-	-	
3. Other domestic shares	367,401.00	-	-	-	63,693.00	63,693.00	431,094.00	
4. Other foreign shares	-	-	-	-	-	-	-	
Total restricted tradable shares	367,401.00	-	-	-	63,693.00	63,693.00	431,094.00	
II. Non-restricted tradable shares								
1. Ordinary shares denominated in RMB	464,867,324.00	-	-	-	(325.00)	(325.00)	464,866,999.00	
2. Foreign capital shares listed domestically	179,529,005.00	-	-	-	(63,368.00)	(63,368.00)	179,465,637.00	
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	
Total non-restricted tradable shares	644,396,329.00	-	-	-	(63,693.00)	(63,693.00)	644,332,636.00	
III. Total shares	644,763,730.00	-	-	-	-	-	644,763,730.00	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

35. Capital reserve

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
2016:				
Capital premium	163,560,083.00	-	-	163,560,083.00
Including: Capital contributed by investors	163,560,083.00	-	-	163,560,083.00
Exercised conversion option of convertible corporate bonds	-	-	-	-
Debt converted into capital	-	-	-	-
Differences arising from business combination involving enterprises under common control	-	-	-	-
Equity acquisition from minority shareholders of subsidiaries	-	-	-	-
Capital reserve converted into capital	-	-	-	-
Other capital reserve	2,004,656.15	1,915,642.10(Note)	-	3,920,298.25
Including: Equity split from convertible corporate bonds	-	-	-	-
Fair value of equity-settled share-based equity instrument	-	-	-	-
Surplus of compensation granted by government for relocation in the public interests	-	-	-	-
Transfer from capital reserve under the previous accounting system	(2,781,133.00)	-	-	(2,781,133.00)
Others	4,785,789.15	1,915,642.10	-	6,701,431.25
Total	165,564,739.15	1,915,642.10	-	167,480,381.25
2015:				
Capital premium	163,560,083.00	-	-	163,560,083.00
Including: Capital contributed by investors	163,560,083.00	-	-	163,560,083.00
Excised conversion option of convertible corporate bonds	-	-	-	-
Debt converted into capital	-	-	-	-
Differences arising from business combination involving enterprises under common control	-	-	-	-
Equity acquisition from minority shareholders of subsidiaries	-	-	-	-
Capital reserve converted into capital	-	-	-	-
Other capital reserve	(861,527.35)	2,866,183.50	-	2,004,656.15
Including: Equity split from convertible corporate bonds	-	-	-	-
Fair value of equity-settled share-based equity instrument	-	-	-	-
Surplus of compensation granted by government for relocation in the public interests	-	-	-	-
Transfer from capital reserve under the previous accounting system	(2,781,133.00)	-	-	(2,781,133.00)
Others	1,919,605.65	2,866,183.50	-	4,785,789.15
Total	162,698,555.65	2,866,183.50	-	165,564,739.15

Note: This is the capital reserve recognized on pro rata basis of ownership interest held by the Group due to the changes of other equity of the associate of the Group, China Merchant Bonded Logistics.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

36. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount incurred in current year					Closing balance
		Amount before income tax incurred in current year	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	Less: income tax expenses	Post-tax amount attributable to shareholders of the Company	Post-tax amount attributable to minority holders	
2016							
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-
Including: Change as a result of remeasurement of the net defined benefit plan liability or asset	-	-	-	-	-	-	-
Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss	-	-	-	-	-	-	-
II. Other comprehensive income that will be reclassified subsequently to profit or loss	(7,889,646.43)	(410,000.00)	-	(102,500.00)	(307,500.00)	-	(8,197,146.43)
Including: Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss	100,000.00	-	-	-	-	-	100,000.00
Gains or losses on changes in fair value of available-for-sale financial assets	5,722,500.00	(410,000.00)	-	(102,500.00)	(307,500.00)	-	5,415,000.00
Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets	-	-	-	-	-	-	-
Effective portion of gains or losses on cash flow hedges	-	-	-	-	-	-	-
Translation differences of financial statements denominated in foreign currencies	(13,712,146.43)	-	-	-	-	-	(13,712,146.43)
Total	(7,889,646.43)	(410,000.00)	-	(102,500.00)	(307,500.00)	-	(8,197,146.43)
2015							
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-
Including: Change as a result of remeasurement of the net defined benefit plan liability or asset	-	-	-	-	-	-	-
Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss	-	-	-	-	-	-	-
II. Other comprehensive income that will be reclassified subsequently to profit or loss	(8,977,146.43)	1,450,000.00	-	362,500.00	1,087,500.00	-	(7,889,646.43)
Including: Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss	100,000.00	-	-	-	-	-	100,000.00
Gains or losses on changes in fair value of available-for-sale financial assets	4,635,000.00	1,450,000.00	-	362,500.00	1,087,500.00	-	5,722,500.00
Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets	-	-	-	-	-	-	-
Effective portion of gains or losses on cash flow hedges	-	-	-	-	-	-	-
Translation differences of financial statements denominated in foreign currencies	(13,712,146.43)	-	-	-	-	-	(13,712,146.43)
Total	(8,977,146.43)	1,450,000.00	-	362,500.00	1,087,500.00	-	(7,889,646.43)

37. Special reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
2016:				
Production safety fee	3,719,755.58	7,938,679.84	6,126,200.97	5,532,234.45
2015:				
Production safety fee	2,219,777.52	15,469,088.96	13,969,110.90	3,719,755.58

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

38. Surplus reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
2016:				
Statutory surplus reserve	520,074,434.56	-	-	520,074,434.56
2015:				
Statutory surplus reserve	520,074,434.56	-	-	520,074,434.56

Note: In accordance with the *Company Law of the PRC* and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulates to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital after approval.

39. Unappropriated profit

Unit: RMB

Item	Amount	Proportion of appropriation or allocation
2016:		
Before adjustment: Unappropriated profit at the end of prior year	3,113,367,524.19	
Adjustment: Total unappropriated profit at the beginning of year	-	
After adjustment: Unappropriated profit at the beginning of year	3,113,367,524.19	
Add: Net profit attributable to shareholders of the Company for the year	266,535,506.97	
Less: Appropriation to statutory surplus reserve	-	Note1
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	264,353,129.30	Note2
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	3,115,549,901.86	
2015:		
Before adjustment: Unappropriated profit at the end of prior year	2,794,519,480.29	
Adjustment: Total unappropriated profit at the beginning of year	-	
After adjustment: Unappropriated profit at the beginning of year	2,794,519,480.29	
Add: Net profit attributable to shareholders of the parent company for the year	527,751,492.42	
Less: Appropriation to statutory surplus reserve	-	Note1
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	208,903,448.52	
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	3,113,367,524.19	

Note 1: Appropriation to statutory surplus reserve

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the register capital.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

39. Unappropriated profit - continued

Note 2: Cash dividends approved by shareholders' meeting during the year

Pursuant to the resolution of shareholders' meeting on 6 June 2016, on the basis of 644,763,730 issued shares for the year ended 31 December 2015, dividends of RMB3.24 for every 10 shares were distributed to all shareholders, which amounted to RMB 264,353,129.30.

Note 3: Appropriation to surplus reserve made by subsidiaries

As of 30 Jun. 2016, the balance of the Group's unappropriated profit included appropriation to surplus reserve made by subsidiaries amounting to RMB575,268,020.18 (31 December 2015: RMB575,268,020.18).

40. Operating income and operating costs

Unit: RMB

Item	Jan.-Jun. 2016		Jan.-Jun. 2015	
	Income	Cost	Income	Cost
Principal operating	892,403,001.57	490,985,319.24	862,834,671.10	461,451,632.41
Other operating	12,406,650.67	1,173,205.35	17,953,337.68	1,975,879.18
Total	904,809,652.24	492,158,524.59	880,788,008.78	463,427,511.59

41. Business taxes and levies

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Business tax	1,499,967.15	2,039,575.42
City construction and maintenance tax	861,254.66	835,195.38
Education surcharges	718,325.63	643,055.12
Others	88,394.97	399,670.96
Total	3,167,942.41	3,917,496.88

42. Administrative expenses

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Employee benefits	60,212,414.71	60,392,774.99
Taxes	2,893,986.34	3,578,849.23
Depreciation expenses	1,436,738.38	1,499,541.41
Amortization of intangible assets	426,838.44	472,849.08
Others	16,977,890.84	18,257,857.21
Total	81,947,868.71	84,201,871.92

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

43. Financial expenses

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Interest expense	21,509,775.01	36,000,388.69
Less: Capitalized interest expenses	-	112,363.36
Less: Interest income	3,395,655.74	3,075,844.58
Exchange differences	(4,428,671.94)	(2,121,677.17)
Less: Capitalized exchange differences	-	-
Others	568,167.02	3,480,296.71
Total	14,253,614.35	34,170,800.29

44. Impairment losses of assets

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
I. Bad debt losses	288,044.16	153,277.43
II. Write-down of inventories	-	-
III. Impairment on available-for-sale financial assets	-	-
IV. Impairment on held-to-maturity investments	-	-
V. Impairment on long-term equity investments	-	-
VI. Impairment on investment properties	-	-
VII. Impairment on fixed assets	-	-
VIII. Impairment on construction materials	-	-
IX. Impairment on construction in progress	-	-
X. Impairment on bearer biological assets	-	-
XI. Impairment on oil and gas assets	-	-
XII. Impairment on intangible assets	-	-
XIII. Impairment on goodwill	-	-
XIV. Others	-	-
Total	288,044.16	153,277.43

45. Investment income

(1) Details of investment income

Unit: RMB

	Jan.-Jun. 2016	Jan.-Jun. 2015
Long-term equity investments income under equity method	63,008,068.56	48,454,997.32
Investment income on available-for-sale financial assets	6,292,187.85	380,000.00
Total	69,300,256.41	48,834,997.32

(2) Details of long-term equity investments income under equity method

Unit: RMB

Investee	Jan.-Jun. 2016	Jan.-Jun. 2015	Reasons for increases or decreases in the current compared to the prior period
MPIL	16,389,086.06	17,488,986.85	Net profit of investee fluctuates.
China Overseas Harbor Affairs (Laizhou) Co.,Ltd	37,197,754.16	23,873,557.00	Net profit of investee fluctuates.
CMBL	7,747,007.96	3,864,439.94	Net profit of investee fluctuates.
China Merchants Holdings (international) Information Technology Co.,Ltd	1,674,220.38	440,040.00	Net profit of investee fluctuates
China Development Finance Co., Ltd	-	2,787,973.53	The stake in the investee has been sold
Total	63,008,068.56	48,454,997.32	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued****46. Non-operating income****(1) Non-operating income**

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015	Amount recognized as non-recurring gain and loss in the current period
Government grants	419,197.16	338,012.74	419,197.16
Gains on disposal of non-current assets	321,539.16	166,790.00	321,539.16
Including: Gains on disposal of fixed assets	140,891.16	166,790.00	140,891.16
Insurance compensation income	1,421,480.12	-	1,421,480.12
Others	476,997.37	507,828.03	476,997.37
Total	2,639,213.81	1,012,630.77	2,639,213.81

(2) Government grants

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015	Related to assets/Related to income
Local government subsidy for new-energy vehicles	20,000.00	-	Related to income
Special funds for modern logistics project	83,478.24	83,478.24	Related to assets
Special funds for guiding the development of the modern service sector	17,094.00	17,094.00	Related to assets
Special funds for energy saving and emission reduction in transportation	280,000.02	230,000.00	Related to assets
2015 annual special fund for supporting national and provincial commerce circulation projects	8,928.60	7,440.50	Related to assets
Central government subsidy for low-carbon green port project	9,696.30	-	Related to assets
Total	419,197.16	338,012.74	

47. Non-operating expenses

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015	Amount recognized as non-recurring gain and loss in the current period
Total losses on disposal of non-current assets	497,708.60	54,508.30	497,708.60
Including: Losses on disposal of fixed assets	393,008.61	54,508.30	393,008.61
Donations contributed	-	10,000.00	-
Amercement outlay	862.00	19,000.00	862.00
Others	2,895.03	12,076.40	2,895.03
Total	501,465.63	95,584.70	501,465.63

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****48. Income tax expenses**

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Current tax expense	49,661,006.76	18,629,057.42
Deferred income tax	-	15,829,473.74
Total	49,661,006.76	34,458,531.16

Reconciliation of income tax expenses to the accounting profit is as follows:

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Accounting profit	384,431,662.61	344,669,094.06
Income tax expenses calculated at 25% (the prior year: 25 %)	96,107,915.65	86,167,273.52
Effect of expenses that are not deductible for tax purposes	1,056,319.90	1,180,562.47
Effect of tax-free income	(17,325,064.10)	(12,208,749.33)
Effect of unrecognized deductible losses and deductible temporary differences for tax purposes	(31,720.53)	11,244,968.18
Effect of different tax rates of subsidiaries operating in other jurisdictions	(153,427.70)	(46,005.42)
Effect of tax preference policy	(31,303,251.96)	(51,551,089.56)
Withholding income tax (Note)	1,844,132.60	-
Effect of previous unrecognized deductible temporary differences of deferred income tax	(533,897.10)	(328,428.70)
Income tax expenses	49,661,006.76	34,458,531.16

Note: Withholding income tax was accrued at the rate of 5% or 10% for dividend payable to Chiwan Wharf Holdings (H.K.) Limited, declared by those PRC subsidiaries of which Chiwan Wharf Holdings (H.K.) Limited is a shareholder.

49. Other comprehensive income

Please refer to Note (V) 36.

50. Borrowing cost

Unit: RMB

Item	Jan.-Jun. 2016		Jan.-Jun. 2015	
	Amount of borrowing costs capitalized during the year	Capitalization rate	Amount of borrowing costs capitalized during the year	Capitalization rate
Construction in progress	-	-	112,363.36	5.35%
Sub-total of borrowing costs capitalized during the year	-	-	112,363.36	-
Borrowing costs recognized in profit or loss during the year	21,509,775.01	-	35,888,025.33	-
Total of borrowing costs during the year	21,509,775.01	-	36,000,388.69	-

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**51. Notes to items in the cash flow statement****(1) Other cash receipts relating to operating activities**

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Government grants	20,000.00	500,000.00
Tonggu sea-route expenses	-	9,908,911.11
Interest income	3,480,587.17	3,202,124.92
Insurance indemnity	589,702.77	-
Refunds of harbor construction fee	187,255.90	10,733.06
Others	1,500,900.83	2,424,815.84
Total	5,778,446.67	16,046,584.93

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Port expenses	3,110,545.07	2,867,426.20
Office expenses & utilities	3,452,774.73	2,576,154.17
Consulting & auditing	958,941.16	910,186.68
Entertainment	1,286,439.91	1,697,115.27
Verhicles	1,384,524.03	979,883.44
Property insurance	961,760.89	1,045,455.63
Travel & accommodation	990,291.95	721,228.46
River channel occupation fee	14,469,500.00	-
Others	19,521,179.59	6,885,660.92
Total	46,135,957.33	17,683,110.77

(3) Other cash payments relating to financing activities

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Debt issue costs	25,986.89	128,296.31

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**52. Supplementary information to the cash flow statement****(1) Supplementary information to the cash flow statement**

Unit: RMB

Supplementary	Jan.-Jun. 2016	Jan.-Jun. 2015
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	334,770,655.85	310,210,562.90
Add: Provision for impairment losses of assets	288,044.16	153,277.43
Depreciation of fixed assets	96,908,007.22	100,491,851.39
Depreciation and amortization of investment property	460,990.32	590,075.99
Amortization of intangible assets	19,233,130.89	19,613,811.22
Amortization of long-term prepaid expenses	1,045,225.04	1,377,499.91
Losses on disposal of fixed assets , intangible assets and other long-term assets	176,169.44	54,508.30
Financial expenses	17,480,007.18	36,017,307.05
Losses (gains) arising from investments	(69,300,256.41)	(48,834,997.32)
Decrease(Increase) in deferred tax assets	-	15,829,473.74
Decrease(Increase) in inventories	(581,772.67)	(268,441.11)
Decrease(Increase) in operating receivables	(46,999,409.75)	(10,684,097.89)
Increase(Decrease) in operating payables	15,176,452.53	(59,028,316.90)
Net cash flows from operating activities	368,657,243.80	365,522,514.71
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital	-	-
Convertible bonds due within one year	-	-
Fixed assets acquired under finance leases	-	-
3. Net changes in cash and cash equivalents:		
Closing balance of cash	405,872,026.99	308,172,676.22
Less: Opening balance of cash	683,138,123.66	468,635,486.47
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase(Decrease) in cash and cash equivalents	(277,266,096.67)	(160,462,810.25)

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	405,872,026.99	683,138,123.66
Including: Cash on hand	20,219.27	28,647.92
Bank deposits	404,985,461.08	682,656,283.17
Other monetary funds	866,346.64	453,192.57
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	405,872,026.99	683,138,123.66

53. Asset with restricted ownership or use right

The Group has no assets with restricted ownership or use right.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

54. Foreign currency monetary items

Unit: RMB

Item	Closing balance of original currency	Exchange rate	Closing amount in RMB
Cash and bank balances	45,977,970.11		133,940,167.97
Including: HKD	29,593,862.62	0.8547	25,293,874.38
USD	16,384,107.49	6.6312	108,646,293.59
Accounts Receivable	9,914,373.15		40,006,394.79
Including: HKD	4,455,603.99	0.8547	3,808,204.73
USD	5,458,769.16	6.6312	36,198,190.06
Other Receivables	364,287.45		311,356.48
Including: HKD	364,287.45	0.8547	311,356.48
Accounts Payable	2,041,743.79		1,745,078.42
Including: HKD	2,041,743.79	0.8547	1,745,078.42
Other Payable	(136,728.99)		(396,446.31)
Including: HKD	(88,328.74)	0.8547	(75,494.57)
USD	(48,400.25)	6.6312	(320,951.74)

(VI) CHANGES IN CONSOLIDATION SCOPE

There is no change in consolidation scope during the year.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(VII) EQUITY IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Unit: RMB

Full name of the subsidiary	Principal place of business	Place of incorporation	Nature of business	Registered Capital (in ten thousand Yuan unless otherwise stated)	Actual capital contribution at the end of the period	Balance of other items substantively constituting net investments in the subsidiary	Proportion of ownership Interest (%)		Proportion of voting power (%)	Consolidated or not	Approach of acquiring
							Direct ownership interest	Indirect ownership interest			
Shenzhen Chiwan International Freight Agency Company Limited	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	550.00	5,500,000.00	-	100.00	-	100.00	Y	Established through investment
Chiwan Wharf Holdings (H.K.) Limited	Hong Kong SAR, PRC	Hong Kong SAR, PRC	Investment	HKD 1,000,000.00	1,070,000.00	11,004,285.00	100.00	-	100.00	Y	Established through investment
Dongguan Chiwan Wharf Company Limited	Dongguan, PRC	Dongguan, PRC	Logistics support services	45,000.00	382,500,000.00	-	85.00	-	85.00	Y	Established through investment
Dongguan Chiwan Terminal Company Limited	Dongguan, PRC	Dongguan, PRC	Logistics support services	40,000.00	400,000,000.00	-	100.00	-	100.00	Y	Established through investment
Hinwin Development Company Limited	Hong Kong SAR, PRC	Hong Kong SAR, PRC	Investment	HKD 10,000.00	6,278,500.00	94,014,181.00	100.00	-	100.00	Y	Established through investment
Shenzhen Chiwan Harbor Container Co., Ltd	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	28,820.00	250,920,000.00	-	100.00	-	100.00	Y	Combination involving enterprises under common control
Shenzhen Chiwan Transportation Co., Ltd	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	1,500.00	7,000,000.00	-	100.00	-	100.00	Y	Combination involving enterprises under common control
Chiwan Container Terminal Co., Ltd	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	USD 95,300,000.00	485,990,004.00	-	55.00	-	55.00	Y	Combination involving enterprises under common control
Shenzhen Chiwan Shipping Transportation Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	2,400.00	24,000,000.00	-	100.00	-	100.00	Y	Combination involving enterprises under common control
Chiwan Shipping (Hong Kong) Ltd.	Hong Kong SAR, PRC	Hong Kong SAR, PRC	Logistics support services	HKD 800,000.00	856,000.00	-	100.00	-	100.00	Y	Combination involving enterprises under common control

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries- continued

(2) Material non-wholly-owned subsidiaries

Unit: RMB

Name of the subsidiary	Proportion of ownership interest held by the minority shareholders	Profit or loss attributable to minority shareholders at the end of the period	Payments for dividends to minority shareholders in the current period	Closing balance of minority interest
2016				
Dongguan Chiwan Wharf Company Limited	15%	4,948,825.19	-	111,766,530.34
Chiwan Container Terminal Co., Ltd	45%	63,286,323.69	-	746,073,600.47
Total		68,235,148.88	-	857,840,130.81
2015				
Dongguan Chiwan Wharf Company Limited	15%	10,596,767.69	-	106,741,678.70
Chiwan Container Terminal Co., Ltd	45%	114,369,398.50	215,249,531.83	682,968,214.37
Total		124,966,166.19	215,249,531.83	789,709,893.07

(3) Significant financial information of material non-wholly-owned subsidiaries

Unit: RMB

Name of the subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dongguan Chiwan Wharf Company Limited	55,949,222.31	949,189,999.03	1,005,139,221.34	249,823,902.83	24,441,054.54	274,264,957.37	46,671,009.88	945,976,738.47	992,647,748.35	320,680,118.45	8,660,056.22	329,340,174.67
Chiwan Container Terminal Co., Ltd	428,617,560.02	1,622,923,013.37	2,051,540,573.39	325,299,398.25	68,299,840.75	393,599,239.00	215,695,997.47	1,717,646,688.07	1,933,342,685.54	238,826,929.89	80,701,813.37	319,528,743.26

Unit: RMB

Name of the subsidiary	Jan.-Jun. 2016				Jan.-Jun. 2015			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Dongguan Chiwan Wharf Company Limited	137,362,432.71	32,992,167.94	32,992,167.94	41,785,806.63	139,526,952.33	36,768,241.63	36,768,241.63	29,889,975.87
Chiwan Container Terminal Co., Ltd	374,877,558.79	140,636,274.86	140,636,274.86	164,272,446.41	373,974,452.10	139,373,231.82	139,373,231.82	179,623,649.87

(4) No entities are added to the scope of consolidation in the current year.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(VII) EQUITY IN OTHER ENTITIES - continued

2. Interests in joint ventures and associates

(1) Material joint ventures or associates

Unit: RMB

Investee	Principal place of business	Place of incorporation	Nature of business	Proportion of ownership interests held by the Group (%)		Proportion of voting power in the investee held by the Group (%)		Accounting method of investments in joint ventures and associates
				30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015	
China Overseas Harbor Affairs (Laizhou) Co., Ltd	Laizhou	Laizhou	Warehousing and logistics	40.00	40.00	40.00	40.00	Equity method
MPIL	Shenzhen	British Virgin Islands	Investments	50.00	50.00	50.00	50.00	Equity method

(2) Financial information of material joint venture

Unit: RMB

	China Overseas Harbor Affairs (Laizhou) Co., Ltd	
	30 Jun. 2016/ Jan.-Jun. 2016	31 Dec. 2015/ Jan.-Jun. 2015
Current assets	484,283,543.62	389,291,992.26
Including: cash and cash equivalent	404,090,219.98	275,331,311.14
Non-current assets	1,478,765,131.62	1,746,122,595.97
Total assets	1,963,048,675.24	2,135,414,588.23
Current liabilities	229,932,267.53	250,101,139.11
Non-current liabilities	-	-
Total liabilities	229,932,267.53	250,101,139.11
Minority interests	851,722.88	(1,439,557.18)
Total equity attributable to shareholders of the parent company	1,732,264,684.83	1,886,753,006.30
Net assets calculated based on the proportion of ownership interest	692,905,873.93	754,701,202.52
Adjustments		
- Goodwill	-	-
- Unrealized Profits Resulting from Intragroup Transactions	-	-
- Others	79,090,016.26	-
Carrying amounts of equity investments in Joint Venture	771,995,890.19	754,701,202.52
Operating income	205,506,077.48	158,924,417.57
Financial expenses	(1,208,317.13)	(1,553,240.62)
Tax expenses	17,586,815.81	14,430,488.27
Net profit	93,016,705.73	59,691,034.49
Other comprehensive income	-	-
Total comprehensive income	93,016,705.73	59,691,034.49
Dividends received from joint ventures in the current year	36,132,189.03	30,785,676.52

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

(VII) EQUITY IN OTHER ENTITIES- continued

2. Interests in joint ventures and associates - continued

(3) Financial information of material associates

Unit: RMB

	MPIL	
	30 Jun. 2016/ Jan.-Jun. 2016	31 Dec. 2015/ Jan.-Jun. 2015
Current assets	201,183,551.70	373,493,554.97
Including: cash and cash equivalent	56,053,171.91	103,374,072.06
Non-current assets	1,319,496,092.23	1,367,177,697.91
Total assets	1,520,679,643.93	1,740,671,252.88
Current liabilities	362,603,126.54	405,113,685.76
Non-current liabilities	5,168,503.08	167,056,518.57
Total liabilities	367,771,629.62	572,170,204.33
Minority interests	463,641,786.57	441,275,007.08
Total equity attributable to shareholders of the parent company	689,266,227.76	727,226,041.47
Net assets calculated based on the proportion of ownership interest	344,633,113.88	363,613,020.74
Adjustments		
- Goodwill	-	-
- Unrealized Profits Resulting from Intragroup Transactions	-	-
- Others	(28,218,758.60)	(27,015,292.25)
Carrying amounts of equity investments in Joint Venture	316,414,355.28	336,597,728.49
Operating income	242,222,181.42	240,694,935.93
Financial expenses	8,015,452.44	5,827,239.30
Tax expenses	11,674,494.48	10,534,440.73
Net profit	53,437,416.76	57,150,453.65
Other comprehensive income	-	-
Total comprehensive income	53,437,416.76	57,150,453.65
Dividends received from joint ventures in the current year	36,572,459.27	-

(4) Summarized financial information of immaterial associates

Unit: RMB

	30 Jun. 2016/ Jan.-Jun. 2016	30 Jun. 2015/ Jan.-Jun. 2015
Associates:		
Total carrying amounts of investment	350,833,792.05	439,030,643.96
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	9,421,228.34	7,018,404.58
- Other comprehensive income	-	-
- Total comprehensive income	9,421,228.34	7,018,404.58

(5) As at 30 Jun. 2016, the long-term equity investments of the Group were not subject to restriction on disposal or remittance of return on investments.

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's major financial instruments include Cash and bank balances, available-for-sale financial assets, borrowings, equity investments, account receivables, account payables, bond payables etc. Details of these financial instruments are disclosed in Note (V). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The Group adopts sensitivity analysis techniques to analyze how the entity's profit or loss and for the period and shareholders' equity would have been affected by changes in the relevant risk variables that were reasonably possible. As it is unlikely that risk variables will change in an isolated manner, and the interdependence between risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following items are based on the assumption that each risk variable has changes on a stand-alone basis.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the industry's exposure to various risks, establish appropriate bottom line for risk tolerance, implement risk management, and monitors these exposures to ensure the risks are monitored at a certain level.

*1.1 Market risk**1.1.1 Currency risk*

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with USD and HKD. Several of the Group's subsidiaries have purchases and sales denominated in HKD while the Group's other principal activities are denominated and settled in RMB. As at 30 Jun. 2016, the balance of the Group's assets and liabilities are both denominated in functional currency, except that balance of assets set out below is in HKD and USD. Currency risk arising from the foreign currency balance of assets and liabilities may have impact on the Group's performance.

Unit: RMB

Item	Closing balance	Opening balance
Cash and bank balances	133,940,167.97	272,754,190.87
- HKD	25,293,874.38	108,142,732.77
- USD	108,646,293.59	164,611,458.10
Accounts receivable	40,317,751.27	18,884,797.75
- HKD	4,119,561.21	4,899,257.79
- USD	36,198,190.06	13,985,539.96
Short-term borrowings	-	141,610,178.37
- HKD	-	141,610,178.37
Accounts payable	1,348,632.11	2,177,189.75
- HKD	1,669,583.85	2,489,360.73
- USD	(320,951.74)	(312,170.98)

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued**1. Risk management objectives and policies** - continued*1.1 Market risk* - continued*1.1.1 Currency risk* - continued

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures, to minimize the company's currency risk. According to the current risk exposure and judgment of the exchange rate movements, management considers the probable heavy loss resulted from foreign exchange rate fluctuation to be fairly low.

Sensitivity analysis on currency risk

The assumption for the sensitivity analysis on currency risk is that all the cash flow hedges and hedges of a net investment in a foreign operation are highly effective. On the basis of the above assumption, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period or equity:

Unit: RMB

Item	Changes in exchange rate	Jan.-Jun. 2016		Jan.-Jun. 2015	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
All foreign currencies	5% appreciation against RMB	8,645,464.36	8,645,464.36	(1,906,092.56)	(1,906,092.56)
All foreign currencies	5% depreciation against RMB	(8,645,464.36)	(8,645,464.36)	1,906,092.56	1,906,092.56

1.1.2 Interest rate risk - changes in cash flows

Risk derived from changes in cash flows of financial instruments is mainly related to bank loan with floating interest rate. Details are disclosed in Note (V) 20. This Group takes the measure of maintaining the floating interest rate of the bank loan, as a way to reduce the interest rate risk arising from changes in fair value.

Sensitivity analysis of interest rate risk

Sensitivity analysis of interest rate risk is based on the following assumptions:

- Fluctuations of market interest rate can affect the interest income or expense of a financial instrument with floating interest rate.
- For a financial instrument at fair value with fixed interest rate, the fluctuations of market interest rate can only affect its interest income or expense.
- For a derivative financial instrument recognized as hedging instrument, the fluctuations of market interest rate affects its fair value and interest rate hedging estimation are effective and efficient.
- Market interest rate at the balance sheet date is adopted to calculate fair value changes of derivative financial instruments and other financial assets and liabilities under discounted cash flow method.

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

1. Risk management objectives and policies - continued

1.1 Market risk - continued

1.1.3 Other price risk

Available-for-sale financial assets are measured at fair value by the Group at the balance sheet date. Hence the Group takes risk of changes in the securities market. The Group closely monitors the effects of changes in the foreign exchange prices on the Group's equity investment securities. The Group has not taken any measures to reduce prices risk of equity investment securities.

1.2 Credit risk

As at 30 Jun. 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks; the maximum exposure to risks would vary according to the future changes in fair value.

In order to minimize the credit risk, the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Company adopted necessary policies to make sure that all clients and customers are attributed with merit credit records.

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued**1. Risk management objectives and policies - continued***1.3 Liquidity risk*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

As at 30 Jun. 2016, the Group has net current assets of RMB1,155,708.56. The Group has available unutilized bank loan facilities of approximately RMB 990,940,000.00 (31 Dec. 2015: RMB1,187,560,000.00). Consequently, the management believes that the Group is not exposed to significant liquidity risks.

The following is the maturity analysis for financial assets and financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

Unit: RMB

Item	Carrying amount	Total amount	Within one year	1-5 years	More than 5 years
The non-derivative financial assets					
Cash and bank balances	405,872,026.99	405,872,026.99	405,872,026.99	-	-
Notes receivable	700,000.00	700,000.00	700,000.00	-	-
Accounts receivable	243,122,948.05	243,122,948.05	243,122,948.05	-	-
Other receivables	45,731,255.62	45,731,255.62	45,731,255.62	-	-
Available-for-sale financial assets	22,249,200.00	22,249,200.00	22,249,200.00	-	-
The non-derivative financial liabilities					
Accounts payable	104,297,915.81	104,297,915.81	104,297,915.81	-	-
Interest payable	19,715,068.47	19,715,068.47	19,715,068.47	-	-
Dividends payable	353,068,137.47	353,068,137.47	353,068,137.47	-	-
Other payable	50,513,413.29	50,513,413.29	50,513,413.29	-	-
Bonds payable	498,163,287.70	556,074,520.70	28,000,000.00	528,074,520.70	-

(IX) FAIR VALUE**1. Closing balance of assets and liabilities measured at fair value**

Unit: RMB

Item	Closing Balance			
	Level 1	Level 2	Level 3	Total
Measurements at fair value continuously				
Available-for-sale financial assets:	8,340,000.00	-	-	8,340,000.00
- Equity instruments (Note)	8,340,000.00	-	-	8,340,000.00
Total assets measured at fair value continuously	8,340,000.00	-	-	8,340,000.00

Note: The available-for-sale financial assets held by the Company represent the fair value of the circulating shares of Jiang Su Ninghu Expressway Company Ltd at the end of the year.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(IX) FAIR VALUE - continued

2. Basis for determining the market price measured at fair value at level I continuously

The market price of assets and liabilities measured at fair value at level I continuously is determined by the Shanghai stock exchange closing price of equity instruments at 30 Jun. 2016.

3. Information of financial assets and financial liabilities that are not measured at fair value

The management considers that the carrying amount of financial assets and liabilities measured at amortized cost is approximately equal to the fair value of financial assets and liabilities.

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Unit: RMB

Name of the parent	Related party relationship	Type of the entity	Place of incorporation	Legal representative	Nature of business	Issued share capital	Proportion of the entity's ownership interests held by the parent (%)	Proportion of the entity's voting power held by the parent (%)
CMHI	Parent company	Listed in Hong Kong	Hong Kong	Li Jian Hong	Port shipping	HKD18,995,501,528	-	66.10(Note)

Note: CMHI obtained 8.58% equity of the Company via its subsidiary Jing Feng Company, 25% equity via its subsidiaries Shenzhen Malai Warehouse Co., Ltd., and obtained another 32.52% equity by entrustment of Nanshan Group's stock, totally holding 66.10% of the voting shares, so CMHI is the parent company of the Company.

2. Subsidiaries of the Company

The general background and other related information of the subsidiaries are set out in Note (VII) 1.

3. Associates and joint ventures of the Company

The general background and other related information of the associates and joint ventures are set out in Note (VII) 2.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties of the Company

Name of other related parties	Relationships between other related parties and the Company
Shenzhen Haiqin Engineering Management Co., Ltd. (Haiqin Engineering)	Controlled by the same parent company
Shenzhen Mawan Terminals Co., Ltd. ("SMT")	Controlled by the same parent company
Shenzhen Mawan Port Co., Ltd. ("SMP")	Controlled by the same parent company
China Merchants Port Services (Shenzhen) Co., Ltd ("CMPS")	Controlled by the same parent company
Shekou Container Terminals Limited ("SCT")	Controlled by the same parent company
Shenzhen Haixing Harbor Development Co.,Ltd("Haixing")	Controlled by the same parent company
Shenzhen Huxing Tug Service Co., Ltd.("Huxing Tug")	Controlled by the same parent company
Shenzhen Lianda Tug Service Co., Ltd.(" Lianda Tug")	Controlled by the same parent company
Shenzhen Malai Warehouse Co., Ltd. ("Malai Warehouse")	Controlled by the same parent company
China Merchants Container Services Ltd.("China Merchants Container")	Controlled by the same parent company
Shenzhen Mawan Wharf Co., Ltd. ("SMW")	Controlled by the same parent company
Hidoney Developments Co., Ltd. ("Hidoney ")	Controlled by the same parent company
China Merchants International Cold Chain (Shenzhen) Company Limited ("CMCCL")	Controlled by the same ultimate actual controller
China Ocean Shipping Agency (Shenzhen) Company Limited ("Ocean Shipping Agency")	Controlled by the same ultimate actual controller
Shenzhen China Merchants Shangzhi Investment Co., Ltd.("China Merchants Shangzhi ")	Controlled by the same ultimate actual controller
Shenzhen China Merchants Qianhaiwan Property Co., Ltd. ("Qianhai Property")	Controlled by the same ultimate actual controller
Shenzhen China Merchants International Shipping Agency Co., Ltd.("Shipping Agency")	Controlled by the same ultimate actual controller
Youlian Shipyard Shekou Co. Ltd.("Youlian Shipyard")	Controlled by the same ultimate actual controller
Shenzhen China Merchants Property Management Co., Ltd.("China Merchants Property")	Controlled by the same ultimate actual controller
Guangzhou International Ocean Shipping Agency Co., Ltd. ("International Ocean Shipping")	Controlled by the same ultimate actual controller
China Ocean Shipping Tally Shenzhen Co., Ltd. ("Ocean Shipping Tally")	Controlled by the same ultimate actual controller
Hoi Tung (Shanghai) Company Limited	Controlled by the same ultimate actual controller
Sinotrans Shenzhen Marine Shipping Agency Co., Ltd. ("SSMSA")	Controlled by the same ultimate actual controller
Sinotrans Dongguan Logistics Co., Ltd. ("SDL")	Controlled by the same ultimate actual controller
Sinoway Shipping Ltd. ("Sinoway Shipping")	Controlled by the same ultimate actual controller
China Marine Shipping Agency Guangdong Co., Ltd. ("CMSA Guangdong")	Controlled by the same ultimate actual controller
Sinotrans Shenzhen Customs Broker Co., Ltd. ("SSCB")	Controlled by the same ultimate actual controller
Shenzhen Chiwan Petroleum Supply Base Co., Ltd. ("Chiwan Base ")	Influenced significantly by parent company
Zengcheng Xinkang property Co., Ltd.("Zengcheng Xinkang")	Influenced significantly by parent company
Shenzhen Baowan international logistics Co., Ltd.("Baowan Logistics")	Influenced significantly by parent company
Shenzhen Chiwan Property Management Co., Ltd.("Chiwan Property")	Influenced significantly by parent company
Shenzhen Xuqin Industrial Development Co., Ltd.("Xuqin")	Influenced significantly by parent company
Nanshan Group	Invetsor that has significant influence on the company
China Development Finance Company LTD.	Influenced significantly by parent company
China Merchant Bank Co., Ltd.("CMB")	Influenced significantly by the ultimate actual controller

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions

(1) Provision and receipt of services

Unit: RMB

Related parties	Content of related party transaction	Pricing and decision-making procedures of related party transactions	Jan.-Jun. 2016	Jan.-Jun. 2015
Receipt of services :				
Haixing	Load and unload service	Negotiation	2,050,908.52	2,141,837.73
Sinotrans Shenzhen Marine Shipping Agency Co., Ltd. ("SSMSA")	Technical service fee	Negotiation	1,747,860.00	1,615,505.00
China Merchants Holdings (International) Information Technology Company Ltd	Technical service fee	Negotiation	1,138,679.23	1,261,894.33
Chiwan Property	Property management service	Negotiation	925,553.89	999,432.50
SMT	Load and unload service	Negotiation	556,560.00	-
Zengcheng Xinkang	Property management service	Negotiation	393,625.32	335,901.20
Xuqin	Landscape Engineering	Negotiation	311,998.48	525,992.00
SMW	Load and unload service	Negotiation	250,330.19	39,456.60
CMBL	Load and unload service	Negotiation	243,745.29	240,067.00
Ocean Shipping Agency	Agency service	Negotiation	243,675.00	107,955.00
Lianda Tug	Tugboat service	Negotiation	163,684.43	84,476.25
Sinotrans Dongguan Logistics Co., Ltd. ("SDL")	logistics service	Negotiation	163,633.97	256,471.42
Haiqin Engineering	Project management	Negotiation	138,578.13	257,194.15
China Merchants Property	Property management service	Negotiation	125,089.30	74,088.90
SMP	Load and unload service	Negotiation	97,000.75	-
SCT	Trailer service etc.	Negotiation	69,056.60	-
Shipping Agency	Agency service	Negotiation	-	4,925.51
Huxing Tug	Tugboat service	Negotiation	-	11,686.42
China Merchants Container	Trailer service	Negotiation	-	245,915.12
Hoi Tung (Shanghai) Company Limited	Purchase of goods	Negotiation	-	312,426.96
Total			8,619,979.10	8,515,226.09
Rendering of services:				
SCT	Trailer service etc.	Negotiation	7,206,689.95	6,215,150.37
Ocean Shipping Agency	Tugboat service	Negotiation	5,885,342.17	3,990,159.84
SMT	Trailer service etc.	Negotiation	5,873,774.53	6,701,000.23
SMP	Tugboat service	Negotiation	3,490,884.45	5,019,970.32
Sinotrans Shenzhen Marine Shipping Agency Co., Ltd. ("SSMSA")	Trailer service etc	Negotiation	1,981,700.67	1,173,720.96
Shipping Agency	Trailer service etc.	Negotiation	1,283,371.50	1,068,751.71
China Overseas Harbour Affairs (Laizhou) Co., Ltd	Labor dispatch service	Negotiation	736,553.60	-
International Ocean Shipping	Berthage fee	Negotiation	417,729.46	282,226.00
Lianda Tug	Tugboat service	Negotiation	268,439.64	689,351.72
Youlian Shipyard	Tugboat service	Negotiation	121,635.85	334,232.40
CMCCL	Trailer service	Negotiation	118,620.75	273,894.66
CMBL	Trailer service	Negotiation	39,004.71	636,094.34
Ocean Shipping Tally	Others	Negotiation	32,233.58	32,790.00
Sinoway Shipping Ltd. ("Sinoway Shipping")	Load and unload service	Negotiation	31,055.44	50,872.72
China Marine Shipping Agency Guangdong Co., Ltd. ("CMSA Guangdong")	Load and unload service	Negotiation	28,296.23	63,675.48
Zengcheng Xinkang	Others	Negotiation	2,701.97	3,302.51
Huxing Tug	Tugboat service	Negotiation	-	45,788.21
Total			27,518,034.50	26,580,981.47

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(2) Leases with related parties

The Group as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognised in the current year	Lease income recognised in the previous year
Chiwan Base	Coastal line, packing yards, road lighting, etc,	-	6,095,250.00
CMBL	Crane	932,038.86	932,038.86
Total		932,038.86	7,027,288.86

The Group as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Lease payment recognised in the current year	Lease payment recognised in the previous year
Nanshan Group	Land, Office and packing yard	32,410,191.19	31,962,834.21
Malai Warehouse	Office	4,642,399.87	3,613,869.00
Chiwan Base	Office	2,706,819.39	734,456.40
CMPS	Former Bay port lands	1,584,900.00	1,584,900.00
China Merchants Shangzhi	Buildings	377,448.18	89,568.00
Qianhai Property	Staff dormitory	108,696.18	131,522.50
Baowan Logistics	Warehouse	42,400.76	54,954.23
SCT	Crane	401,285.71	341,616.00
Total		42,274,141.28	38,513,720.34

(3) Transfers of assets involved with related parties

Unit: RMB

related party	Related trade	Jan.-Jun. 2016	Jan.-Jun. 2015
SMW	Transfer-out of empty forklifts and computers	129,227.69	-

(4) Compensation for key management personnel

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Compensation for key management personnel	4,504,067.50	4,269,210.00

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Cash and bank	CMB	230,034,690.27	168,955,890.49
	China Development Finance Company LTD.	259,242.53	55,649,145.28
	Total	230,293,932.80	224,605,035.77
Accounts receivable	SCT	2,661,142.17	2,379,795.00
	Ocean Shipping Agency	2,299,180.80	1,608,650.60
	SMT	1,041,061.65	1,500,641.58
	SSMSA	564,662.20	6,910.00
	SMP	521,285.02	1,114,816.72
	Shipping Agency	85,186.00	116,172.00
	CMSA Guangdong	29,994.00	57,258.00
	CMBL	9,300.00	16,630.00
	Chiwan Base	-	5,113,500.00
	China Overseas Harbour Affairs (Laizhou) Co., Ltd	-	535,207.20
	Youlian shipyard	-	12,680.00
	Others	52,550.23	20,341.00
	Total	7,264,362.07	12,482,602.10
Other receivables	SMP	9,004,511.91	985,340.31
	SMT	5,816,232.37	1,934,775.73
	CMBL	2,057,705.47	1,868,304.61
	Nanshan Group	1,374,300.09	1,054,300.09
	SCT	1,245,976.00	1,245,976.00
	Qianhai Property	654,480.00	654,480.00
	Xuqin	323,000.00	323,000.00
	China Merchants Shangzhi	198,597.20	240,263.20
	Chiwan Base	135,621.91	135,621.91
	Chiwan Property	5,294.00	5,294.00
	Haixing	-	311,494.00
	CMPS	-	311,494.00
	Others	49,719.00	56,869.00
Total	20,865,437.95	9,127,212.85	
Accounts payable	Nanshan Group	25,283,735.75	20,710,081.71
	Haixing	2,120,588.00	343,405.00
	SSMSA	667,552.71	1,114,450.51
	Xuqin	635,704.90	2,224,268.57
	SCT	345,150.00	-
	SMT	306,297.60	28,747.20
	Haiqin Engineering	138,578.13	-
	China Merchants Holdings (International) Information Technology Company Ltd.	125,000.00	-
	Zengcheng Xinkang	119,940.33	150,810.50
	SMP	89,485.20	-
	Hoi Tung (Shanghai) Company Limited	53,962.75	192,593.29
	Others	28,201.80	60,000.00
	Total	29,914,197.17	24,824,356.78
Dividends payable	Hidoney	38,248,386.76	38,248,386.76
	Nanshan Group	85,971,697.47	-
	Malai Warehouse	66,088,282.53	-
	Total	190,308,366.76	38,248,386.76

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Other payables	SMT	1,705,596.08	704,405.12
	SMP	1,167,302.87	362,861.51
	China Merchants Holdings (International) Information Technology Company Ltd.	993,521.00	508,921.00
	CMPS	839,997.00	-
	Chiwan Base	689,477.50	-
	China Merchants Shangzhi	352,598.40	-
	Nanshan Group	249,214.83	111,991.70
	SCT	72,616.93	470,047.59
	Haiqin Engineering	56,177.03	88,977.03
	CMBL	44,520.00	67,080.00
	Sinotrans Shenzhen Customs Broker Co., Ltd. ("SSCB")	36,327.00	31,290.00
	CMHI	35,535.40	27,194.56
	China Merchants Property	35,198.50	1,464.12
	Xuqin	11,500.00	11,500.00
	International Ocean Shipping	10,000.00	10,000.00
	Hoi Tung (Shanghai) Company Limited	-	1,000,000.00
	Total	6,299,582.54	3,395,732.63

(XI) COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Unit: RMB

Item	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognised in the financial statements:		
- Commitment for acquisition of long-term assets	190,342,880.37	25,429,546.67

(2) Operating lease commitments

As of the balance sheet date, the Group had the following commitments in respect of non-cancellable operating leases:

Unit: RMB

Item	Closing balance	Opening balance
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	5,247,395.23	3,285,372.56
2nd year subsequent to the balance sheet date	959,412.96	599,468.69
3rd year subsequent to the balance sheet date	483,527.16	389,421.36
More than 3 years	602,967.54	742,712.59
Total	7,293,302.89	5,016,975.20

2. Contingencies

No material contingencies that should be disclosed by the Group.

(XII) EVENTS AFTER THE BALANCE SHEET**1. Profit appropriation**

Unit: RMB

Item	Amount
Proposed distribution of profits or dividends (Note)	264,353,129.30

Note: Please refer to Note (V) 39.

(XIII) OTHER SIGNIFICANT EVENTS**1. Annuity plan**

On 3 June 2008, the Group participated in the enterprise annuity plan of Nanshan Group approved by Shenzhen government. Funds involved were deposited in the managed account coordinated by Nanshan Group. Staffs would be qualified to participant the annuity plan if the following requirements are met:

(i)Staff with labor contracts signed. (ii)Staff with basic pension participated in.

(iii)On-the job and in-service staff with probation expired. (iv)Voluntarily participated in the plan and perform the obligation of payment. The Group and staffs share the payment of the supplementary pension. Excess payment would not be allowed so as to keep the payment made by the Group and total payment made by the Group and the individual under the limit of one-twelfth and the one-sixth of the prior year's gross payroll respectively.

2. Segment reporting

(1) Basis for determining and accounting treatments of reporting segments

Subject to the Group's in-house infrastructure, management requirements and internal reporting system, the operation businesses of the Group are classified into four business segments. The Group's management periodically evaluates the operating results of these segments to make decisions about resources to be allocated to the segments and assess their performance. On the basis of such business segments, the Group determined three reporting segments including load and unload services, trailer and tugboat business, agency services and other segments, which are classified based on the nature of business. Major products and services delivered or provided by each of the reporting segments are load and unload services, trailer and tugboat business, agency services and other segments.

Segment information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment when reporting to management. The measurement basis is consistent with the accounting and measurement basis in the preparation of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting - continued

(2) Segment financial information

Unit: RMB

	Load and unload services		Trailer and tugboat business		Agency and other services		Unappropriated items		Inter-segment deduction		Total	
	Jan.-Jun. 2016	Jan.-Jun. 2015	Jan.-Jun. 2016	Jan.-Jun. 2015	Jan.-Jun. 2016	Jan.-Jun. 2015	Jan.-Jun. 2016	Jan.-Jun. 2015	Jan.-Jun. 2016	Jan.-Jun. 2015	Jan.-Jun. 2016	Jan.-Jun. 2015
Operating income												
Revenue arising from external transactions	844,465,634.31	829,240,305.95	46,615,750.31	45,315,696.51	13,728,267.62	6,232,006.32	-	-	-	-	904,809,652.24	880,788,008.78
Revenue arising from inter-segment transactions	-	-	30,707,142.71	29,234,240.41	-	-	-	-	(30,707,142.71)	(29,234,240.41)	-	-
Total segment operating income	844,465,634.31	829,240,305.95	77,322,893.02	74,549,936.92	13,728,267.62	6,232,006.32	-	-	(30,707,142.71)	(29,234,240.41)	904,809,652.24	880,788,008.78
Reconciling items:												
Operating Income in the financial statements											904,809,652.24	880,788,008.78
Operating cost	458,877,279.34	438,850,615.83	56,538,338.80	53,470,195.84	7,450,049.16	340,940.33	-	-	(30,707,142.71)	(29,613,140.88)	492,158,524.59	463,427,511.59
Segment operating profits	385,588,354.97	390,389,690.12	20,784,554.22	21,079,741.08	6,278,218.46	(340,940.33)	-	-	-	378,900.47	412,651,127.65	417,360,497.19
Reconciling items:												
Business taxes and surcharges	2,081,550.23	2,529,104.09	125,688.62	86,179.31	685,817.25	1,302,213.48	-	-	274,886.31	-	3,167,942.41	3,917,496.88
Administrative expenses	57,605,219.02	59,508,690.44	6,952,748.64	6,202,442.16	3,001,025.95	3,344,646.80	14,388,875.10	15,146,092.52	-	-	81,947,868.71	84,201,871.92
Financial expenses	6,084,491.80	15,837,290.68	(760,243.01)	(529,678.06)	(561,181.41)	(29,532.12)	9,490,546.97	18,892,719.79	-	-	14,253,614.35	34,170,800.29
Impairment losses of assets	288,044.16	153,277.43	-	-	-	-	-	-	-	-	288,044.16	153,277.43
Investment Income	-	-	-	-	-	-	301,993,086.59	48,834,997.32	(232,692,830.18)	-	69,300,256.41	48,834,997.32
Operating profit	319,529,049.76	310,489,685.05	14,466,359.97	10,081,431.96	3,152,556.67	2,536,962.62	278,113,664.52	15,026,275.36	-	-	382,293,914.43	343,752,047.99
Non-operating income	2,488,565.79	1,012,630.77	120,000.02	-	30,648.00	-	-	-	-	-	2,639,213.81	1,012,630.77
Non-operating expenses	500,603.63	47,076.40	862.00	46,970.40	-	50.00	-	-	-	-	501,465.63	95,584.70
Gross profit	321,517,011.92	315,008,118.41	14,585,497.99	10,075,179.47	3,183,204.67	2,536,912.62	278,113,664.52	15,026,275.36	-	-	384,431,662.61	344,669,094.06
Income tax expenses	44,125,732.88	30,881,924.19	3,646,374.51	3,399,706.82	44,766.77	408,193.79	1,844,132.60	1,972,722.15	-	-	49,661,006.76	34,458,531.16
Net profit	277,391,279.04	266,667,493.22	10,939,123.48	7,556,393.60	3,138,437.90	2,128,718.83	276,269,531.92	13,053,553.21	-	-	334,770,655.85	310,210,562.90

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting - continued

(2) Segment financial information - continued

Unit: RMB

	Load and unload services		Trailer and tugboat business		Agency and other services		Unappropriated items		Inter-segment deduction		Total	
	Jan.-Jun. 2016	Jan.-Jun. 2015	Jan.-Jun. 2016	Jan.-Jun. 2015	Jan.-Jun. 2016	Jan.-Jun. 2015	Jan.-Jun. 2016	Jan.-Jun. 2015	Jan.-Jun. 2016	Jan.-Jun. 2015	Jan.-Jun. 2016	Jan.-Jun. 2015
Total segment assets	5,430,595,832.96	5,204,261,977.63	210,588,801.07	214,256,543.39	36,184,102.36	36,769,361.05	7,535,075,833.13	7,240,499,230.08	(6,585,683,289.43)	(5,984,176,786.52)	6,626,761,280.09	6,711,610,325.63
Total assets in the financial statements	5,430,595,832.96	5,204,261,977.63	210,588,801.07	214,256,543.39	36,184,102.36	36,769,361.05	7,535,075,833.13	7,240,499,230.08	(6,585,683,289.43)	(5,984,176,786.52)	6,626,761,280.09	6,711,610,325.63
Total segment liabilities	1,470,340,168.48	1,503,160,043.11	114,510,739.19	117,545,119.39	26,199,615.99	27,417,898.60	1,764,787,576.27	1,876,227,583.15	(2,052,120,486.34)	(1,792,016,080.20)	1,323,717,613.59	1,732,334,564.05
Total liabilities in the financial statements	1,470,340,168.48	1,503,160,043.11	114,510,739.19	117,545,119.39	26,199,615.99	27,417,898.60	1,764,787,576.27	1,876,227,583.15	(2,052,120,486.34)	(1,792,016,080.20)	1,323,717,613.59	1,732,334,564.05
Supplementary information												
Depreciation	91,078,964.84	94,945,527.24	5,890,089.17	5,688,138.37	316,828.10	358,281.40	83,115.21	89,980.37	-	-	97,368,997.32	101,081,927.38
Amortization	20,121,115.31	20,579,906.06	8,748.12	8,748.12	-	-	142,659.36	402,656.15	-	-	20,272,522.79	20,991,310.33
Interest income	1,173,650.03	422,535.25	210,552.90	46,382.11	403,115.28	2,746.98	(4,195,616.76)	2,604,180.24	5,803,954.29	-	3,395,655.74	3,075,844.58
Interest expense	(5,924,339.39)	169,328.56	(65,254.86)	-	-	-	21,970,301.28	35,718,696.77	5,803,954.29	-	21,784,661.32	35,888,025.33
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	63,008,068.56	48,454,997.32	-	-	63,008,068.56	48,454,997.32
Long-term equity investment under equity method	-	-	-	-	-	-	1,439,244,037.52	1,511,009,595.85	-	-	1,439,244,037.52	1,511,009,595.85
Non-current assets other than long-term equity investment	4,303,834,271.18	4,419,526,451.64	120,159,617.69	129,617,569.96	16,188,638.70	16,849,555.39	180,875,139.97	183,240,200.52	(162,765,586.89)	(162,765,586.89)	4,458,292,080.65	4,586,468,190.62

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting – continued

(3) Segment revenue from external transactions by source and non-current assets by geographical location

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Revenue from external transactions with domestic customers	903,301,572.23	878,925,546.75
Revenue from external transactions with Hong Kong customers	1,508,080.01	1,862,462.03
Total	904,809,652.24	880,788,008.78

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Non-current assets sourced from Mainland of PRC	4,424,757,130.49	4,551,743,208.58
Non-current assets sourced from Hong Kong	11,429.34	23,396.06
Total	4,424,768,559.83	4,551,766,604.64

(4) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB428,403,837.31 , occupying 47.35% of the Group's total operating income.

(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount balance		Bad debt provision		Carrying value	Carrying amount balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	1,170,198.03	7.54	-	-	1,170,198.03	5,648,707.20	28.12	-	-	5,648,707.20
Portfolio 2	14,340,196.08	92.46	1,895.24	0.00	14,338,300.84	14,436,075.12	71.88	-	-	14,436,075.12
Subtotal of portfolios	15,510,394.11	100.00	1,895.24	0.00	15,508,498.87	20,084,782.32	100.00	-	-	20,084,782.32
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	15,510,394.11	100.00	1,895.24	0.00	15,508,498.87	20,084,782.32	100.00	-	-	20,084,782.32

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued

1. Accounts receivable - continued

(1) Disclosure of accounts receivable by categories - continued

Accounts receivable portfolios for which bad debt provision has been assessed using the aging analysis approach:

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value
Within 1 year	14,340,196.08	1,895.24	100.00	14,338,300.84	14,436,075.12	-	-	14,436,075.12

(2) Top five balances of accounts receivable classified by debtor:

Unit: RMB

Name of entity	Relationship with the Company	Closing balance	Proportion of the closing balance to the total accounts receivable (%)	Closing balance of bad debt provision
Customer F	Customer	3,140,982.63	20.25	-
Customer G	Customer	2,885,422.50	18.60	-
Customer H	Customer	1,727,640.34	11.14	-
Customer I	Customer	1,375,230.73	8.87	-
Customer J	Customer	1,052,136.74	6.78	-
Total		10,181,412.94	65.64	-

2. Other receivables

(1) Disclosure of other receivables by categories

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount balance		Bad debt provision		B Carrying value	Carrying amount balance		Bad debt provision		B Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Other receivables for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	650,036,584.18	99.82			650,036,584.18	678,272,733.47	99.82			678,272,733.50
Portfolio 2	1,187,930.13	0.18	383,456.60	32.28	804,473.53	1,218,472.01	0.18	383,456.60	31.47	835,015.41
Subtotal of portfolios	651,224,514.31	100.00	383,456.60	0.06	650,841,057.71	679,491,205.48	100.00	383,456.60	0.06	679,107,748.88
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	651,224,514.31	100.00	383,456.60	0.06	650,841,057.71	679,491,205.48	100.00	383,456.60	0.06	679,107,748.88

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued

2. Other receivables - continued

(1) Disclosure of other receivables by categories - continued

Other receivables portfolios for which bad debt provision has been assessed using the aging analysis

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value
Within 1 year	804,473.53	-	-	804,473.53	835,015.41	-	-	835,015.41
More than 1 year but not exceeding 2 years	-	-	-	-	-	-	-	-
More than 2 years but not exceeding 3 years	-	-	-	-	-	-	-	-
More than 3 years	383,456.60	383,456.60	100.00	-	383,456.60	383,456.60	100.00	-
Total	1,187,930.13	383,456.60	32.28	804,473.53	1,218,472.01	383,456.60	31.47	835,015.41

(2) Disclosure of other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance
Temporary payments	3,216,189.42	3,726,739.80
Deposits	399,725.49	249,328.31
Others	647,608,599.40	675,515,137.37
Including: amounts due from subsidiaries	643,957,544.57	674,871,443.87
Total	651,224,514.31	679,491,205.48

(3) Top five balances of other receivables classified by debtor:

Unit: RMB

Name of entity	Nature of the fund	Amount	Aging	Proportion of the amount to the total accounts receivable (%)	Closing balance of bad debt provision
Dongguan Chiwan Terminal Company Limited.	Temporary payment due from subsidiaries	431,475,000.00	Within one year	66.26	-
Dongguan Chiwan Wharf Co., Ltd.	Temporary payment due from subsidiaries	209,500,000.00	Within one year	32.17	-
Chiwan Wharf Holdings (H.K.) Limited.	Temporary payment due from subsidiaries	2,850,733.79	More than three year	0.44	-
SCT	Temporary payment due from related parties	1,245,976.00	Within one year	0.19	-
Nanshan Group	Temporary payment due from related parties	1,022,760.39	Within one year	0.16	-
Total		646,094,470.18		99.21	-

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Long-term equity investments

Unit: RMB

Investee	Opening balance	Changes								Closing balance	Closing balance of provision for impairment
		Increase	Decrease	Investment income under equity method	Reconciling items from other comprehensive income	Other equity movements	Cash dividends or profits announced of issuance	Provision for impairment	Others		
I. Subsidiaries											
Shenzhen Chiwan International Freight Agency Company Limited	5,500,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	5,500,000.00	-
Shenzhen Chiwan Harbor Container Company Limited	250,920,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	250,920,000.00	-
Shenzhen Chiwan Transportation Company Limited	7,000,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	7,000,000.00	-
Chiwan Wharf Holdings (H.K.) Limited	1,070,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	1,070,000.00	-
Shenzhen Chiwan Tugboat Company Limited	24,000,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	24,000,000.00	-
Chiwan Container Terminal Company Limited	421,023,199.85	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	421,023,199.85	-
Dongguan Chiwan Wharf Company Limited	186,525,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	186,525,000.00	-
Dongguan Chiwan Terminal Company Limited	175,000,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	175,000,000.00	-
Subtotal	1,071,038,199.85		-					-	-	1,071,038,199.85	-
II. Associates		-									
CMHI	12,833,857.95			1,674,220.38						14,508,078.33	-
CMBL	145,351,043.43			3,873,503.98		957,821.05				150,182,368.46	-
Subtotal	158,184,901.38			5,547,724.36		957,821.05				164,690,446.79	-
III. Joint ventures											
China Overseas Harbor Affairs (Laizhou) Co., Ltd	770,930,325.06			37,197,754.16			(36,132,189.03)			771,995,890.19	-
Total	2,000,153,426.29			42,745,478.52		957,821.05	(36,132,189.03)			2,007,724,536.83	-

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

**(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued**

4. Operating income and operating costs

Unit: RMB

Item	Jan.-Jun. 2016		Jan.-Jun. 2015	
	Income	Cost	Income	Cost
Principal operating	90,048,025.87	64,585,052.56	110,629,730.60	69,165,463.86
Other operating	15,662,004.26	364,898.28	16,518,108.02	495,265.13
Total	105,710,030.13	64,949,950.84	127,147,838.62	69,660,728.99

5. Investment income

Details of investment income

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun. 2015
Income from long-term equity investments under equity method	42,745,478.52	29,033,790.50
Investment income on available-for-sale financial assets, etc.	6,292,187.85	380,000.00
Total	49,037,666.37	29,413,790.50

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

**(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued**

6. Related party transactions

(1) Provision and receipt of services

Unit: RMB

	Content of related party transaction	Pricing and decision-making procedures of related party transactions	Jan.-Jun. 2016	Jan.-Jun. 2015
Receipt of services :				
Chiwan Shipping (Hong Kong) Ltd	Agency service	Negotiation	940,321.59	-
Xuqin	Landscape engineering	Negotiation	179,068.96	264,907.00
Chiwan Property	Property management service	Negotiation	148,751.65	202,133.70
Haiqin Engineering	Engineering Management	Negotiation	138,578.13	-
China Merchants Holdings (International) Information Technology Company Ltd	Technical service	Negotiation	74,339.65	36,226.44
Shenzhen Chiwan Tugboat Company Limited	Tugboat services	Negotiation	13,766.04	-
Shenzhen Chiwan International Freight Agency Company Limited	Agency service	Negotiation	5,368.30	-
Shenzhen Chiwan Transportation Company Limited	Transportation services	Negotiation	-	217,933.96
SMW	Load and unload service	Negotiation	-	30,400.00
Shipping Agency	Agency service	Negotiation	-	4,925.51
Haixing	Load and unload service	Negotiation	-	60,828.30
China Merchants Container	Transport services	Negotiation	-	245,915.12
Total			1,500,194.32	1,063,270.03
Rendering of services:				
Dongguan Chiwan Wharf Company Limited	Labor dispatch service	Negotiation	11,552,504.65	7,149,956.00
China Overseas Harbour Affairs (Laizhou) Co., Ltd	Labor dispatch service	Negotiation	736,553.60	-
SSMSA	Load and unload service	Negotiation	125,799.71	204,358.46
Shipping Agency	Berthage fee , etc,	Negotiation	76,144.33	27,983.71
Ocean Shipping Tally	Load and unload service	Negotiation	32,233.58	32,790.00
Ocean Shipping Agency	Load and unload service	Negotiation	18,736.79	53,372.64
SCT	Load and unload service	Negotiation	-	17,264.15
SMP	Load and unload service	Negotiation	-	11,320.75
SMT	Load and unload service	Negotiation	-	9,056.60
Total			12,541,972.66	7,506,102.31

(2) Leases with related parties

The Group as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognised in the current year	Lease income recognised in the previous year
Chiwan Base	Coastal line, packing yards and road lighting	-	6,095,250.00

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

6. Related party transactions - continued

(2) Leases with related parties - continued

The Group as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Lease payment recognised in the current year	Lease payment recognised in the previous year
Nanshan Group	Land, Office and packing yard	3,764,963.47	4,659,361.09
Chiwan Base	Office	786,661.42	734,456.40
Malai Warehouse	Office	1,622,229.74	552,435.00
SCT	Crane	360,000.00	300,000.00
Total		6,533,854.63	6,246,252.49

7. Amounts due from/to related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Cash and bank balances	China Merchants Bank	145,371,362.18	57,416,519.17
	China Development Finance Co., Ltd.	259,242.53	55,649,145.28
	Total	145,630,604.71	113,065,664.45
Accounts receivable	Dongguan Chiwan Wharf Company Limited	1,148,255.03	-
	Chiwan Base	-	5,113,500.00
	China Overseas Harbour Affairs (Laizhou) Co., Ltd	-	535,207.20
	Others	21,943.00	-
	Total	1,170,198.03	5,648,707.20
Other receivables	Dongguan Chiwan Terminal Company Limited	431,475,000.00	443,275,000.00
	Dongguan Chiwan Wharf Company Limited	209,500,000.00	227,500,000.00
	Chiwan Wharf Holdings (H.K.) Limited	2,850,733.79	2,850,467.87
	SCT	1,245,976.00	1,245,976.00
	Nanshan Group	1,022,760.39	1,022,760.39
	Shenzhen Chiwan Tugboat Company Limited	197,489.16	-
	Chiwan Base	135,621.91	135,621.91
	China Merchants Shangzhi	58,766.40	58,766.40
	Chiwan Container Terminal Company Limited	-	1,245,976.00
	Haixing	-	311,494.00
	CMPS	-	311,494.00
	Others	52,773.53	38,420.45
	Total	646,539,121.18	677,995,977.02

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

**(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued**

7. Amounts due from/to related parties - continued

Item	Related parties	Closing balance	Opening balance
Long-term receivables	Chiwan Wharf Holdings (H.K.) Limited	11,004,284.75	11,004,284.75
Accounts payable	Nanshan Group	3,108,875.45	3,106,063.74
	Xuqin	635,704.90	1,445,977.80
	SCT	300,000.00	60,000.00
	Haiqin Engineering	138,578.13	-
	Total	4,183,158.48	4,612,041.54
Other payables	Shenzhen Chiwan Harbour Container Company Limited	207,862,179.47	190,759,953.28
	Chiwan Container Terminal Company Limited	91,702,405.48	22,420,393.04
	Shenzhen Chiwan Transportation Company Limited	44,917,575.38	42,501,681.28
	Dongguan Chiwan Wharf Company Limited	11,867,813.41	28,650,894.16
	Shenzhen Chiwan Tugboat Company Limited	9,562,617.70	17,656,552.77
	Dongguan Chiwan Terminal Company Limited	7,055,777.87	14,259,301.60
	Shenzhen Chiwan International Freight Agency Company Limited	778,788.05	1,059,758.93
	Chiwan Shipping (Hong Kong) Ltd	375,032.27	673,055.09
	Nanshan Group	135,402.99	60,054.00
	China Merchants Shangzhi	117,532.80	-
	Xuqin	10,000.00	10,000.00
	China Merchants Holdings (International) Information Technology Company Ltd.	6,400.00	6,400.00
	Total	374,391,525.42	318,058,044.15
	Long-term payables	Chiwan Wharf Holdings (H.K.) Limited	116,662,000.00
Interests payable	Shenzhen Chiwan Transportation Company Limited	1,003,119.20	796,967.00
	Shenzhen Chiwan Tugboat Company Limited	94,900.01	23,204.11
	Shenzhen Chiwan Harbour Container Company Limited	-	1,121,027.45
	Total	1,098,019.21	1,941,198.56

Note: The Company collectively manages and coordinates the use of the capital within the Group. The subsidiaries deposit their funds with the Company, and apply for fund when needed. The Company collects fund usage expenses based on the actual financing costs incurred.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued

8. Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Jan.-Jun. 2016	Jan.-Jun. 2015
1. Reconciliation of net profit to cash flows from operating activities:		
Net profits	51,196,211.68	30,727,505.28
Add: Provision for impairment losses of assets	-	-
Depreciation of fixed assets	6,151,059.41	7,015,924.80
Depreciation and amortization of investment property	289,762.32	461,901.95
Amortization of intangible assets	1,675,610.86	1,481,217.90
Amortization of long-term prepaid expenses	89,810.34	376,807.13
Losses(Profits) on disposal of fixed assets, intangible assets and other long-term assets	60,987.36	(75,111.88)
Financial expenses	22,414,459.22	41,219,487.75
Loss (Gains) arising from investments	(49,037,666.37)	(29,413,790.50)
Decrease (Increase) in deferred tax assets	-	-
Decrease(Increase) in inventories	(35,787.10)	280,323.23
Decrease (Increase) in operating receivables	127,664,188.41	151,291,135.82
Increase (Decrease) in operating payables	(49,194,021.19)	(54,016,752.86)
Net cash flows from operating activities	111,274,614.94	149,348,648.62
2. Net changes in cash and cash equivalents:		
Closing balance of cash	190,393,031.45	123,860,697.56
Less: Opening balance of cash	331,615,767.60	281,427,034.32
Net increase (decrease) in cash	(141,222,736.15)	(157,566,336.76)

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**SUPPLEMENTARY INFORMATION TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016**

1. BREAKDOWN OF EXTRAORDINARY GAINS AND LOSSES

Unit: RMB

Item	Amounts	Description
Profit or loss on disposal of non-current assets	(176,169.44)	
Tax refunds or reductions with ultra vires approval or without official approval documents	-	
Government grants recognized in profit or loss (except for grants that are closely related to the Company's business and are in amounts and quantities fixed in accordance with the national standard)	419,197.16	
Money lending income earned from non-financial institutions in profit or loss	-	
The excess of attributable fair value of identifiable net assets over the consideration paid for subsidiaries, associates and joint ventures	-	
Profit or loss on exchange of non-monetary assets	-	
Profit or loss on entrusted investments or assets management	-	
Provision of impairment losses for each asset due to force majeure, e.g. acts of God	-	
Profit or loss on debt restructuring	-	
Business restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	-	
Profit or loss relating to the unfair portion in transactions with unfair transaction price	-	
Net profit or loss of subsidiaries recognized as a result of business combination of enterprises under common control from the beginning of the period up to the business combination date	-	
Profit or loss arising from contingencies other than those related to normal operating business	-	
Profit or loss on changes in the fair value of financial assets and financial liabilities held for trading and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than the effective hedging activities relating to normal operating business	-	
Reversal of provision for accounts receivable that are tested for impairment losses individually	-	
Profit or loss on entrusted loans	-	
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model	-	
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements by tax laws and accounting laws and regulations	-	
Custodian fees earned from entrusted operation	-	
Other non-operating income or expenses other than above	1,894,720.46	
Other profit or loss that meets the definition of non-recurring profit or loss	-	
Tax effects	144,553.92	
Effects of minority interest (after tax)	174,071.60	
Total	1,819,122.66	

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE ("EPS")

The return on net assets and EPS have been prepared by Shenzhen Chiwan Wharf Co., Ltd in accordance with *Information Disclosure and Presentation Rules for Companies Making Public Offering No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share* (Revised in 2010) issued by China Securities Regulatory Commission.

Unit: RMB

Profits incurred in the current period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit for the current period attributable to ordinary shareholders	5.88	0.413	0.413
Net profit attributable to ordinary shareholders after deducting extraordinary gains and losses	5.84	0.411	0.411