



SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

2016 ANNUAL REPORT

Disclosed on 28 March 2017

Section I. Important Statements, Contents & Terms

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

Board Chairman Shi Wei, Chief Financial Officer Zhang Fang and Financial Manager Li Xiaopeng hereby guarantee the factuality, accuracy and completeness of the Financial Report in this Report.

This Report has been reviewed and approved by all directors at the 7th Meeting of the 8th Board of Directors.

Possible risks faced by the Company and countermeasures have been explained in “Section IV. Performance Discussion and Analysis” in this Report, which investors are kindly reminded to pay attention to. Any forward-looking statement such as those involving future plans or development strategies 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.

The Company’s preliminary plan for profit distribution upon the review and approval at the board meeting: Based on the total shares of 644,763,730, a cash dividend of RMB4.96 (tax included) will be distributed to all the shareholders for every 10 shares that they hold. No bonus shares will be granted and no capital reserve will be turned into share capital.

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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Terms

Term	Content
Company, the Company or Chiwan Wharf	Shenzhen Chiwan Wharf Holdings Limited
CMG	China Merchants Group
CMPort	China Merchants Port Holdings Company Limited*
CND Group	China Nanshan Development (Group) Inc.
Malai Storage	Shenzhen Malai Storage Co., Ltd.
KFEL	Keen Field Enterprises Limited
CDF	China Development Finance Company Ltd.
CCT	Chiwan Container Terminal Co., Ltd. (controlled subsidiary of the Company)
SASAC of the State Council	State-Owned Assets Supervision and Administration Commission of the State Council
CSRC	China Securities Regulation Commission
Shenzhen CSRC	Shenzhen Bureau of China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
“The Company Law”	“The Company Law of the People’s Republic of China”
“The Securities Law”	“The Securities Law of the People’s Republic of China”
“The Articles of Association”	“The Articles of Association of Shenzhen Chiwan Wharf Holdings Limited”
“The Stock Listing Rules”	“The Stock Listing Rules of Shenzhen Stock Exchange”
The cninfo website	www.cninfo.com.cn

* China Merchants Holdings (International) Company Limited has officially changed its name to “China Merchants Port Holdings Company Limited” on 10 August 2016.

Section II. Company Profile & Financial Highlights

I. Company information

Stock abbr.	Chiwan Wharf A, Chiwan Wharf B	Stock code	000022, 200022
Stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	深圳赤湾港航股份有限公司		
Abbr. of the Chinese name of the Company	深赤湾		
English name of the Company (if any)	Shenzhen Chiwan Wharf Holdings Limited		
Abbr. of the English name of the Company (if any)	Chiwan Wharf		
Legal representative of the Company	Shi Wei		
Registered address	8/F, Chiwan Petroleum Building, Zhaoshang Street, Nanshan District, Shenzhen, PRC		
Zip code	518067		
Office address	8/F, Chiwan Petroleum Building, Zhaoshang Street, Nanshan District, Shenzhen, PRC		
Zip code	518067		
Internet website of the Company	http://www.szcwh.com		
Email address	cwh@szcwh.com		

II. Contact us

	Company Secretary	Securities Representative
Name	Wang Yongli	Hu Jingjing & Chen Dan
Contact address	8/F, Chiwan Petroleum Building, Zhaoshang Street, Nanshan District, 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. About information disclosure and where this Report is placed

Newspapers designated by the Company for information disclosure	Securities Times, Ta Kung Pao (HK)
Internet website designated by CSRC for disclosing this Report	http://www.cninfo.com.cn
Where this Report is placed	Company Secretary's Office

IV. Changes in the registered information

Credibility code	91440300618832968J
Changes in main business since going public (if any)	No changes
Changes of controlling shareholder (if any)	N/A

V. Other information

The CPAs firm hired by the Company:

Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Office address	30/F, 222 Yan An Road East, Huangpu District, Shanghai, P.R.C.
Signing accountants	Li Weihua, Su Min

Sponsor engaged by the Company to conduct sustained supervision during the reporting period

Applicable Inapplicable

Financial consultant engaged by the Company to conduct sustained supervision during the reporting period

Applicable Inapplicable

VI. Accounting and financial highlights

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 Yuan

Item	2016	2015	Increase/decrease of current year over last year	2014
Operating revenues	1,905,107,140.42	1,872,608,596.16	1.74%	1,804,766,176.31
Net profits attributable to shareholders of the parent	532,376,492.97	527,751,492.42	0.88%	417,594,271.33
Net profits attributable to shareholders of the parent before extraordinary gains and losses	530,615,980.15	528,043,530.88	0.49%	417,628,589.12
Net cash flows from operating activities	827,754,904.11	977,850,737.45	-15.35%	818,315,147.74
Basic EPS (RMB Yuan/share)	0.826	0.819	0.85%	0.648
Diluted EPS (RMB Yuan/share)	0.826	0.819	0.85%	0.648
Weighted average ROE (%)	11.64%	12.34%	-0.70%	10.36%
Item	As at 31 Dec. 2016	As at 31 Dec. 2015	Increase/decrease of current year-end than last year-end	As at 31 Dec. 2014
Total assets	6,620,476,709.79	6,913,772,876.99	-4.24%	6,935,824,199.68

Net assets attributable to shareholders of the Company	4,709,815,552.89	4,439,600,537.05	6.09%	4,115,298,831.59
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VII. 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

VIII. Financial highlights by quarter

Unit: RMB Yuan

Item	Q1	Q2	Q3	Q4
Operating revenues	441,414,712.95	463,394,939.29	513,538,393.69	486,759,094.49
Net profits attributable to shareholders of the parent	121,221,004.55	145,314,502.42	160,704,737.43	105,136,248.57
Net profits attributable to shareholders of the parent before extraordinary gains and losses	120,104,236.05	144,612,148.26	160,374,471.28	105,525,124.56
Net cash flows from operating activities	101,594,145.81	267,063,097.99	204,666,194.32	254,431,465.99

Indicate by tick mark whether there are any material differences between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports

Yes No

IX. Extraordinary gains and losses

Unit: RMB Yuan

Item	2016	2015	2014	Note
Profit or loss on disposal of non-current assets	-2,468,885.29	-748,062.06	-4,364,137.54	
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)	1,046,444.12	934,144.81	2,489,528.50	
Other non-operating income or expenses other than above	3,961,699.05	1,618,620.58	2,543,213.87	
Less: Tax effects	595,892.67	579,718.94	40,993.60	
Effects of minority interest (after tax)	182,852.39	1,517,022.85	661,929.02	
Total	1,760,512.82	-292,038.46	-34,317.79	--

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 III. Business Highlights

I. Main business during the reporting period

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

In the reporting period, the global economy was in deep change, international trade remained sluggish and slow growth became an ordinary state for the port industry, urging faster transformation by upgrading and integration of port resources. As a regional hub for container and bulk cargo carriers, the Company enjoyed growing business results as well as a stable and improving market position.

II. Material changes in main assets

1. Material changes in main assets

Applicable Inapplicable

2. Main assets overseas

Applicable Inapplicable

III. Core competitiveness analysis

Upon more than 3 decades of development, the Company has gathered a pool of experienced professionals and an excellent managerial team, with its business management highly recognized by shareholders and clients. With stable client sources and efficient business process flows, the Company is considered a leader in the sector in terms of operating efficiency. As a mature listed port company in China, the Company owns an excellent brand and reputation in the market.

Material changes as below in the Company's core competitiveness during the reporting period:

1. Container handling business: 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. The project of broadening and dredging Tonggu Sea Route went into operation in Nov, which would create a water depth navigable for vessels around the clock in Shenzhen western port area, achieving a bottleneck-breaking result.

2. Bulk cargo handling business: 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, which was

checked and accepted by the Customs. In Dec, the Technological transformation of Berth 7# , Chiwan Port was completed.

These improvements in resource capacity will further increase the Company's competitiveness and provide guarantee for its continuously stable development.

Section IV. Performance Discussion and Analysis

I. Business review

In 2016, the global economy remained in deep change which varied markedly among different regions. Profound changes also happened with trade rules, production modes, industrial layout, international division of labor, currency systems, etc. China steadily pushed forward its supply-side structural reform and transformation and deepened its pilot free trade zone reform. Its economic growth further slowed down to 6.7%, with the total import and export value down by 0.9% from last year. With continuously sluggish global shipping, the domestic port industry also grew at a slow pace. The country's coastal ports above the designated size registered a cargo throughput of 8.08 billion metric tons, representing 3.0% growth from last year, and a container throughput of 190 million TEU, up 3.4% from the year earlier. Under such circumstances, main production and operation indicators of the Company for the reporting period all registered increase. To be specific, the Company achieved a cargo throughput of 67.8 million metric tons, a year-on-year increase of 1.8%, which generated operating revenues of RMB1.91 billion, up 1.7% from last year; total profits of RMB0.77 billion, up 5.9% on a year-on-year basis; and net profits attributable to the Company (excluding subsidiaries) of RMB0.53 billion, representing a 0.9% growth from the year earlier.

1. Container handling business

Growth in the global container capacity significantly slowed down, but overcapacity wasn't substantively improved. With lower earnings for shipping enterprises, the bankrupt of Hanjin Shipping, the 7th largest shipping company in the world shocked the shipping industry. The shipping alliances were on the verge of a reshuffle due to series of merging and reorganization events in the industry. In the reporting period, container throughput of main ports in South China declined by 1.2% year on year, of which the data of Shenzhen port declined by 1.0%. We strengthened business expansion, closely followed up the route adjustment caused by the alliance reshuffle, energetically explored qualified routes, leading to growth in both local and transit container handling. We handled 5.035 million TEU of containers, up 5.8% 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 the government's structural reform of the supply front, as well as the market demand, China's imports of grain and fertilizer both decreased sharply. We adopted a business strategy of working on both domestic and foreign trade. As a result, the considerable growth in the domestic grain and feedstuff throughput made up for the drop in the foreign counterpart, and our total grain and feedstuff throughput is still at a leading position in the Pearl River Delta. Meanwhile, despite a weak demand, we are still a leader in terms of fertilizer throughput, with the compound fertilizer imports handled accounting for around 50% of China's market. At the same time, we strengthened business expansion. Breakthroughs have been made in new business and the comprehensive logistics services based on the ports have continued to develop, making clients more dependent on us. In the reporting period, we achieved a bulk cargo throughput of 18.822 million tons, down 2.4% from the year earlier.

3. Supporting services and investment management

Our supporting services of tow truck, tugboat, customs clearance, barge and the like went on smoothly, and gained goods. Meanwhile, our main investees such as China Overseas Harbour Affairs (Laizhou) 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.

Business highlights of the Company for the past three years are set out as follows:

Main business indicator	2016	2015	2014
Total throughput (thousand tons)	67,800	66,618	63,002
Among which:			
Container throughput (thousand TEU)	5,035	4,760	4,958
Bulk cargo throughput (thousand tons)	18,822	19,283	15,139
Hours charged for tow trucks (thousand hours)	1,165	1,129	1,170
Hours charged for tugboats (hour)	32,530	34,098	28,642

In the reporting period, we continued to push forward lean management and innovation work, and emphasized on improving quality and efficiency. We adapted to the management requirements in new situations by sorting and optimizing management process, as well as revising and perfecting systems. We combined theory training with work practice, and strengthened the guiding function of data analysis. Through making use of interest technologies, we carried forward the fusion of production network, and the Company's informationization. We encouraged technique and process reform, and new technology application, focused on solving and improving issues in the front line of production, and accomplished multiple projects of technical innovation. We combined the main wharf business with supporting businesses, arranged the participation in multiple logistics links, explored and extended the logistics chain service in ports. We developed special management and control on key costs, reached the annual target on management and control, and realized the increase of operating profits. We also expanded financing channels for a better debt structure and reduced the loans to avoid exchange rate risk, which helped cut down our finance costs in a significant way.

II. Main business analysis

1. Overview

Changes in main financial indicators in the reporting period are as follows:

Unit: RMB Yuan

Item	2016	2015	+/-	Reason
Operating revenues	1,905,107,140.42	1,872,608,596.16	1.74%	-
Operating costs	1,050,465,880.51	1,002,715,909.05	4.76%	-
Administrative expenses	174,521,284.02	175,644,906.71	-0.64%	-
Finance costs	17,022,615.47	59,500,840.56	-71.39%	Decrease in average balance of interest-bearing debts and average loan interest

Net cash flows from operating activities	827,754,904.11	977,850,737.45	-15.35%	-
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2. Revenues and costs

(1) Breakdown of operating revenues

Unit: RMB Yuan

Item	2016		2015		+/-
	Amount	In operating revenues	Amount	In operating revenues	
Operating revenues	1,905,107,140.42	100%	1,872,608,596.16	100%	1.74%
By segments					
Load and unload services	1,782,343,936.83	93.56%	1,747,972,945.00	93.34%	1.97%
Trailer and tugboat business	158,782,168.60	8.33%	158,969,818.91	8.49%	-0.12%
Agency and other services	29,384,718.03	1.54%	25,708,043.32	1.37%	14.30%
Inter-segment deduction	-65,403,683.04	-3.43%	-60,042,211.07	-3.21%	8.93%
By areas					
Mainland China	1,886,725,592.26	99.04%	1,855,423,240.72	99.08%	1.69%
Hong Kong, China	18,381,548.16	0.96%	17,185,355.44	0.92%	6.96%

(2) Segments, products or areas contributing over 10% of operating revenues or profit

Unit: RMB Yuan

Item	Operating revenue	Operating cost	Gross profit margin (%)	Operating revenue: +/-% from last year	Operating cost: +/-% from last year	Gross profit margin: +/-% from last year
By segments						
Load and unload services	1,782,343,936.83	976,831,006.93	45.19%	1.97%	4.94%	-1.55%
By areas						
Mainland China	1,886,725,592.26	1,035,760,386.34	45.10%	1.69%	4.72%	-1.59%

(3) Product sales higher than service income

Yes No

(4) Execution progress of major signed sales contracts in reporting period

Applicable Inapplicable

(5) Breakdown of operating costs

By segments and products

Unit: RMB Yuan

Segment	Item	2016		2015		+/-
		Amount	In operating costs	Amount	In operating costs	
Load and unload services	Load and unload services	976,831,006.93	92.99%	930,887,674.04	92.84%	4.94%
Trailer and tugboat business	Related road transportation and shipping	119,894,587.11	11.41%	118,198,934.43	11.79%	1.43%
Agency and other services	Agency	19,108,936.15	1.82%	13,671,511.65	1.36%	39.77%
Inter-segment deduction		-65,368,649.68	-6.22%	-60,042,211.07	-5.99%	8.87%
Total		1,050,465,880.51	100.00%	1,002,715,909.05	100.00%	4.76%

(6) Changes in consolidation scope for reporting period

Yes No

(7) Major changes in business, products or services in reporting period

Applicable Inapplicable

(8) Main clients and suppliers

Main clients

Sales income from top 5 clients (RMB Yuan)	1,053,730,861.13
In total sales income of the year (%)	55.31%
Total sales income from related parties among top 5 clients as a percentage of the total sales income of the year (%)	0%

Information about top 5 clients

Serial No.	Client	Sales income generated (RMB Yuan)	In total sales income of the year (%)
1	Client A	390,888,906.34	20.52%
2	Client B	287,577,575.57	15.10%
3	Client C	197,766,419.76	10.38%
4	Client D	89,559,790.11	4.70%
5	Client E	87,938,169.35	4.62%
Total	--	1,053,730,861.13	55.31%

Other information about the main clients

Applicable Inapplicable

Main suppliers

Procurement from top 5 suppliers (RMB Yuan)	295,502,508.27
In total procurement of the year (%)	41.00%
Total procurement from related parties among top 5 suppliers as a percentage of the total procurement of the year (%)	0%

Information about top 5 suppliers

Serial No.	Supplier	Procurement (RMB Yuan)	In total procurement of the year (%)
1	Supplier A	96,458,673.67	13.38%
2	Supplier B	60,759,336.04	8.43%
3	Supplier C	59,625,304.21	8.27%
4	Supplier D	43,829,203.50	6.08%
5	Supplier E	34,829,990.85	4.83%
Total	--	295,502,508.27	41.00%

Other information about the main suppliers

Applicable Inapplicable

3. Expense

Unit: RMB Yuan

Item	2016	2015	+/-	Explanation of any significant change
Administrative expenses	174,521,284.02	175,644,906.71	-0.64%	-
Finance costs	17,022,615.47	59,500,840.56	-71.39%	Decrease in average balance of interest-bearing debts and average loan interest

4. R&D input

Chiwan Container Terminal Co., Ltd. (“CCT”), one of the Company’s controlled subsidiaries, is a certified hi-tech enterprise. In light of its research on market needs and development trends in logistics, CCT plans to launch R&D projects focusing on “automatic hardware” and “intelligent software”.

The automatic hardware project of CCT will help increase working efficiency, reduce energy consumption, lower labor cost and improve safety. So far, the project has solved many technical problems that no one else in the world has ever done and entered Phase II, with realizing automatic vertical transport for all storage yards being its goal in the near future and materializing automation on most of the port operation being its long-term goal. This will greatly increase our working efficiency and help provide more efficient service for our clients.

The intelligent software project of CCT focuses on modern, intelligent, individualized and green logistics software for efficient, automatic operation to provide quick, convenient and high-efficient service for our clients. So far, all of our software systems are mature enough to perform in a quick and intelligent manner functions such as data collection, automatic control during the operation procedures and provision of fast and efficient service for clients. The era of internet is coming. We are planning to set up a sound internet of things to apply more automatic control on operation in the ports via intelligent software.

CCT uses hi-tech and intelligent software not only in automatic control, data control and client service, but also in green control as a response to the government’s call so as to transform from a conventional wharf into a modern logistics company.

Particulars about R&D input

Item	2016	2015	+/-%
Number of R&D personnel	76	65	16.92%
R&D personnel in total employees	5.37%	4.49%	0.88%
R&D input (RMB Yuan)	28,215,328.71	23,311,082.47	21.04%
R&D input in operating revenues	1.48%	1.24%	0.26%
Capitalized R&D input (RMB Yuan)	0	0	
Capitalized R&D input in total R&D input	0%	0%	

Reasons for any significant YoY change in the percentage of the R&D input in the operating revenues

Applicable Inapplicable

Reason for any sharp variation in the percentage of the capitalized R&D input and rationale

Applicable Inapplicable

5. Cash flows

Unit: RMB Yuan

Item	2016	2015	+/-	Reason
Subtotal of cash inflows from operating activities	1,983,146,777.05	2,011,334,460.41	-1.40%	-
Subtotal of cash outflows from operating activities	1,155,391,872.94	1,033,483,722.96	11.80%	-
Net cash flows from operating activities	827,754,904.11	977,850,737.45	-15.35%	-
Subtotal of cash inflows from investing activities	81,664,692.15	153,116,503.91	-46.66%	Sale of equity interests in China Development Finance last year
Subtotal of cash outflows from investing activities	171,567,857.53	152,822,155.82	12.27%	-
Net cash flows from investing activities	-89,903,165.38	294,348.09	30,643.15%	Payment for construction of granaries in Machong Wharf in current period; income from selling equity interests in China Development Finance last year
Subtotal of cash inflows from financing activities	950,000,000.00	933,885,679.50	1.73%	-
Subtotal of cash outflows from financing activities	1,956,089,056.07	1,706,368,356.34	14.63%	-
Net cash flows from financing activities	1,006,089,056.07	-772,482,676.84	-30.24%	Increased debt repayment
Net increase in cash and cash equivalents	-257,101,420.79	214,502,637.19	-219.86%	Decrease in net cash flows from operating and investing activities, as well as increased debt repayment

Reason for any big difference between the net operating cash flow and the net profit for this reporting period

Applicable Inapplicable

III. Non-core business analysis

Unit: RMB Yuan

Item	Amount	In total profit (%)	Source/reason	Recurring or not
Investment gains	120,483,875.42	15.63%	Profit from jointly-run and associated companies	Yes

Asset impairment	4,689,573.88	0.61%	Impairment provision made on a receivable from Hanjin Shipping	No
Non-operating revenues	5,695,583.80	0.74%	Disposal of non-current assets, government subsidies, etc.	No
Non-operating expenses	3,156,325.92	0.41%	Disposal of non-current assets	No

IV. Assets and liabilities

1. Major changes in asset composition

Unit: RMB Yuan

Item	As at 31 Dec. 2016		As at 31 Dec. 2015		Proportion change (%)	reason for major change
	Amount	In total assets (%)	Amount	In total assets (%)		
Monetary funds	426,036,702.87	6.44%	683,138,123.66	9.88%	-3.44%	Monetary funds decreased 38% from the opening amount of the year mainly because self-owned funds were used to repay interest-bearing debts in the current period
Accounts receivable	173,934,496.63	2.63%	189,016,564.86	2.73%	-0.10%	-
Inventories	14,771,410.09	0.22%	17,300,307.66	0.25%	-0.03%	-
Investing real estate	23,646,913.77	0.36%	26,747,795.38	0.39%	-0.03%	-
Long-term equity investment	1,490,427,656.53	22.51%	1,447,024,975.16	20.93%	1.58%	-
Fixed assets	3,036,813,842.54	45.87%	3,213,180,964.08	46.48%	-0.61%	-
Construction in progress	164,604,358.31	2.49%	22,222,084.78	0.32%	2.17%	Construction in progress increased 641% from the opening amount of the year mainly because of the payment for Machong Wharf's granary construction and Chiwan Wharf's berth 7# alteration in the year
Short-term borrowings			141,610,178.37	2.05%	-100%	Repaid

2. Assets and liabilities measured at fair value

Unit: RMB Yuan

Item	Opening amount	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchase amount in the reporting period	Sold amount in the reporting period	Closing amount
Financial assets							
Available-for-sale financial assets	8,750,000		-150,000				8,550,000
Subtotal of financial assets	8,750,000		-150,000				8,550,000
Total of the above	8,750,000		-150,000				8,550,000
Financial liabilities	0		0				0

Major changes in measurement attributes of main assets in reporting period

 Yes No**3. Restricted asset rights as of the end of this reporting period**

Inapplicable

V. Investments**1. General situation** Applicable Inapplicable**2. Major equity investments made in reporting period** Applicable Inapplicable**3. Major non-equity investments ongoing in reporting period** Applicable Inapplicable

4. Investments in financial assets

(1) Securities investment

Unit: RMB Yuan

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Opening book value	Gain/loss on fair value changes in current period	Cumulative fair value changes recorded into equity	Purchased in current period	Sold in current period	Gain/loss in current period	Closing book value	Accounting title	Source of funds
Stock	600377	Jiangsu Expressway	1,120,000	Fair value method	8,750,000	0	-150,000	0	0	400,000	8,550,000	Available-for-sale financial assets	Self-owned funds
Stock	400032	Petrochemical A1	3,500,000	Cost method	382,200	0	0	0	0	0	382,200	Available-for-sale financial assets	Self-owned funds
Stock	400009	Guangjian 1	27,500	Cost method	17,000	0	0	0	0	0	17,000	Available-for-sale financial assets	Self-owned funds
Total			4,647,500	--	9,149,200	0	-150,000	0	0	400,000	8,949,200	--	--

(2) Investments in financial derivatives

No such cases in reporting period

5. Use of raised funds

No such cases in reporting period

VI. Sale of major assets and equity interests

1. Sale of major assets

No such cases in reporting period

2. Sale of major equity interests

No such cases in reporting period

VII. Main controlled and joint stock companies

Main subsidiaries and joint stock companies with over 10% effect on the Company's net profit

Unit: RMB Yuan

Company name	Company variety	Main business	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Chiwan Container Terminal Co., Ltd.	Subsidiary	Container handling	USD95.3 million	1,965,224,639.43	1,804,827,351.32	780,248,364.76	335,020,399.72	287,120,208.26
Shenzhen Chiwan Harbor Container Co. Ltd.	Subsidiary	Container handling	RMB288.2 million	844,215,780.64	492,635,817.08	333,594,430.50	158,176,922.84	135,785,699.86
Dongguan Chiwan Terminal Co., Ltd.	Subsidiary	Handling and storage of bulk cargos	RMB400 million	947,915,459.60	556,799,419.25	229,420,530.53	68,738,680.34	68,866,908.53
Chiwan Wharf Holdings (HK) Limited	Subsidiary	Investment holding	HKD1 million	1,468,819,888.73	1,445,051,131.08	18,381,548.16	68,124,245.95	63,769,595.72

Other main subsidiaries and joint stock companies

Unit: RMB Yuan

Company name	Company variety	Industry	Main products /services	Registered capital	Total assets	Net assets	Net profit
Harbor Division	Non-independent legal entity	Transportation	Handling and warehousing of grain and feedstuff	N/A	619,555,521.69	515,410,792.19	26,004,945.56
Shenzhen Chiwan Transportation Co., Ltd.	Subsidiary	Transportation	Tow truck service for containers in the port	RMB15 million	75,543,534.69	33,654,003.93	3,360,711.40
Shenzhen Chiwan Tugboats Co., Ltd.	Subsidiary	Transportation	Tugboat service	RMB24 million	145,152,847.37	51,002,798.08	18,349,546.90
Dongguan Chiwan Wharf Company Limited	Subsidiary	Transportation	Handling and storage of bulk cargos	RMB450 million	1,054,834,857.77	752,469,897.99	55,127,446.88
China Overseas Harbour Affairs (Laizhou) Co., Ltd.	Stock-participating subsidiary	Transportation	Handling and warehousing of petroleum, liquefied products and bulk cargos	USD176,407,700	2,218,646,787.48	1,985,353,143.45	150,392,274.39

VIII. Structured bodies controlled by the Company

Applicable Inapplicable

IX. Outlook of the Company's future development

1. Outlook and trends of the industry

2017 is expected to continue to see a complicated and serious situation in the global economy as well as a slow development pace in global shipping, which wouldn't be changed in a short term. The economy of traditional industry will be in the passage of reducing excess production capacity in a long term. The fast growth of port throughput slowed down to intermediate, even unit-digit speed, representing a situation where the net growth of throughput and annual average growth speed both declined. The development of China's port industry will transfer from obtaining benefits by relying on the bonus brought by economy development to obtaining benefits by improving quality and efficiency, as well as building high-end value chain by itself. The excess production capacity will intensify regional competitions, making mutual benefit and win-win result caused by leveraging resource integration becomes the general trend.

In terms of container handling, container throughput in the Pearl River Delta is expected to remain stable. Larger ships and shipping alliances have made clients more centralized. The adjustment of regional industry layout, as well as the rapid development of cross-border E-commerce put forward higher requirements to container ports. The risk of business fluctuation will aggravate. The industry position and business scale of the Company, the regional hub port, will keep steady.

As for bulk cargo handling, regional demand for grain and feedstuff keeps growing, and the demand for fertilizer keeps stable. In future, with the improvement of resource capability of bulk cargo handling, the development of bonded and transit businesses, and the cultivation of new supply of good and new business forms, the overall market competitiveness will continuously get enhanced. Throughput of our bulk cargo handling business will expectedly keep stable growing, constantly occupying the leading position in regional market.

2. Development strategy

During the 13th Five-Year Plan period, focusing on the strategy vision of "Building the Regional 1st Level's Port Integrated Servicer", With our strategic standard of development being "Based on Main Business of Port Service, Be a Local Standard; Expand Comprehensive Service for Business Upgrade", we strive to build a company featuring excellent management, great efficiency, potential for sustained development and the ability to create constant value for its shareholders, employees, clients and the society.

In the reporting period, we researched and formulated the implementation schemes for our strategic planning. In future, we will intensively farm on the area on the basis of main businesses, fully take advantage of the internet tools to exert ourselves to develop port investment and operation business, port integrated development business, and port extending service business. We'll put forth effort on improving our ability of lean management, driving innovation, resource integration, organization establishment, as well as risk management.

3. Business plans for 2017

In face of the complex and changeable market in 2017, we will adhere to the guideline of "Aiming at development through Real Practice and Solid Work, Creating 1st Class Company on the basis of Main businesses" and vigorously respond to challenges so as to achieve sound growth in our business results and profits. Our main business plans are as follows:

(1) To know well about the market situation, and ensure business growth in size

In order for a steady growth in our business scale, we will actively deal with changes in the shipping market and industry trends, keep up-and-coming commercial strategies, solidify and increase our local market position, as well as continue to expand and extend integrated services based on the main port business, and enhance customer's stickiness

(2) To optimize resource allocation and improve resource utilization rate

We'll positively carry forward the 270-meter broadening and dredging project for Tonggu sea route, improve the hardware conditions for shipping, launch the transformation of Berth 5-6# , Chiwan Port, and keep propelling the reformation of the storage yard in ports. The Bulk grain warehouses Phase II, Machong Port will be accomplished and put into operation, and the construction of the Bulk grain warehouses Phase III., together with other supporting facilities, will be accelerated. We'll reinforce the optimization and utilization of the existing stock of resources, and improve the resources utilization in full aspects.

(3) To enhance lean management and innovation to improve quality and efficiency for internal management

Lean management and innovation will be pushed forward in the form of projects. We'll impel and implement the informatization construction plan to improve the port management efficiency. We'll strength establishing institutions and the personnel, perfect risk management and control system, and ensure our standard operation. We'll specially carry forward management and control on key costs in multiple dimensions, and execute long-acting tracking. We'll encourage technology transformation and innovation aiming at providing practical production solutions to give expression to the values of innovation.

(4) To look for investment and cooperation opportunities to push forward our leaping development

We will keep looking for regional opportunities for resource integration and business expansion, and make use of our financing platform and brand advantage, so as to further perfect and enlarge our business layout and achieve business synergistic effect. And at the same time, we'll propel strategic cooperation to lock in qualified customers, so that our integrated competitiveness can be improved.

4. Capital needs and expenditure plan for 2017

To implement our future development strategies and achieve the business goals we have set, a capital expenditure of RMB537.60 million is planned for 2017, of which RMB407.70 million will be invested in wharfs and warehouses, RMB79.19 million in mechanical equipment and technical improvement projects, RMB43.46 million in computer projects and RMB7.25 million in administration and other. The said capital expenditures will be mainly funded by cash inflows from operating activities of the Company and borrowings from interbank markets and financial institutions.

5. Possible risks and countermeasures

(1) Risk concerning the external environment

Our main businesses depend largely on the domestic and international macro economy and trade trends. Currently, we face great challenges in business development due to the consistently weak global economy, the increasingly stronger shipping alliances, the slow growth of port business scale and operating profit. We will positively research and estimate on the changes in the operating environment, improve our flexibility to adapt to the market, and meanwhile, optimize resource allocation based on proper situations, so as to transform our operation mode the direction of adapting to regional economy development and industry upgrade. We'll seek for opportunities against challenges, and strive for the steadiness of core businesses.

(2) Risk concerning regional competitions

The Pearl River Delta is already dense with ports, and there is port capacity increasing consistently to heat up competition in a slow-growing market. Our container and bulk cargo businesses has always been placed in the regional hub port and leading position, together with the synergistic operation advantage, have created strong market competitiveness. With the gradually improving resource capability and strengthening regional cooperation in future, our comprehensive competitiveness will be further enhanced.

(3) Risk of uprising costs

Prices of production elements such as land and labor keep rising, resulting to rigid increase of the operating cost of wharfs, and squeezing the space for enterprise profits. We will enhance the utilization and analysis on the existing stock of resources, deeply dig out the utilization efficiency of resources such as land and shorelines. We'll keep reinforcing on lean management and innovation to improve quality and efficiency, specially push forward cost control participated by the whole personnel, covering the whole process and whole aspects, so as to remit the pressure form uprising costs.

X. Visits paid to the Company for purposes of research, communication, interview, etc.**1. In the reporting period**

Date	Way of visit	Type of visitor	Main discussion, materials provided & index
Jan.-Dec. 2016	By phone or written inquiry (EasyIR platform of SZSE)	Individuals and institutions	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ssessgs/S000022/index.html)
Times of visit			162
Number of visiting institutions			11
Number of visiting individuals			151
Number of other visiting entities			0
Significant undisclosed information disclosed, revealed or leaked			None

2. From end of reporting period to disclosure date

Date	Way of visit	Type of visitor	Main discussion, materials provided & index
Jan.-Mar. 2017	By phone or written inquiry (EasyIR platform of SZSE)	Individuals and institutions	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ssessgs/S000022/index.html)

Times of visit	22
Number of visiting institutions	9
Number of visiting individuals	13
Number of other visiting entities	0
Significant undisclosed information disclosed, revealed or leaked	None

Section V. Significant Events

1. Profit distribution to common shareholders & increase of share capital from capital reserve

Formulation, execution or adjustments of profit distribution policy for common shareholders, especially cash dividend policy, in 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 (for the revised Articles of Association of the Company, see www.cninfo.com.cn). 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.

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

Profit distribution plans (preplans) for common shareholders and plans (preplans) for turning capital reserve into share capital for recent three years (including reporting period)

(1) Profit distribution and dividend payout plan for 2014

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company (without subsidiaries) for 2014 stood at RMB268,153,919.27 and the cumulative distributable profit at RMB648,306,530.85.

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 2014, equal to 80.66% of the registered capital. Therefore, the Company did not plan to draw surplus reserve from retained profit for 2014.

2) Based on the total 644,763,730 shares as at the end of 2014, a cash dividend of RMB3.24 (tax included) was to be distributed for every 10 shares, with a total of RMB208,903,448.52 being distributed.

After the aforesaid allocations, the retained profit of the Company (without subsidiaries) stood at RMB439,403,082.33.

The Board of Directors of the Company published the implementation announcement on dividend payout for 2014 on Securities Times and Ta Kung Pao (HK) dated 14 Jul. 2015, and completed the dividend payout for the A-share and B-share holders on 22 Jul. 2015 and 24 Jul. 2015 respectively.

(2) Profit distribution and dividend payout plan for 2015

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 intended not to draw surplus reserve from retained profit for 2015.

2) 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 RMB 264,353,129.30 being distributed.

The Board of Directors of the Company published the implementation announcement on dividend payout for 2015 on Securities Times and Ta Kung Pao (HK) dated 21 Jul. 2016, and completed the dividend payout for the A-share and B-share holders on 28 Jul. 2016 and 1 Aug. 2016 respectively.

(3) Profit distribution and dividend payout pre-plan for 2016

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company (without subsidiaries) for 2016 stood at RMB195,474,231.11 and the cumulative distributable profit at RMB634,765,399.86.

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 2016, equal to 80.66% of the registered capital. Therefore, the Company intends not to draw surplus reserve from retained profit for 2016.

2) As planned, based on the total 644,763,730 shares as at the end of 2016, a cash dividend of RMB4.96 (tax included) was to be distributed for every 10 shares, with a total of RMB319,802,810.08 being distributed.

After the aforesaid allocations, the retained profit of the Company (without subsidiaries) stood at RMB314,962,589.78.

The above-mentioned allocation plan shall be submitted to the 2016 Annual Shareholders' Meeting for review and approval.

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

Unit: RMB Yuan

Year	Cash dividend (tax included)	Net profit attributable to common shareholders of the Company in consolidated statement for the year	Ratio of cash dividend to net profit attributable to common shareholders of the Company in consolidated statement (%)	Cash dividend in other forms	Ratio of cash dividend in other forms
2016	319,802,810.08	532,376,492.97	60.07%	0	0%
2015	264,353,129.30	527,751,492.42	50.09%	0	0%
2014	208,903,448.52	417,594,271.33	50.03%	0	0%

II. Pre-plan for profit allocation and turning capital reserve into share capital for reporting period

Dividend for every 10 shares (RMB Yuan) (tax included)	4.96
Increased shares for every 10 shares (share)	0
Total shares as the basis for the allocation preplan (share)	644,763,730
Total cash dividends (RMB Yuan) (tax included)	319,802,810.08
Distributable profit (RMB Yuan)	634,765,399.86
Percentage of the cash dividends in the total distributed profit (%)	100%

Details of profit distribution for the year

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company (without subsidiaries) for 2016 stood at RMB195,474,231.11 and the cumulative distributable profit at RMB634,765,399.86.

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 2016, equal to 80.66% of the registered capital. Therefore, the Company intends not to draw surplus reserve from retained profit for 2016.

2. As planned, based on the total 644,763,730 shares as at the end of 2016, a cash dividend of RMB4.96 (tax included) was to be distributed for every 10 shares, with a total of RMB319,802,810.08 being distributed.

After the aforesaid allocations, the retained profit of the Company (without subsidiaries) stood at RMB314,962,589.78.

The above-mentioned allocation plan shall be submitted to the 2016 Annual Shareholders' Meeting for review and approval.

III. Fulfillment of commitments

1. Commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers, fulfilled in reporting period or ongoing at period-end

Commitment	Commitment maker	Type of commitment	Contents	Time of making commitment	Period of commitment	Fulfillment
Share reform commitment	CND Group	Other	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.	Apr. 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	CMPort	Commitment on horizontal competition,	1. Commitments about share custody; 2. Commitment about	17 Sept. 2012	Concerning horizontal competition, it is	In the process of execution

report or the report on equity changes		related-party transactions and capital occupation	guaranteeing the independency of the Company; 3. Commitment about horizontal competition; and 4. Commitment about regulating related-party transactions		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.	
	Malai Storage	Commitment on horizontal competition, related-party transactions and capital occupation	1. Commitment about guaranteeing the independency of the Company; 2. Commitment about horizontal competition; and 3. Commitment about regulating related-party transactions	27 Dec. 2012	Whenever Malai Storage holds the Company's shares	In the process of execution
Commitment in asset reorganization						
Commitment in IPO or refinancing						
Equity incentive commitment						
Other commitments made to minority shareholders	CND Group	Other	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.	20 Mar. 2011	Standing	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			

2. Where there had been an earnings forecast for an asset or project and the reporting period was still within the forecast period, explain why the forecast has been reached for the reporting period

Applicable Inapplicable

IV. Occupation of the Company's capital by the controlling shareholder or its related parties for non-operating purposes

During the reporting period, the controlling shareholder or its related parties did not occupy capital for non-operating purposes or repay such capital. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued the "Special Report on Capital Occupation by the Controlling Shareholder and Other Related Parties of Shenzhen Chiwan Wharf Holdings Limited. For the detailed report, see the website designated by the Company for information disclosure.

V. Explanation given by the Board of Directors, Supervisory Board and Independent Directors (if applicable) regarding the "non-standard auditor's report" issued by the CPAs firm for the reporting period

Applicable Inapplicable

VI. Explain change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year

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

VII. Explain retrospective restatement due to correction of significant accounting errors in the reporting period

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

VIII. Explain change of the consolidation scope as compared with the financial reporting of last year

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

IX. Particulars about engagement and disengagement of CPAs firm

Present CPAs firm:

Name of domestic CPAs firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic CPAs firm (RMB'0,000)	229
Consecutive years of the audit services provided by domestic CPAs firm	5
Name of the certified public accountants from the domestic CPAs firm	Li Weihua, Su Min
Name of overseas CPAs firm (if any)	N/A
Remuneration of overseas CPAs firm (RMB'0,000)	0

Consecutive years of the audit services provided by overseas CPAs firm (if any)	N/A
Name of the certified public accountants from the overseas CPAs firm (if any)	N/A

CPAs firm changed in current period or not?

Yes No

CPAs firm, financial accountant or sponsor engaged for the audit of internal control:

As approved by the 1st Session of the Audit Committee under the 8th Board of Directors for 2016, the 5th Session of the 8th Board of Directors and the Annual General Meeting for 2015, it was agreed to renew the employment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's accounting firm for 2016 to audit the annual financial report and internal control. The fee for auditing the financial report for 2016 and internal control are RMB1.93 million and RMB0.36 million respectively, totaling RMB2.29 million.

X. Particulars about trading suspension and termination faced after the disclosure of annual report

Applicable Inapplicable

XI. Related events of the bankruptcy organization

Applicable Inapplicable

XII. Significant lawsuits and arbitrations

Applicable Inapplicable

XIII. Punishment and rectification

Applicable Inapplicable

XIV. Credit conditions of the Company as well as its controlling shareholder and actual controller

Applicable Inapplicable

XV. Execution of the equity incentive plan, employee stock ownership plan or other incentive measures for employees of the Company

Applicable Inapplicable

XVI. Significant related-party transactions**1. Related-party transactions relevant to routine operation**

Unit: RMB Yuan

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (RMB10,000 ⁰)	Proportion in same kind of transactions	Approved transaction amount (RMB10,000 ⁰)	Whether exceeded the approved amount	Settlement method of the related-party transaction	Similar market price	Disclosure date	Disclosure index
CND Group	Shareholder	Lease	Land use fee	Mutual negotiation	61,655,931.48	6,165.59	80.67%	7,000	No	Payment by month	61,655,931.48	28 Mar. 2016	See http://www.cninfo.com.cn for the resolution announcement (No. 2016-013)
Total				--	--	6,165.59	--	7,000	--	--	--	--	--
Details about return of large-amount sales				Inapplicable									
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)				Inapplicable									
Explain why the transaction price is greatly different from the market price (if applicable)				Inapplicable									

2. Related-party transactions arising from assets or equities acquisition and sale of assets
 Applicable Inapplicable
3. Related-party transactions arising from joint investment in external parties
 Applicable Inapplicable
4. Credits and liabilities with related parties
 Applicable Inapplicable

5. Other significant related-party transactions

Unit: RMB'0,000

Related party	Relation	Type of credit/liability	Reason for credit/liability	Whether there was non-operating capital occupation	Opening balance	Increase	Decrease	Closing balance	Disclosure date	Disclosure index
CDF	Related party*	Receivable from related party	Deposits	No	5,564.91	27,726.27	33,170	121.19	28 Mar. 2016	See http://www.cninfo.com.cn for the resolution announcement (No. 2016-013)

* On 30 Nov. 2015, the Company signed an equity transfer contract with CND Group, transferring the 20% stake it held in CDF to the latter for RMB112,900,000. Starting from the transfer day, CDF is no longer an associate of the Company. However, the parent company of the Company still has a significant influence on CDF and the Company's director Zhang Jianguo is also a director of CDF, which thus makes CDF a related party of the Company.

Deloitte Touche Tohmatsu Huayong CPAs Firm (LLP) issued the Special Notes of the Financial Business Involved with the Loans and Deposits of the Related-party Transactions of the Financial Companies according to the above financial business and for the specific content please refer to www.cninfo.com.cn.

XVII. Particulars about significant contracts and their fulfillment**1. Trusteeship, contracting and leasing****(1) Trusteeship**

Applicable Inapplicable

(2) Contracting

Applicable Inapplicable

(3) Leasing

Applicable Inapplicable

2. Significant guarantee

Applicable Inapplicable

3. Entrusted cash management

(1) Entrusted asset management

Applicable Inapplicable

(2) Entrusted loans

Applicable Inapplicable

4. Other significant contracts

Applicable Inapplicable

XVIII. Social responsibilities

1. Targeted measures taken to help people lift themselves out of poverty

Applicable Inapplicable

2. Other social responsibilities taken

The Company has been paying high attention on fulfilling the social responsibility, and has comprehensively integrated the requirements of fulfilling social responsibility into development strategy and daily operation management. The Company made great efforts to build the green port of “resources-saving” as well as “environmentally friendly” type, so as to realize the healthy and harmonious development between the enterprise and the employees, enterprise and the society, enterprise and the environment.

The Company maintained the legitimate interests of the employees according to laws, cared for the employees and with whom, vigorously built the harmonious labor-capital relationship; conducted trainings and communication activities related to employee skills, management ability, and cohesiveness in various forms, and improved employees’ work autonomy and enthusiasm in all-around vision; built an appraisal mechanism which was objective and fair, normative and transparent as well as performance-oriented; positively put internal public-recruitment for the management into trial use, enlarged the promotion channel for employees, and provided employees with more opportunities and platforms for development.

Paying high attention on the production safety and occupational health, the Company successfully passed the recheck for safety standard in 2016. The Company conscientiously implemented the system of responsibility in safe production with the character of “one position pairing dual responsibilities”, took advantage of the advanced safety management system, executed the safety inspection and hidden risks governance in production places in strict accordance with the safety management and control standards of “Five Inspection” and “Five Appropriateness”, and held many times of emergency drills and specific rectification so that the safety awareness of the whole staffs improved obviously with no significant safety production liability accident of the Company during 2016.

In purpose of contributing to a livable environment, the Company pursued for promoting the resources saving and environmental protection by the technology innovation. Environmental monitoring was intensified in daily production. The Company reduced the energy consumption as well as the pollutant emission through a serious of measures such as promoting the usage of double towing bracket trailer, the mobile stacker crane, as well as the research and manufacture of the bulk grain dust suppression hopper, of which the mobile stacker crane won the practical and new patent certification in Aug 2016. The Company strictly executed environmental requirements in engineering project design and construction, as well as positively supported the special investigation by the environment protection bureau.

In order to effectively protect the rightful interests of clients and suppliers, the Company improved service quality and standardized the procurement process. In Sep 2016, two enterprises of the Company, the Chiwan Port and the Machong Port, both won the honor of “Faithful Enterprise in Import and Export Quality in China in 2016” awarded by the China Entry-Exit Inspection and Quarantine Association.

Does the listed company or its subsidiaries belong to the heavily polluting industries stipulated by the environmental protection authorities of the country?

Yes No Inapplicable

Whether a social responsibility report is released

Yes No

XIX. 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.	Date	Content
2016-001	2016-01-06	Announcement on Resolutions of the First Special Meeting of the Eighth Board of Directors in 2016
2016-002	2016-01-06	Notice of the First Special General Meeting in 2016
2016-003	2016-01-09	Announcement on Business Volume Data of Dec 2015
2016-004	2016-01-18	Indicative Announcement on Convening the First Special General Meeting in 2016
2016-005	2016-01-23	Announcement on Resolutions of the First Special General Meeting in 2016
2016-006	2016-01-23	Announcement on Resolutions of the Second Special Meeting of the Eighth Board of Directors in 2016
2016-007	2016-02-05	Announcement on Business Volume Data of Jan 2016
2016-008	2016-02-19	Announcement on Abnormality of Stock Price
2016-009	2016-03-10	Announcement on Business Volume Data of Feb 2016
2016-010	2016-03-28	Announcement on Resolutions of the Fifth Meeting of the Eighth Board of Directors
2016-011	2016-03-28	Announcement on Resolutions of the Fifth Meeting of the Eighth Supervisory Board
2016-012	2016-03-28	Abstract of Annual Report 2015
2016-013	2016-03-28	Announcement on Expected Routine Related-Party Transactions for 2016
2016-014	2016-04-08	Announcement on Business Volume Data of Mar 2016
2016-015	2016-04-15	Announcement on the Due Payment of 2015 Phase I Short-term Financing Bonds
2016-016	2016-04-23	Announcement on Follow-up Rating Result of Corporate Bond “13 Chiwan 01”
2016-017	2016-04-27	Announcement on Resolutions of the Third Special Meeting of the Eighth Board of Directors in 2016

2016-018	2016-04-27	Quarter One Report 2016
2016-019	2016-04-27	Announcement on Joint Investment with Related Party in Haixing Onoda Project
2016-020	2016-04-27	Notice of Convening Annual General Meeting 2015
2016-021	2016-05-10	Announcement on Business Volume Data of Apr 2016
2016-022	2016-05-28	Indicative Announcement on Convening Annual General Meeting 2015
2016-023	2016-06-07	Announcement on Resolutions of Annual General Meeting 2015
2016-024	2016-06-08	Announcement on the Due Payment of 2015 Phase III Super-short-term Financing Bonds
2016-025	2016-06-13	Announcement on Business Volume Data of May 2016
2016-026	2017-07-12	Voluntary Information Disclosure Announcement on Business Volume Data of Jun 2016
2016-027	2016-07-18	Indicative Announcement on Issue of 2016 Phase I Super-short-term Financing Bonds
2016-028	2016-07-21	Announcement on the Execution of the 2015 Dividend Payout
2016-029	2016-07-23	Announcement on Issue Results of 2016 Phase I Super-short-term Financing Bonds
2016-030	2016-08-06	Announcement on Obtaining Registration Permit for Issuing Medium Term Notes
2016-031	2016-08-11	Voluntary Information Disclosure Announcement on Business Volume Data of Jul 2016
2016-032	2016-08-26	Announcement on Resolutions of the Sixth Meeting of the Eighth Board of Directors
2016-033	2016-08-26	Abstract of 2016 Semi-annual Report
2016-034	2016-08-26	First Indicative Announcement on Exercise of Issuer Redemption Option on the 2013 Corporate Bonds (Phase I)
2016-035	2016-08-31	Second Indicative Announcement on Exercise of Issuer Redemption Option on the 2013 Corporate Bonds (Phase I)
2016-036	2016-09-02	Third Indicative Announcement on Exercise of Issuer Redemption Option on the 2013 Corporate Bonds (Phase I)
2016-037	2016-09-08	Voluntary Information Disclosure Announcement on Business Volume Data of Aug 2016
2016-038	2016-10-11	Indicative Announcement on Issue of 2016 Phase II Super-short-term Financing Bonds
2016-039	2016-10-11	Indicative Announcement on Issue of 2016 Phase I Medium Term Notes
2016-040	2016-10-12	Voluntary Information Disclosure Announcement on Business Volume Data of Sep 2016
2016-041	2016-10-14	Announcement on Issue Results of 2016 Phase II Super-short-term Financing Bonds
2016-042	2016-10-14	Announcement on Issue Results of 2016 Phase I Medium Term Notes
2016-043	2016-10-18	Announcement on Redemption Result and Delisting of 2013 Corporate Bonds (Phase I)
2016-044	2016-10-28	Announcement on Resolutions of the Fourth Special Meeting of the Eighth Board of Directors in 2016
2016-045	2016-10-28	Quarter Three Report 2016
2016-046	2016-10-28	Announcement on Holding the Internet Reception for Investors
2016-047	2016-11-03	Announcement on Details of the Internet Reception for Investors
2016-048	2016-11-07	Voluntary Information Disclosure Announcement on Business Volume Data of Oct 2016
2016-049	2016-12-07	Indicative Announcement on Issue of 2016 Phase III Super-short-term Financing Bonds
2016-050	2016-12-08	Voluntary Information Disclosure Announcement on Business Volume Data of Nov 2016
2016-051	2016-12-13	Announcement on Issue Results of 2016 Phase III Super-short-term Financing Bonds
2016-052	2016-12-22	Announcement on the Due Payment of 2016 Phase I Super-short-term Financing Bonds
2016-053	2016-12-24	Announcement on the Due Payment of 2016 Phase II Super-short-term Financing Bonds

XX. Significant events of the subsidiaries of the Company

Applicable Inapplicable

Section VI. Share Changes & Particulars about Shareholders

I. Changes in shares

1. Changes in shares

Unit: share

	Before		Increase (+)/ decrease (-)					After	
	Number	Percent age (%)	Issue of additional shares	Bonus issue	Reserves to stocks	Other	Sub-total	Number	Percent age (%)
I. Restricted shares	431,094	0.07%	0	0	0	-125,994	-125,994	305,100	0.05%
1. Shares held by state	0	0%	0	0	0	0	0	0	0%
2. Shares held by state-owned corporations	0	0%	0	0	0	0	0	0	0%
3. Shares held by other domestic investors	431,094	0%	0	0	0	-125,994	-125,994	305,100	0%
Including: Shares held by domestic corporations	0	0%	0	0	0	0	0	0	0%
Shares held by domestic individuals	431,094	0%	0	0	0	-125,994	-125,994	305,100	0%
4. Shares held by foreign investors	0	0%	0	0	0	0	0	0	0%
Including: 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. Other	0	0%	0	0	0	0	0	0	0%
III. Total shares	644,763,730	100%						644,763,730	100%

Reasons for share changes

A. Director changes; and B. Increases and decreases in tradable shareholdings by senior management.

Particulars about the approval of the change in share capital

Applicable Inapplicable

The transfer of change in share capital

Applicable Inapplicable

Change in share capital's impacts on basic EPS and diluted EPS in recent year and recent issue, and net assets per share attributed to equity shareholder and financial index etc.

Applicable Inapplicable

Other contents was necessary to the company or the securities regulators required to be disclosed

Applicable Inapplicable

2. Changes in restricted shares

Unit: share

Name of shareholders	Number of restricted shares at the period-begin	Number of relieved restricted shares	Number of increased restricted shares	Number of restricted shares at the period-end	Reason of restriction	Date of restriction relief
Qu Jiandong	0	0	84,408	84,408	According to the Articles of Association and the relevant laws and regulations	-
Zhang Jianguo	55,712	0	0	55,712		-
Yuan Yuhui	10,530	0	0	10,530		-
Ni Keqin	21,909	0	0	21,909		-
Zhao Qiang	11,328	0	0	11,328		-
Nie Qi	64,057	0	2,250	66,307		-
Zhao Chaoxiong	48,716	0	0	48,716		-
Wang Yongli	3,739	0	0	3,739		-
Zhang Fang	2,451	0	0	2,451		-
Zheng Shaoping	212,652	212,652	0	0		30 Jun. 2016
Total	431,094	212,652	86,658	305,100	--	--

II. Issuance and listing of securities

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

Applicable Inapplicable

2. List of the total shares and the changes of the shareholders structure as well as the changes of the assets and liabilities structure of the Company

Applicable Inapplicable

3. List of the existing internal employee stocks

Applicable Inapplicable

III. Shareholders and actual controller

1. Total number of shareholders and their shareholdings

Unit: share

Total number of common shareholders at period-end	35,947, including 25,640 A-shareholders and 10,307 B-shareholders	Total number of common shareholders at pervious month-end of this Report's disclosure	33,345, including 22,841 A-shareholders and 10,504 B-shareholders	Total number of preference shareholders with resumed voting rights at period-end (if any)	0	Total number of preference shareholders with resumed voting rights at pervious month-end of this Report's disclosure (if any)	0
Shareholdings of shareholders with a stake over 5%							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at period-end	+/- in reporting period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares
CHINA NANSHAN DEVELOPMENT (GROUP) INC.	State-owned corporation	32.52%	209,687,067	0	0	209,687,067	0
SHENZHEN MALAI STORAGE CO., LTD.	Common domestic corporation	25.00%	161,190,933	0	0	161,190,933	0
KEEN FIELD ENTERPRISES LIMITED	Foreign corporation	8.58%	55,314,208	0	0	55,314,208	Unknown
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign corporation	7.43%	47,914,954	0	0	47,914,954	Unknown
ICBC—LION VALUE GROWTH STOCK FUND	Common domestic corporation	0.42%	2,698,775	2,698,775	0	2,698,775	Unknown
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign corporation	0.41%	2,617,518	0	0	2,617,518	Unknown

SHENWAN HONGYUAN SECURITIES (HK) LIMITED	Foreign corporation	0.39%	2,511,586	2,511,586	0	2,511,586	Unknown
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.38%	2,451,059	515,483	0	2,451,059	Unknown
TEMPLETON ASIAN GROWTH FUND	Foreign corporation	0.29%	1,885,170	-772,682	0	1,885,170	Unknown
NORGES BANK	Foreign corporation	0.26%	1,660,562	579,100	0	1,660,562	Unknown
Strategic investors or general corporations becoming top-ten shareholders due to placing of new shares (if any)	N/A						
Related or acting-in-concert parties among the shareholders above	China Merchants Port Holdings Company Limited (“CMPort”) is a shareholder of China Nanshan Development (Group) Inc., and Shenzhen Malai Storage Co., Ltd. and Keen Field Enterprises Limited are both wholly-funded subsidiaries of CMPort. Other than that, the Company does not know whether the other non-restricted shareholders are related parties or not.						
Shareholdings of top 10 non-restricted share holders							
Name of shareholder	Number of non-restricted shares held at period-end	Type of shares					
		Type	Number				
CHINA NANSHAN DEVELOPMENT (GROUP) INC.	209,687,067	A share	209,687,067				
SHENZHEN MALAI STORAGE CO., LTD.	161,190,933	A share	161,190,933				
KEEN FIELD ENTERPRISES LIMITED	55,314,208	B share	55,314,208				
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	47,914,954	B share	47,914,954				
ICBC—LION VALUE GROWTH STOCK FUND	2,698,775	A share	2,698,775				
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	2,617,518	B share	2,617,518				
SHENWAN HONGYUAN SECURITIES (HK) LIMITED	2,511,586	B share	2,511,586				
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	2,451,059	B share	2,451,059				
TEMPLETON ASIAN GROWTH FUND	1,885,170	B share	1,885,170				
NORGES BANK	1,660,562	B share	1,660,562				
Related or acting-in-concert parties among the top ten non-restrictedly tradable share holders and between the top ten non-restrictedly tradable share holders and the top ten shareholders	China Merchants Port Holdings Company Limited (“CMPort”) is a shareholder of China Nanshan Development (Group) Inc., and Shenzhen Malai Storage Co., Ltd. and Keen Field Enterprises Limited are both wholly-funded subsidiaries of CMPort. Other than that, the Company does not know whether the other non-restricted shareholders are related parties or not.						
Top ten common shareholders conducting securities margin trading (if any)	N/A						

Neither the top 10 common shareholders nor the top 10 shareholders holding shares not subject to trading moratorium of the Company had conducted the transaction of repurchase under the agreement during the reporting period.

2. Particulars about the controlling shareholder

Nature of the controlling shareholders: central state-owned shareholding

Type of the controlling shareholders: corporation

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Business scope
China Merchants Port Holdings Company Limited	Li Xiaopeng	28 May 1991	14602056-000-05-16-0	Port services, bonded logistic and cold chain services, property development and investment
Equities held by the controlling shareholder in other listed companies at home or overseas by holding or shareholding during the reporting period	CMPort holds: 24.05% shares of Shanghai International Port (Group) Co., Ltd.; 24.53% shares of China International Marine Containers (Group) Co., Ltd.; 21.05% shares of Dalian Port (PDA) Company Limited; 3.50% shares of Ningbo Port Co., Ltd.; and 3.21% shares of Qingdao Port International Co., Ltd.			

There was no change of the controlling shareholders of the Company during the reporting period.

3. Particulars about the actual controller

Nature of the actual controller: central state-owned assets management institutions

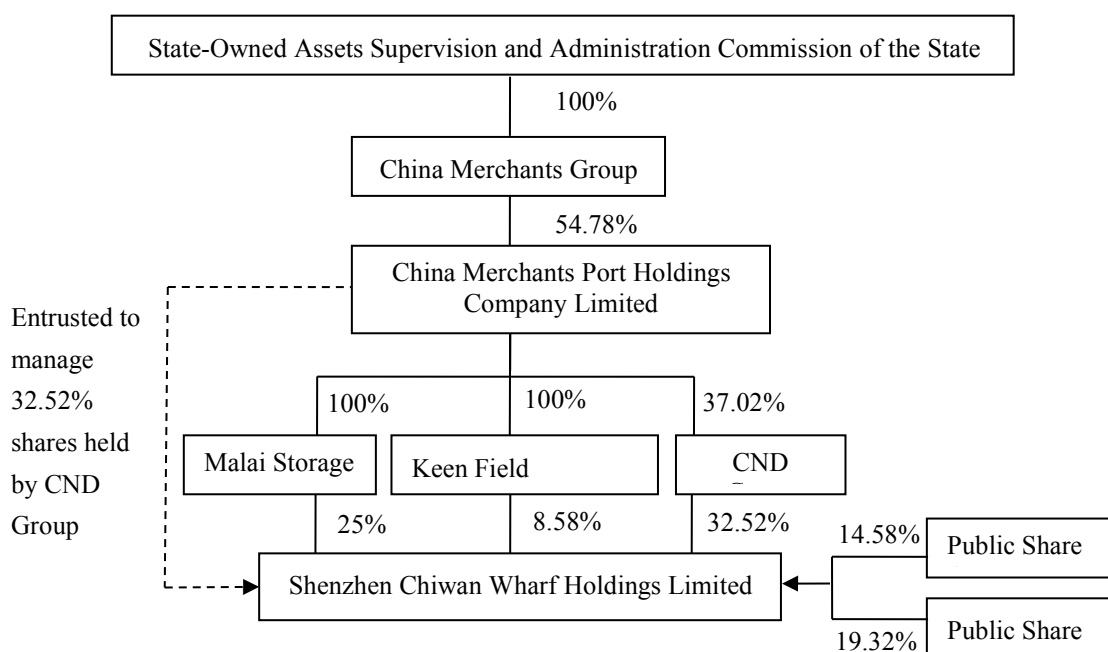
Type of the actual controller: corporation

Name of the actual controller	Legal representative / company principal	Date of establishment	Organization code	Business scope
China Merchants Group	Li Jianhong	14 Oct. 1986	10000522-0	Lease and agency of water/land passenger-cargo transportation, water/land conveyance and facilities; investment and management of port and storage business; salvage, refloatation and tugboat; industrial production; construction, repairing, checking and marketing of shipping, offshore petroleum drilling equipment; repairing and checking of drilling platform and drilling container; overall contracting of water/land construction projects and the related offshore petroleum development projects, and their construction organization and logistic services; procurement, supply and sale of water/land communication and

				transportation equipment; export and import business of transportation; investment and management of finance, insurance, trust, securities, futures business; investment and management of tourism, hotels, catering services and relevant service; real estate development, management and consultancy of property; investment and management of petroleum and chemical industry; investment and operation of infrastructure of communication; overseas assets management. Development and management of Shenzhen Shekou Industrial Zone and Fujian Zhangzhou Development Zone.
Equities of the other listed companies at home or overseas controlled by the actual controller during the reporting period	China Merchants Group holds: 76.13% shares of China Merchants Shekou Industrial Zone Holdings Co., Ltd.; 74.35% shares of China Merchants Land Limited; 50.86% shares of China Merchants Securities Co. Ltd.; 47.38% shares of China Merchants Energy Shipping Co., Ltd.; 27.85% shares of China Merchants Bank Co., Ltd.; 68.75% shares of Sinotrans Shipping Ltd.; 55.75% shares of Sinotrans Limited; 60.95% shares of Sinotrans Air Transportation Development Co., Ltd.; and 26.82% shares of Huabei Expressway Co., Ltd.			

There was no change of the actual controller of the Company during the reporting period.

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



The actual controller controls the Company via trust or other ways of asset management

Applicable Inapplicable

4. 10% or greater corporate shareholders

Name of corporate shareholder	Legal representative / company principal	Date of establishment	Registered capital	Business scope or management activities
China Nanshan Development (Group) Inc.	Wang Zhixian	28 Sept. 1982	RMB900 million	Land development, port transportation, related manufacture, commerce, real estate, tourism, bonded yards and warehouses, etc.
Shenzhen Malai Storage Co., Ltd.	Shi Wei	14 Sept. 2006	HKD30 million	Logistics information consulting for goods, related technical service, warehousing projects (in preparation)

5. Limitations on shareholding decrease by the Company's controlling shareholder, actual controller, reorganizer and other commitment makers

Applicable Inapplicable

Section VII. Preference Shares

Applicable Inapplicable

No preference shares during reporting period

Section VIII. Directors, Supervisors, Senior Management Staff & Employees

I. Changes in shareholding of directors, supervisors and senior management staff

Name	Office title	Current/former	Sex	Age	Starting and ending dates of office term	Shares held at the period-begin (share)	Increased shares of the period (share)	Decreased shares of the period (share)	Other increase/decrease (share)	Shares held at the period-end (share)
Shi Wei	Chairman of the Board	Current	Female	53	Jan. 2016 – May 2017	0	0	0	0	0
Lu Shengzhou	Director	Current	Male	52	Jan. 2016 – May 2017	0	0	0	0	0
Li Yubin	Director	Current	Male	45	May 2014 – May 2017	0	0	0	0	0
Pan Ke	Director	Current	Male	39	Nov. 2015 – May 2017	0	0	0	0	0
Qu Jiandong	Director	Current	Male	52	Jan. 2016 – May 2017	112,544	0	0	0	112,544
Zhang Jianguo	Director	Current	Male	52	May 2014 – May 2017	74,282	0	0	0	74,282
Yuan Yuhui	Independent Director	Current	Male	66	Aug. 2015 – May 2017	14,040	0	0	0	14,040
Su Qiyun	Independent Director	Current	Male	53	May 2014 – May 2017	0	0	0	0	0
Li Changqing	Independent Director	Current	Male	49	May 2014 – May 2017	0	0	0	0	0
Yu Shixin	Supervisory Board Chairman	Current	Male	54	Nov. 2015 – May 2017	0	0	0	0	0
Wen Ling	Supervisor	Current	Female	52	May 2014 – May 2017	0	0	0	0	0
Zhao Jianli	Supervisor	Current	Female	53	May 2014 – May 2017	0	0	0	0	0
Ni Keqin	Supervisor	Current	Female	52	May 2014 – May 2017	29,211	0	0	0	29,211
Zheng Linwei	Supervisor	Current	Male	46	May 2014 – May 2017	0	0	0	0	0
Zhao Qiang	General Manager	Current	Male	55	May 2014 – May 2017	15,103	0	0	0	15,103

Nie Qi	Vice General Manager	Current	Male	54	May 2014 – May 2017	85,409	3,000	750	0	87,659
Zhao Chaoxiang	Vice General Manager	Current	Male	51	May 2014 – May 2017	64,954	0	0	0	64,954
Wang Yongli	Vice General Manager and Board Secretary	Current	Male	49	May 2014 – May 2017	4,985	0	0	0	4,985
Lin Cong	Vice General Manager	Current	Male	58	Aug. 2016 – May 2017	0	0	0	0	0
Zhang Fang	CFO	Current	Male	52	May 2014 – May 2017	3,267	0	0	0	3,267
Total	--	--	--	--	--	403,795	3,000	7,500	0	406,045

II. Changes in directors, supervisors and senior management staff

Applicable Inapplicable

III. Particulars about important personnel

The professional background, major working experience and the current main duty of the Company of the current Directors, Supervisors and Senior Executives

Board Chairman Ms. Shi Wei graduated from Anhui University with a master's degree of International Economics, and obtained a Master Degree of Executive Master of Business Management of Cheung Kong Graduate School of Business, and now acts as an executive director and vice general manager in China Merchants Port Holdings Company Limited. Ms. Shi has over 20 years' experience in the field of Maritime and Port and Transportation Management and she successively held the post of Head of Legal Section of Transport Management Bureau of Shenzhen Municipality, Vice Commissioner of Shenzhen Highway Management Bureau, the Commissioner of Western Transportation of Transport Commission of Shenzhen Municipality, Deputy inspector of Transport Commission of Shenzhen Municipality. She has been acting as the Chairman of the Company since Jan. 2016 up to now.

Director Mr. Lu Shengzhou graduated from Zhongnan University of Economics and Law with a Master Degree of National Economics, and now acts as the Chief Financial Officer of China Merchants Port Holdings Company Limited. Mr. Lu has over 20 years' experience in Finance management and he successively held the post of Head of Finance Department of China Merchants Shekou Industrial Zone Holdings Co., Ltd., Assistant to General Manager and Officer of Finance Department of China Merchants Group Ltd., Chief Financial Officer of Hong Kong Ming Wah Shipping Co., Ltd., Deputy General Manager of Finance Department of China Merchants Group Ltd. He has been acting as the Director of the Company since Jan. 2016 up to now.

Director Mr. Li Yubin graduated from Tianjin University with a bachelor's degree in port & sea-route engineering and a master degree in engineering management, and graduated in 2007 from the

University of Hong Kong with a Doctorate in real estate and construction. He has rich experience in port construction & operation and logistics management. Joining in China Merchants Port Holdings Company Limited in 2007, he was once an assistant to the GMs of the R&D Department, the Overseas Operation Department and the Planning & Business Department, as well as the GM of the Strategy and Operations Management Department of China Merchants Port Holdings Company Limited, and a Deputy GM and then the GM of China Merchants Bonded Logistics Co., Ltd. He is now a Vice GM in China Merchants Port Holdings Company Limited. And he has been a Director of the Company since Jan. 2013.

Director Mr. Pan Ke received a bachelor's degree in management information system from Dongbei University of Finance and Economics and a master's degree of logistics engineering from Dalian Maritime University and now acts as the GM of the Purser Department and GM of the Administration Division of the western port of China Merchants Port Holdings Company Limited. And he was once the Deputy GM of the Operation Department of Shenzhen Chiwan Port Container Co., Ltd., Deputy GM of the Container Department of the harbor service headquarters of Shenzhen Chiwan Wharf Holdings Limited, Logistics GM, General Manager Assistant and Deputy General Manager of Chiwan Container Terminal Co., Ltd., and as the Deputy GM of Shenzhen Chiwan Wharf Holdings Limited from Oct. 2012 to Mar. 2014. And he has been a Director of the Company since Nov. 2015.

Director Mr. Qu Jiandong graduated from the shipping and logistics from the Hong Kong Polytechnic University and received the master's degree and now acts as a Vice President of Zhanjiang Port (Group) Co., Ltd. He was once the Deputy GM, Standing Deputy General Manager and GM of Shenzhen Chiwan Port Container Co., Ltd., Deputy GM and GM of Chiwan Container Terminal Co., Ltd. and Deputy GM of the Company. And he has been a Director of the Company since Jan. 2016.

Director Mr. Zhang Jianguo graduated from Shanxi Finance & Economics Institute in accounting with a bachelor's degree in economics. Financial Manager of the Company since 1997, Chief Financial Officer of the Company from Sept. 1999 to 31 Dec. 2012, and Vice GM of the Company from Feb. 2011 to 31 Dec. 2012. He is now the CFO of CND Group. And he has been a Director of the Company since Jan. 2013.

Independent Director Mr. Yuan Yuhui, MBA, once acted as the Vice GM, Vice Director of CND Group and the Director of the Company. And now acts as the Director of Shenzhen Riland Industrial Co., Ltd. and the Independent Director of Beijing Mainstreets Investment Group Co., Ltd. And he has been an Independent Director of the Company since Aug. 2015.

Independent Director Mr. Su Qiyun graduated from Xiamen University of Department of Law with a master degree of Civil and Commercial Law and a doctor degree of Wuhan University of Law. He used to serve as Manager of Investment Department of Ping An Insurance Company of China, as Cadres of Shenzhen Industry and Commerce Administration and now is founding partner of Beijing Deheng Law Office. And he has been an Independent Director of the Company since May 2014.

Independent Director Mr. Li Changqing graduated from Xiamen University with a doctor degree of Accounting, and also is a CPA, an excellent talent of new century of Ministry of Department, a prominent talent of Xiamen as well as a guide tutor of Postdoctoral Center of SSE. He now is Department Head of Accounting of Xiamen University, professor and doctoral supervisor. And he has been an Independent Director of the Company since May 2014.

Supervisory Board Chairman Mr. Yu Shixin graduated from Zhengzhou University, University of International Business and Economics and China-EU Business School of Management and

successively received the bachelor's degree of English, master's degree of economics and MBA. Mr. Yu possesses over 20 years' abundant management experience of the transportation industry and had successively acted as the Deputy GM and GM of China Communications Import & Export Corporation, Deputy GM of Hong Kong Haitong Company, Director and GM of China Merchants Bonded Logistics Co., Ltd., Deputy GM of China Merchants Port Holdings Company Limited and now acts as the Deputy GM of Hong Kong Haitong Company. And he acted as the Director of Shenzhen Chiwan Wharf Holdings Limited from May – Oct. 2015 and acts as the Supervisory Board Chairman of the Company from Nov. 2015 till now.

Supervisor Ms. Wen Ling graduated from Southwestern University of Finance and Economics with a postgraduate degree. She was once the Deputy Financial Manager of China Merchants Port Service (Shenzhen) Co., Ltd., the Financial Manager of Shenzhen Mawan Port Services Co., Ltd. and the Vice Financial Manager and Senior Vice Financial Manager of China Merchants Port Holdings Company Limited. Joining China Merchants Port Holdings Company Limited in 2004, she is now the Capital Operation GM of China Merchants Port Holdings Company Limited. And she has been a supervisor of the Company since Jan. 2013.

Supervisor Ms. Zhao Jianli has a bachelor's degree in transportation management engineering and a master's degree in financial management of Xi'an Highway Institute. She was once the internal control and audit manager, an assistant to the GM and a Deputy GM of China Merchants Port Holdings Company Limited. Joining China Merchants Port Holdings Company Limited in Sept. 2003, she is now the internal control and audit GM of China Merchants Port Holdings Company Limited. And she has been a supervisor of the Company since Jan. 2013.

Supervisor Ms. Ni Keqin, joined Chiwan Container Terminal Co., Ltd. in May 1993 and took the positions of Manager Assistant, Deputy Manager as well as Manager of the Operation Department and GM Assistant of CCT successively. Currently, Deputy GM of CCT and Supervisor of the Company since May 2008.

Supervisor Mr. Zheng Linwei graduated from NJAU in 1992, with a bachelor degree of Agricultural Foreign Trade and graduated from Shanghai Maritime University with MBA. He used to act at the Harbor Division of the Company from Aug. 1993 since now and acted as Chairman of Operation Room of Department II of Commercial Freight of the Harbor Division of the Company, as Manager Assistant, Vice Manager, and Manager of Department II of Commercial Freight. He now serves as Vice GM of the Harbor Division, Dongguan Shenzhen Chiwan Wharf Holdings Limited and Dongguan Shenzhen Chiwan Terminal Co., Ltd. and as Manager of Department II of Commercial Freight of the Harbor Division of the Company. And he has been a Supervisor of the Company since May 2014.

General Manager Mr. Zhao Qiang got a Bachelor's Degree of Land and Chemistry from Jilin Agricultural University. Previously, he took posts of Vice GM, GM of Harbor Division of the Company, Vice GM of Chiwan Shipping (HK) Co., Ltd., and Assistant General Manager of the Company and now serves as Chairman of Dongguan Shenzhen Chiwan Wharf Holdings Limited and Dongguan Shenzhen Chiwan Terminal Co., Ltd., Vice Chairman of China Overseas Harbor Affairs (Laizhou) Co., Ltd., Director of Chiwan Wharf (HK) Co., Ltd. and Chiwan Shipping (HK) Co., Ltd. He acted as Vice GM of the Company from Feb. 2011 to Oct. 2012, and has been a GM of the Company since Oct. 2012.

Vice GM Mr. Nie Qi graduated from Shanghai Maritime University with a master degree of Engineering and from Tsinghua University Institute of Economic Management with a graduate degree of Senior Management of Industrial and Commercial Management. He used to serve at Shekou Merchants Port Service for a long time and joined in the Company in Aug. 1997 that used to act as General Manager Assistant, Vice GM of the Harbor Division of the Company and

Assistant General Manager of the Company. He now serves as GM of the Harbor Division of the Company and he has been a Vice GM of the Company since May 2014.

Vice GM Mr. Zhao Chaoxiong graduated from Shanghai Maritime University with a bachelor degree of Economy and from BUAA with a master degree. Positions such as Deputy Manager and Manager of the Business Department of the Company, Vice GM of the Harbor Division of the Company since Dec. 1999. He now serves as GM of Dongguan Shenzhen Chiwan Wharf Holdings Limited and Dongguan Shenzhen Chiwan Terminal Co., Ltd. He acted as Supervisor of the Company since Aug. 2009 to May 2014 and serves as Vice GM of the Company since May 2014.

Vice GM and Company Secretary Mr. Wang Yongli graduated from Tianjin University with a bachelor's degree in engineering and is a senior economist. Positions such as Business Executive, Vice Manager, Manager of Operation Department of the Company since Oct. 2002. And he has been a Vice GM of the Company since May 2014 and a Board Secretary of the Company since Aug. 2015.

Vice GM Mr. Lin Cong graduated from Wuhan Institute of Water Transportation Engineering with a bachelor's degree in engineering (port machinery design and manufacturing) and is a senior engineer. He has over three decades of experience in operation and management of port enterprises. He was once the Technical Safety Superintendent and a Vice GM of Huangpu Port Container Terminal Co., Ltd. under the Ministry of Transport, a Vice GM of Shenzhen Yantian Port Affairs Co., Ltd., the Operation Manager and western port project director of Yantian International Container Terminals Co., Ltd., a Standing Vice GM of Shenzhen Yantian Western Terminal Co., Ltd., a Vice GM of China Merchants International Terminal (Qingdao) Company Ltd., a Standing Vice GM of China Merchants International Container Terminal (Qingdao) Co., Ltd., the GM of the Safety Committee's Office of China Merchants Port Holdings Company Limited, a President Assistant and Vice President of Zhanjiang Port (Group) Co., Ltd., and the GM of Zhanjiang Port China Shipping Container Terminal Co., Ltd. And he has been a Vice GM of the Company since Aug. 2016.

CFO Mr. Zhang Fang graduated from Xi'an Highway Institute with a bachelor's degree in finance and accounting of transportation. Joining the Company in Mar. 1996, he was once the Financial Manager of Shenzhen Chiwan Transportation Co., Ltd., Shenzhen Chiwan Harbor Container Co., Ltd. and Chiwan Container Terminal Co., Ltd. He has been the CFO of the Company since Jan. 2013.

Concurrent positions in shareholding entities

Name	Shareholding entity	Position in shareholding entity	Term of office	Remuneration or allowance from shareholding entity (Yes/No)
Shi Wei	China Merchants Port Holdings Company Limited	Vice GM & Executive Director	Oct. 2015 - now	Yes
	Shenzhen Malai Storage Co., Ltd.	Board Chairman	May 2016 - now	No
Lu Shengzhou	China Merchants Port Holdings Company Limited	CFO	Oct. 2015 - now	Yes
	Shenzhen Malai Storage Co., Ltd.	Director	May 2016 - now	No

Li Yubin	China Merchants Port Holdings Company Limited	Vice GM	Nov. 2016 - now	Yes
Pan Ke	China Merchants Port Holdings Company Limited	Administrative GM	Feb. 2016 - now	Yes
		Western Port Affairs GM	Mar. 2014 - now	
	Shenzhen Malai Storage Co., Ltd.	Director	May 2016 - now	No
Zhang Jianguo	China Nanshan Development (Group) Inc.	Vice GM	Feb. 2015 - now	Yes
		CFO	Jan. 2013 - now	
Wen Ling	China Merchants Port Holdings Company Limited	Capital Operation GM	May 2016 - now	Yes
Zhao Jianli	China Merchants Port Holdings Company Limited	Internal Control & Audit GM	Jun. 2010 - now	Yes
	Shenzhen Malai Storage Co., Ltd.	Supervisor	Mar. 2013 - now	No

Concurrent positions in other entities

Name	Other entity	Position in other entity	Term of office	Remuneration or allowance from other entity (Yes/No)
Shi Wei	Shekou Container Terminals Ltd.	Director	May 2016 - now	No
	Shenzhen Lianyunjie Container Terminals Co., Ltd.	Director	Oct. 2016 - now	No
	Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Director	May 2016 - now	No
	Anyunjie Terminal Depot (Shenzhen) Co., Ltd.	Director	May 2016 - now	No
	China Merchants International (China) Investment Co., Ltd.	Director	May 2016 - now	No
Lu Shengzhou	Shekou Container Terminals Ltd.	Director	May 2016 - now	No
	Shenzhen Lianyunjie Container Terminals Co., Ltd.	Director	Oct. 2016 - now	No
	Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Director	May 2016 - now	No
	Anyunjie Terminal Depot (Shenzhen) Co., Ltd.	Director	May 2016 - now	No
	Shenzhen Lianyongtong Terminal Co., Ltd.	Director	Dec. 2016 - now	No
	Shanghai International Port (Group) Co., Ltd.	Supervisor	Mar. 2016 - now	No
	Ningbo Daxie China Merchants International Terminals Co., Ltd.	Director	Mar. 2016 - now	No
	China Merchants International Terminal (Qingdao) Company Ltd.	Director	Oct. 2016 - now	No
	China Merchants International Container Terminal	Director	Oct. 2016 - now	No

	(Qingdao) Co., Ltd.			
	Qingdao Qianwan United Container Terminal Co., Ltd.	Director	Mar. 2016 - now	No
	Qingdao Qianwan United Advance Container Terminal Co., Ltd	Director	Mar. 2016 - now	No
	China International Marine Containers (Group) Co., Ltd.	Supervisor	Oct. 2016 - now	No
	China Nanshan Development (Group) Inc.	Supervisory Board Chairman	Apr. 2016 - now	No
	China Merchants Bonded Logistics Co., Ltd.	Director	Mar. 2016 - now	No
	Shenzhen JinYuRongTai Investment & Development Co., Ltd.	Director	Jun. 2016 - now	No
Li Yubin	Asia Airfreight Terminal Company Limited	Director	Apr. 2014 - now	No
	Modern Terminals Limited	Director	Mar. 2015 - now	No
	Shekou Container Terminals Ltd.	Director	Aug. 2012 - now	No
	Shenzhen Lianyunjie Container Terminals Co., Ltd.	Director	Sept. 2012 - now	No
	Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Director	Sept. 2012 - now	No
	Anyunjie Terminal Depot (Shenzhen) Co., Ltd.	Director	Sept. 2012 - now	No
	Shenzhen Lianyongtong Terminal Co., Ltd.	Director	Jan. 2014 - now	No
	Shenzhen Mawan Wharf Co., Ltd.	Director	Sept. 2012 - now	No
	Guangdong Yide Port Co., Ltd.	Supervisor	Mar. 2014 - now	No
	Zhangzhou China Merchants Port Co., Ltd.	Director	Oct. 2014 - now	No
	China Merchants International Terminal (Qingdao) Company Ltd.	Vice Board Chairman	Oct. 2016 - now	No
	Colombo International Container Terminals Limited	Director	Aug. 2012 - now	No
	China Merchants Holdings (International) Information Technology Co., Ltd.	Director	Apr. 2012 - now	No
	China Merchants Bonded Logistics Co., Ltd.	Vice Board Chairman	Feb. 2016 - now	No
	Shenzhen Qianhaiwan Depot Co., Ltd.	Vice Board Chairman	Aug. 2012 - now	No
	Juzhongzhi Investment (Shenzhen) Co., Ltd.	Vice Board Chairman	Dec. 2015 - now	No
Silk Road E-Merchants Information Technologies Co., Ltd.	Supervisor	Mar. 2016 - now	No	
Pan Ke	Shekou Container Terminals Ltd.	Director	Dec. 2015 - now	No

	Shenzhen Lianyunjie Container Terminals Co., Ltd.	Director	Dec. 2015 - now	No
	Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Director	Mar. 2016 - now	No
	Anyunjie Terminal Depot (Shenzhen) Co., Ltd.	Director	May 2016 - now	No
	Chiwan Container Terminal Co., Ltd.	Director	Jul. 2013 - now	No
	Shenzhen Mawan Port Service Co., Ltd.	Director	Feb. 2016 - now	No
	Shenzhen Mawan Godown & Wharf Co., Ltd.	Director	Feb. 2016 - now	No
	Shenzhen Mawan Wharf Co., Ltd.	Director	Feb. 2016 - now	No
	China Merchants Port Service (Shenzhen) Co., Ltd.	Director	Feb. 2016 - now	No
	Shenzhen Haixing Harbor Development Co., Ltd.	Director	Oct. 2015 - now	No
	China Merchants Holdings (International) Information Technology Co., Ltd.	Director	Mar. 2013 - now	No
	China Merchants Bonded Logistics Co., Ltd.	Director	Mar. 2016 - now	No
Qu Jiandong	Zhangjiang Port (Group) Co., Ltd.	Vice President	Sept. 2016 - now	No
	Zhanjiang Port International Container Terminal Co., Ltd.	Director	Dec. 2016 - now	No
Yu Shixin	Hong Kong Haitong Co., Ltd.	Standing Vice GM	Jan. 2016 - now	Yes
Wen Ling	China Merchants Port Service (Shenzhen) Co., Ltd.	Supervisor	Mar. 2008 - now	No
	Zhangjiang Port (Group) Co., Ltd.	Vice Supervisory Board Chairman	Nov. 2007 - now	No
	Shenzhen Haiqin Engineering Supervision & Management Co., Ltd.	Supervisor	Sept 2012 - now	No
	China Merchants Port Development (Shenzhen) Co., Ltd.	Supervisor	Sept. 2016 - now	No
Zhao Jianli	Shekou Container Terminals Ltd.	Director	Sept. 2013 - now	No
	Shenzhen Lianyunjie Container Terminals Co., Ltd.	Director	May 2013 - now	No
	Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Director	May 2013 - now	No
	Anyunjie Terminal Depot (Shenzhen) Co., Ltd.	Director	May 2013 - now	No
	Shenzhen Lianyongtong Terminal Co., Ltd.	Supervisor	Jan. 2014 - now	No
	Antongjie Terminal Depot (Shenzhen) Co., Ltd.	Supervisor	Feb. 2014 - now	No
	Ansujie Terminal Depot (Shenzhen) Co., Ltd.	Supervisor	Mar. 2014 - now	No
	Shenzhen Mawan Wharf Co., Ltd.	Director	Apr. 2013 - now	No
	China Merchants Port Service (Shenzhen) Co., Ltd.	Director	Apr. 2010 - now	No

	China Merchants International Terminal (Qingdao) Company Ltd.	Supervisor	Oct. 2016 - now	No
	China Merchants International Container Terminal (Qingdao) Co., Ltd.	Supervisor	Mar. 2016 - now	No
	China Merchants Bonded Logistics Co., Ltd.	Supervisor	Mar. 2016 - now	No
	Grain Electronic Trade Center of China Grain Merchants Group (Shenzhen)	Supervisor	Aug. 2014 - now	No
	Shenzhen JinYuRongTai Investment & Development Co., Ltd.	Supervisor	Jun. 2016 - now	No
Zhang Jianguo	China Development Finance Co., Ltd.	Vice Board Chairman	Dec. 2012 - now	No
	Shenzhen Chiwan Petroleum Supply Base Co., Ltd.	Director	Jul. 2016 - now	No
	Shenzhen New Nanshan Holding (Group) Co., Ltd.	Vice Board Chairman	Aug. 2015 - now	No

List of the penalty by the securities supervision agencies of the recent 3 years of the current and the Directors, Supervisors and Senior Executives left during the reporting period of the Company

Applicable Inapplicable

IV. Remuneration for directors, supervisors and senior management

Decision-making procedure, determining basis and actual payment for the remuneration of directors, supervisors and senior management

(1) Decision-making procedure for the remuneration of directors, supervisors and senior management:

Remunerations for the Company's directors, supervisors and senior management shall be nominated by the Board of Directors and determined upon review of the Remuneration and Appraisal Committee. Allowance for Independent Directors is RMB100,000/year (tax included), which has been approved at the 2013 Annual General Meeting

(2) Determining basis for the remuneration of directors, supervisors and senior management

The modes and amounts of the remuneration for directors, supervisors and senior management are determined according to the market levels with the post value, responsibilities, etc. taken into account.

(3) Actual payment for the remuneration of directors, supervisors and senior management:

Salaries and independent director allowances were paid to directors, supervisors and senior executives on a monthly basis. And the other bonuses were paid all at one time according to the performance of each of them.

Remuneration of the directors, supervisors and senior management of the Company during the reporting period

Unit: RMB'0,000

Name	Position	Gender	Age	Current/ former	Total before-tax remuneration gained from the Company	Whether gained remuneration from the related parties of the Company
Shi Wei	Chairman of the Board	Female	53	Current	0	Yes
Lu Shengzhou	Director	Male	52	Current	0	Yes
Li Yubin	Director	Male	45	Current	0	Yes
Pan Ke	Director	Male	39	Current	0	Yes
Qu Jiandong	Director	Male	52	Current	122	No
Zhang Jianguo	Director	Male	52	Current	0	Yes
Yuan Yuhui	Independent director	Male	66	Current	10	No
Su Qiyun	Independent director	Male	53	Current	10	No
Li Changqing	Independent director	Male	49	Current	10	No
Yu Shixin	Supervisory Board Chairman	Male	54	Current	0	No
Wen Ling	Supervisor	Female	52	Current	0	Yes
Zhao Jianli	Supervisor	Female	53	Current	0	Yes
Ni Keqin	Supervisor	Female	52	Current	110	No
Zheng Linwei	Supervisor	Male	46	Current	96	No
Zhao Qiang	GM	Male	55	Current	140	No
Nie Qi	Vice GM	Male	54	Current	111	No
Zhao Chaoxiong	Vice GM	Male	51	Current	112	No
Wang Yongli	Vice GM & Company Secretary	Male	49	Current	112	No
Lin Cong	Vice GM	Male	58	Current	16	No
Zhang Fang	CFO	Male	52	Current	99	No

Total	--	--	--	--	948	--
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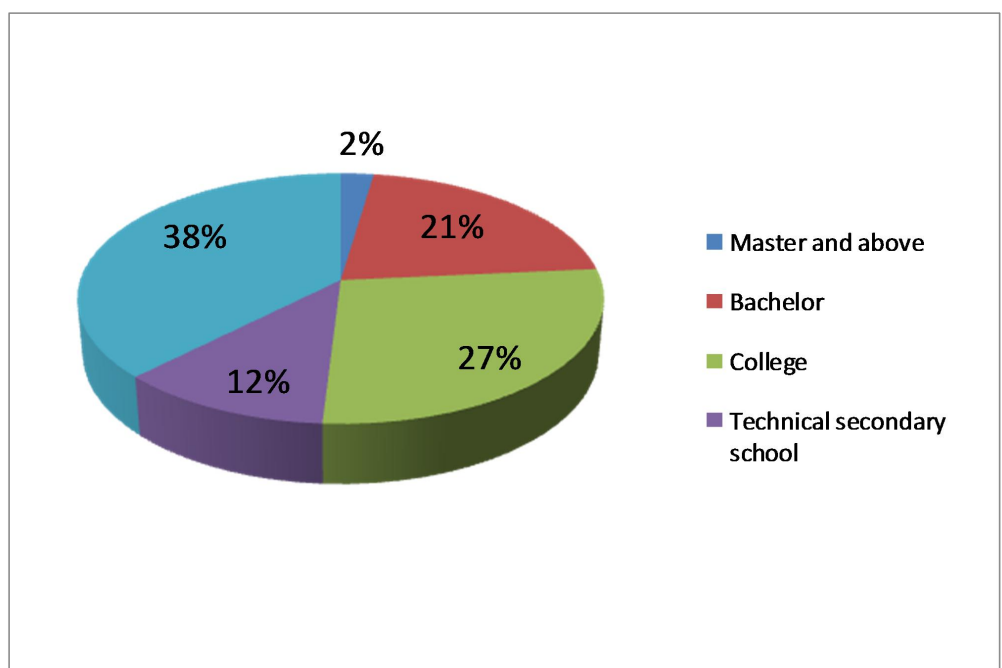
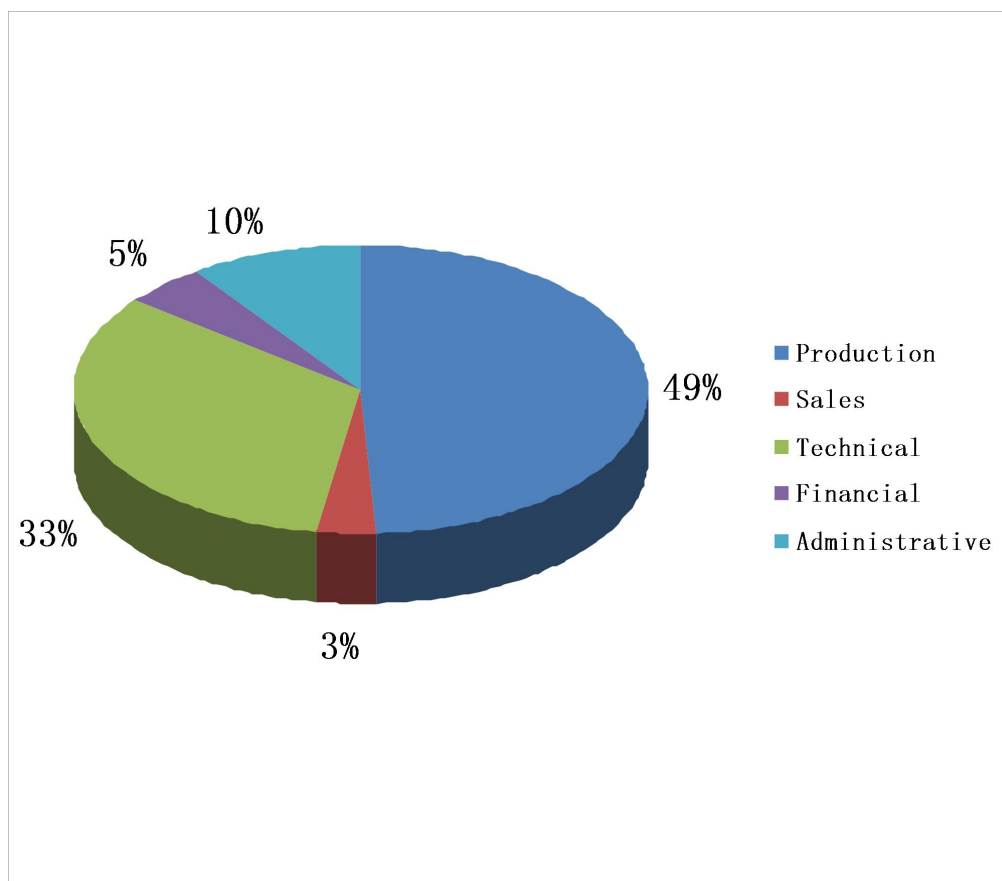
Situations of equity incentives awarded to the directors, supervisors and senior management of the Company during the reporting period

Applicable Inapplicable

V. About employees

1. Number, functions and educational backgrounds of employees

Number of in-service employees of the Company	400
Number of in-service employees of main subsidiaries	1,015
Total number of in-service employees	1,415
Total number of employees with remuneration in current period	1,415
Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	0
Functions	
Function	Number of employees
Production	694
Sales	49
Technical	466
Financial	68
Administrative	138
Total	1,415
Educational backgrounds	
Educational background	Number of employees
Master and above	33
Bachelor	300
College	388
Technical secondary school	163
Below above	531
Total	1,415



2. Employee remuneration policy

The Company set remuneration system of the employees in line with the post setting, job grade and the market pay level determine remuneration in term with the principle of "Salary based on the related post".

3. Employee training plans

The integration of employee training and strategy was accord with the demand of the Company's long term development, while considering the business demand of the Company and personal development, the Company organized Internal training and open classes aiming at different levels and post, followed up and evaluated the training results.

4. Labor outsourcing

Applicable Inapplicable

Section IX. Corporate Governance

I. Basic details of 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. Details about corporate governance within the reporting period are set out as below:

1. We developed the special project of “the Blue Sky Action” to protect investors

To carry out and implement the key spirit of Mr. Xijiping, the General Secretary’s speech about speeding up the formation of the stock market where investors’ rights and interests can be fully protected, the requirements from the Opinion of the General Office of the State Council on Further Enhancing the Lawful Rights and Interests of Medium and Small Investors in the Capital Market (GBF [2013] NO.110) as well as the spirit of the Y2016 Conference of Supervision Work for National Securities and Futures, and on the basis of the Notice of Shenzhen Securities Regulatory Commission on Developing the Special Project of “the Blue Sky Action” to Protect Investors (SZJF〔2016〕NO.15) (named as the Notice thereafter), we developed the special project of “the Blue Sky Action” to protect investors with details as below:

(1) We sustainably perfected systems and standardized processes. We would persistently keep a watchful eye on new laws and regulations, organized our internal processes, and sustainably revised and perfected related systems and processes as well as kept the standardability on the basis of work demands, and rules of management and control.

(2) We strictly prevented insider trading. We have always been attaching importance to the prevention and control against insider trading. We strictly executed the Management System on Inside Information and Insiders, and would continue to try efforts in related work covering the registration of inside information, as well as the prevention and control against insider trading.

(3) We made a serious commitment to information disclosure. Strictly based on laws, regulations, and related systems, we faced all our investors in openness, fairness, and impartiality. We would continue to disclose information seriously, objectively, and justly.

(4) We kept good relationship with investors. Over the years, we preserved in the culture of managing good investor relations, valued the protection of investors’ rights and interests, kept smooth communication with investors through shareholders’ general meetings, the SZSE EasyIR platform, email and phone consultation, daily reception for investors’ visits, as well as the participation in investors’ meetings, etc., and also ensured the consistent and equal treatment to all investors. We severely practiced the Investors’ Management System of the Company in communication with investors.

In order to further enhance the management on investor relations, strengthen the communication with the vast investors, practically improve the transparency and governance of the listed Company,

as well as positively response the Shenzhen Securities Regulatory Commission's call of developing the special project of "the Blue Sky Action" to protect investors, we announced the Announcement on Holding the Internet Reception for Investors (Announcement number: 2016-046) on 28 Oct 2016. We held the internet reception for investors via network communication on the IR investor interaction platform of Shenzhen Stock Exchange (website linkage: <http://irm.p5w.net>) on 2 Nov 2016. Board Chairmen Ms. Shi Wei, General Manager Mr. Zhao Qiang, Deputy General Manger (Concurrently as the Board Secretary) Mr. Wang Yongli were present at the reception meeting, where they communicated with investors about the concerned issues. For details of the reception, please refer to the Announcement on Details of the Internet Reception for Investors (Announcement number: 2016-047) on 3 Nov 2016. We would keep good investor relations management and constantly improve our service to investors as well as enhance the management on investor relations, ensure the smooth service channels for investors in aspects of the investors service call, the website's investors relation column, etc., and update related announcements in our official website in time.

(5) We kept steady profit distribution policy to pay shareholders back. We have always been keeping faith with the culture and concept about stock equity as repaying the society and shareholders, for which we have practically implemented for years by maintaining the cash bonus rate around 50%-60% every year, not to mention our good investors relation management over the years. We have refinanced for about RMB 0.37 billion in the capital market, and distributed cash dividends of about RMB 4.43 billion since we went public in 1993. We would stick on and further intensify the consciousness of paying shareholders back, and positively pay back shareholders through stable dividends in strict accordance with the rules in the Company Law and the Articles of Association as well as on the basis of our actual situation.

Through positive conduction of the aforesaid special work, we formulated the special mechanism for protecting investors suitable for our development, which required us to stick to the consciousness of protecting investors in daily work, continue to highly value the investors protection work, keep perfecting our behaviors of protecting investors, as well as guide investors to build rational investment concept, improve risk awareness and self-protection capability. We would continue to keep firm operation, make hard efforts to information disclosure, inside information management, as well as investors relation maintenance and protection, build a good company image, keep steady profit distribution policy, better improve our standard operation level, and share our growth and development with the investors.

2. Shareholders and shareholders' general meeting: the Company ensures that all the shareholders, especially minority shareholders, are equal and could enjoy their full rights. The Company called and held shareholders' general meeting strictly in compliance with the Rules for Shareholders' General Meeting.

3. Relationship between the controlling shareholder and the Company: controlling shareholder of the Company acted in line with rules during the reporting period, did not intervened the decisions, productions or operations of the Company directly or indirectly in exceeding the authority of the shareholders' general meeting, and did not appropriate any funds of the Company.

4. Directors and the Board of Directors: the Company elected directors in strict accordance with the Articles of Association. Number and composition of members of the Board were in compliance

with relevant laws and regulations; all Directors attend Board meetings and shareholders' general meeting in a serious and responsible manner and participated enthusiastically relevant training so as to know better about laws and regulations as well as the rights, obligations and liabilities of Directors. The Company set up the Audit Committee as approved by the First Special Shareholders' Meeting for Y2004 and the Nomination, Remuneration and Evaluation Committee and Strategy Committee of the Board as approved by the Annual General Meeting for Y2005, with a view to ensuring the efficient operation and scientific decision-making of the Board of Directors.

5. Supervisors and the Supervisory Board: number and composition of the members of the Supervisory Board were in compliance with the requirements of laws and regulations. The supervisors diligently and seriously performed their duties and obligations, took responsible attitudes to all shareholders and supervised the financial affair as well as the performance by the Company's Directors, managers and other senior executives of their duties in compliance with the laws and regulations.

6. Stakeholders: the Company fully respected and safeguarded the legal rights and interests of the banks and other creditors, staff, customers and other stakeholders so as to develop the Company in a consistent and healthy way.

7. Information disclosure and transparency: the Company authorized the Company Secretary to take charge of information disclosure, and the Chairman as well as related Directors to meet with shareholders. The Company disclosed relevant information in a true, accurate, complete and timely way in strict accordance with the requirements of laws, regulations and the Articles of Association, formulated the Management Rules on Information Disclosure, the Management System on Inside Information and Insiders and the Rules on the Management of Investors Relations, and designated Securities Times, Ta Kung Pao and <http://www.cninfo.com.cn> as its newspaper and website for information disclosure, so as to ensure all shareholders have equal opportunity to obtain the information.

8. Corporate governance mechanisms and rules that the Company already established:

Articles of Association of the Company, Rules of Procedure for General Meetings, Working Articles of Audit Committee of the Board of Directors, Working Rules of Annual Report for Audit Committee of the Board of Directors, Working Articles for Nomination, Remuneration and Evaluation Committee of the Board of Directors; Working Articles of Strategy Committee of the Board of Directors, Working System for Independent Directors, Working Rules of Annual Report for Independent Directors, Rules of Procedure for Supervisory Board, Working Articles of General Manager, Management System for Company Shares held by Directors, Supervisors and Senior Executives and Its Changes, Management System of Foreign Investment, Decision-making Mechanism of Related Transactions, Management System of Fund-raising, Management Rules on Information Disclosure, Rules of Accountability for Significant Mistakes in Annual Report Information Disclosure, Management System on Inside Information and Insiders, Internal Audit System, Management System of Investors' Relations, Specific System for Engaging Accountants, Management Method of Financial Tools, Management System on Person in Charge of Finance and CFO, Information Disclosure Management Rules for the Inter-bank Debt Financing Instrument, etc.

Details for the above systems please refer to website of the Company <http://www.szcwh.com>. There isn't difference between the actual circumstances of the Company and all established systems.

Since the foundation, the Company was consistently in strict accordance with Company Law and relevant laws and regulations to make a standard operation, continued business-running in line with relevant requirements of Corporate Governance Principle for Listed Companies and earnestly made effort to protect profit and interests of shareholders and stakeholders.

9. Non-compliance of corporate governance standards by the Company

On 23 Apr. 2013, the "Proposal on Providing Undisclosed Information for the Majority Shareholder" was reviewed and approved at the 5th Special Meeting of the 7th Board of Directors for 2013. And the Company has kept a file of information insiders for management in strict accordance with the "Rules for Management of Insider Information and Information Insiders". The aforesaid matter does not affect the independence of the Company and the Company will properly provide relevant information according to the regulators' requirements.

Any significant incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies

Yes No

II. Particulars about the Company's separation from the controlling shareholder in respect of business, personnel, assets, organization and financial affairs

The Company is absolutely independent in business, personnel, assets, finance and organization from its controlling shareholder. Details are set out as follows.

Separation in business: The Company has its own assets, personnel, qualifications and ability to carry out operating activities and is able to operate independently in the market. Separation in personnel: The Company has basically separated its staff from its controlling shareholder. No senior management staff of the Company holds positions at controlling shareholder of the Company. Separation in assets: The Company possesses its own self-governed assets and domicile. Separation in organization: The Company has established and improved the corporate governance structure according to law and has an independent and complete organizational structure. Separation in finance: The Company has set up its own financial department as well as normative accounting system and the financial management system on its subsidiaries. The Company has its own bank accounts and does not share the same bank account with its controlling shareholder. The Company has been paying tax in accordance with the laws and regulations on its own behalf.

III. Horizontal competition

Type of the question	Name of shareholders	Cause	Methods	Work progress and follow-up plans
Horizontal competition	CMPort *	Mainly was the historical reason, comparatively, cooperation more than competition between CMPort and the Company *	On 17 Sept. 2012 CMPort has promised to completely solve the horizontal competition problem through asset reorganization, etc. in the coming 3 to 5 years.	CMPort was actively promote and discuss the research of solution for the horizontal competition, including independence of Chiwan Wharf, further reinforce the stable development of the west port in Shenzhen, enhance strategic synergy effect and endeavor to focus on the equity of shareholder of the Company. The Company timely and actively communicated with CMPort and perform information disclosure obligation in term of the stipulation of the existing relevant laws and regulations.

* On 17 Sept. 2012, CMPort and CND Group signed a stock custody agreement. According to the said agreement, CND Group would entrust CMPort as a custodian with its A-shares in the Company (representing a stake of 57.52%). On 27 Dec. 2012, CND Group and Malai Storage, the wholly subsidiary of CMPort, signed an equity transfer agreement. According to the said agreement, CND Group transferred its holding of 161,190,933 shares of RMB ordinary shares (Proportion of shareholding of 25%) to Malai Storage. After the complement of the transfer, CMPort was entrusted to manage CND Group's holding of 209,687,067 shares of A share (Proportion of shareholding of 32.52%). Meanwhile, CMPort indirectly held 55.3142 million shares of B share of the Company through its wholly subsidiary Keen Field Enterprises Limited (Proportion of shareholding of 8.58%). So far, 66.10% equity of the Company is under the control of CMPort.

* CMPort went public in the Stock Exchange of Hong Kong in Jul. 1992. It is mainly engaged in handling of containers and bulk cargos at ports, with the ports it invests in and manages covering Mainland China, Hong Kong, China, Southeast Asia, Africa and some other regions. Within Shenzhen, there is some horizontal competition between the Company and CMPort in the container terminal business in the port area of West Shenzhen due to historical reasons; and there is also market competition with Yantian Port and Dachanwan Port in Shenzhen. However, comparatively speaking, thanks to the coordination of the actual controller China Merchants Group, the cooperation between the Company and CMPort is greater than competition. The aforesaid management entrustment is mainly a response to the deteriorating port markets. It is a strategic move to boost CMPort's business in ports of West Shenzhen, increase the Company's overall market competitiveness, keep the operation of ports of West Shenzhen in order and improve the market competition environment of the port area in West Shenzhen.

IV. Particulars about the annual shareholders' general meeting and special shareholders' general meetings held during the reporting period

1. Particulars about the shareholders' general meeting in reporting period

Session	Type	Proportion of investors' participation	Convening date	Disclosure date	Index to the disclosed
The First Special Shareholders' General Meeting of 2016	Special Shareholders' General Meeting	76.72%	01/22/2016	01/23/2016	For the resolution announcement (No. 2016-005), see http://www.cninfo.com.cn
The Annual Shareholders' General Meeting of 2015	The Annual Shareholders' General Meeting	76.43%	06/06/2016	06/07/2016	For the resolution announcement (No. 2016-023), see http://www.cninfo.com.cn

2. Special Shareholders' General Meeting applied by the preferred stockholder with restitution of voting right

Applicable Inapplicable

V. Performance of the Independent Directors

1. Particulars about the independent directors attending the board sessions and the shareholders' general meetings

Particulars about the independent directors attending the board sessions						
Independent director	Sessions required to attend during the reporting period	Attendance in person	Attendance by way of telecommunication	Entrusted presence (times)	Absence rate	Non-attendance in person for two consecutive times
Yuan Yuhui	6	3	3	0	0	N/A
Su Qiyun	6	2	3	1	0	N/A
Li Changqing	6	3	3	0	0	N/A
General meetings sat in on by independent directors		2				

Notes to non-attendance in person for two consecutive times
Inapplicable

2. Particulars about independent directors proposing objection on relevant events

During the reporting period, no independent directors proposed any objection on relevant events of the Company.

3. Other explanations about the duty performance of independent directors

Whether advices to the Company from independent directors were adopted or not

Yes No

Note to advices to the Company from independent directors were adopted or not adopted

During the reporting period, all independent directors of the Company probity and self-discipline, fulfill their duties in line with their expertise and experience; earnestly and diligently perform their duties. The independent directors actively known about the Company's business and operation, protected the interests of minority shareholders, brought their roles as independent directors into full play by participating in discussions on reports reviewed at board sessions and other issues of the Company, and proposed professional suggestions on standard governance and production operation which had been adopted by the Company. They carefully reviewed and issued independent opinions in written form on significant events such as material related-party transactions in accordance with relevant requirements and had play a important role in scientific decision-making of the Board. In accordance with the requirements of CSRC and Shenzhen Stock Exchange, the "Working Rules for Independent Directors" and the "Working Rules for Independent Directors Concerning Annual Reports, they performed their obligations with due diligence and fully oversaw the preparation and disclosure of the Annual Report of the Company. For details of performance by independent directors of their duties, please refer to the work report of independent directors for 2016 as disclosed at <http://www.cninfo.com.cn>.

VI. Performance of the Special Committees under the Board during the reporting period

(I) Performance of the Audit Committee of the Board

During the reporting period, the Audit Committee of the Board in line with the requirements of CSRC and Shenzhen Stock Exchange, Articles of Association, Working Rules for the Audit Committee of the Board ("Working Rules") and the Working Practices for the Audit Committee of the Board on Annual Report ("Working Practices") and in term of their expertise and experience, duties and obligations endowed by the Board, earnestly perform their duties, played active role in the Company's annual audit, reviewing of financial statement, construction of internal control standard system.

1. During the reporting period, the Audit Committee of the Board held a total of five meetings, with details as follows:

(1) On 24 Mar. 2016, the First Meeting of the Audit Committee of the 8th Board of Directors for 2016 was held at 9:00 a.m. at Conference Room 2, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

1) "Internal Auditing Report of the Company for 2015" was reviewed and approved;

- 2) Audit Office's Auditing Report of the Company for 2015 No.05-07" was reviewed and approved;
- 3) "Internal Auditing Plan of the Company for 2016" was reviewed and approved;
- 4) "Working Report of the Audit Committee of the Board in 2015" was reviewed and approved;
- 5) "The Annual Financial Report for 2015 of the Company" was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- 6) "The Financial Statements of 2015" was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- 7) "Report on the Change of the Accounting Firm for 2016" was reviewed and approved. The Audit Committee continue employ Deloitte Touche Tohmatsu Certified Public Accountants LLP to shoulder the audit of the annual financial statements and the internal audit for 2016. This proposal was submitted to the Board of Directors of the Company for approval.

(2) On 25 Apr. 2016, the Second Meeting of the Audit Committee of the 8th Board of Directors for 2016 was held by communication voting at which the Internal Auditing Report of the Company for the First Quarter of 2016 was reviewed and approved unanimously.

(3) On 24 Aug. 2016, the Third Meeting of the Audit Committee of the 8th Board of Directors for 2016 was held at 2:00 p.m. at Conference Room 2, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

- 1) "The Semi-Annual Financial Report for 2016 of the Company" was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- 2) "Internal Auditing Report of the Company for the Second Quarter of 2016" was reviewed and approved;

(4) On 26 Oct. 2016, the Fourth Meeting of the Audit Committee of the 8th Board of Directors for 2016 was held by communication voting at which the Internal Auditing Report of the Company for the Third Quarter of 2016 was reviewed and approved unanimously.

(5) On 30 Dec. 2016, the Fifth Meeting of the Audit Committee of the 8th Board of Directors for 2016 was held at 2: 00 p.m. at Conference Room 1, 8/F., Chiwan Petroleum Building, Shenzhen, at which the Report on the Company's operation and the Audit Report on the Company's Finance and Internal Control by Deloitte Touche Tohmatsu Certified Public Accountants LLP for 2016 were debriefed.

2. In accordance with relevant requirements of CSRC and Shenzhen Stock Exchange, the specific working rules and procedure for the Audit Committee, during the reporting period, the Audit Committee of the Board of the Company oversaw the auditing of the Annual Report of the Company for 2015 with due diligence, details of which are as follows:

- (1) Before the auditors started their work, the Audit Committee discussed with the principal auditor of the accounting firm and determined, inter alia, the timing schedule for the auditing work of the financial statements for the year.
- (2) The Audit Committee expressed its audit opinions two times on the annual financial statements of the Company for 2015.

During the reporting period, the Audit Committee expressed its audit opinions two times on the annual financial statements of the Company for 2015 in accordance with relevant requirements

from CSRC.

The Audit Committee reviewed the Financial Statements prepared by the Company and issued the following opinions before the Auditors started their work: the Company was in full compliance with relevant laws, regulations and the Articles of Association of the Company, the units and items of the Company's financial statements to be consolidated were complete, and the consolidation basis thereof was accurate and the information included in the Financial Statements submitted by the Company was objective, comprehensive and true. The Company's accounting policies were properly adopted and the accounting estimates made were reasonable. No significant mistake or omission has been identified so far. Due to the time-lag between this review of Financial Statements and the dates of the Auditors' Report, we suggest the Finance Department focus on and deal with subsequent events properly in accordance with the New Enterprises Accounting Standards to ensure the fairness, truthfulness and completeness of the Financial Statements.

After the Auditors issued their preliminary audit opinions, the Audit Committee reviewed the Financial Statements again and issued the following opinions: the Company prepared the Financial Statement in full compliance with the New Enterprise Accounting Standards and relevant provisions of the financial control system of the Company, the procedures for the preparation of the Financial Statements were reasonable and proper, which gave a true and fair view of the Company's assets, liabilities, equity interests and operation results as at 31 December 2015. Information included in the Financial Statements was objective and complete. Financial Statements for 2015 which was preliminarily audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP may be submitted for review at the 5th Meeting of the 8th Board of Directors.

(3) Supervision over the Auditing Work of the Accounting firm

The Audit Committee issued letters to Deloitte Touche Tohmatsu Certified Public Accountants LLP on 25 Jan. and 25 Feb. 2016 respectively to urge them to produce their audit report in a timely manner, so as to ensure the annual audit and information disclosure proceed as scheduled.

(4) Opinions on the Auditing Work Performed by the Accountants for the previous year

During the auditing period, the Audit Committee of the Board focused on the problems discovered in process of audit, urged auditors to finish the preparation of their report within a prescribed period of time and ensured the truthfulness, accuracy and completeness of the annual report. The Certified Public Accountants issued a standard unqualified audit report on 24 Mar. 2016. The Audit Committee considered that the Certified Public Accountants conducted their audit in accordance with China's Independent Auditing Standards, the audit time was sufficient, the deployment of the auditors was appropriate and their practicing capability was excellent, and that the audit report issued sufficiently reflected the Company's financial condition as at 31 Dec. 2015 and its operation results and cash flows for the year 2015 and the audit conclusion made was in line with the actual situation of the Company.

3. During the reporting period, the Audit Committee made standards and requirements to the Audit Office's report submitted, fully understood the sound establish and implementation of internal control system, focused on problems and suggestions provided by the Audit Office. In addition, the Audit Committee advised on the improvement for the work of the Audit Department and the Company relating to internal control for the next year.

(II) Performance of the Nomination, Remuneration and Evaluation Committee

During the reporting period, the Nomination, Remuneration and Evaluation Committee earnestly performed their duties, investigated the candidate of the manager and the directors, and examined the remuneration of directors, supervisors and senior executives which obtained from the Company, in term of the requirements and stipulations of CSRC, Articles of Association, Working Rules of the Nomination, Remuneration and Evaluation Committee and responsibilities and obligations empowered by the Board of Directors.

During the reporting period, the Nomination, Remuneration and Evaluation Committee under the Board of Directors held a total of three meetings, details of which are as follows:

1. On 5 Jan. 2016, the First Meeting of the Nomination, Remuneration and Evaluation Committee of the 8th Board of Directors for 2016 was held by telecommunication voting at which the Proposal on Examining Director Candidates was reviewed and approved unanimously. Upon review by the Board, these director candidates would be elected at a meeting of shareholders.

2. On 24 Mar. 2016, the Second Meeting of the Nomination, Remuneration and Evaluation Committee of the 8th Board of Directors for 2016 was held at 10:30 a.m. at Conference Room 1, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

(1) “The Working Report of the Nomination, Remuneration and Evaluation Committee of the Board for 2015”; and

(2) “The Report on the Remuneration of the Directors, Supervisors and Senior Management Staff for 2015”.

3. On 24 Aug. 2016, the Third Meeting of the Nomination, Remuneration and Evaluation Committee of the 8th Board of Directors for 2016 was held at 2:50 p.m. at Conference Room 3, 11/F., Chiwan Haiyun Building, Shenzhen, at which the Proposal on Hiring Mr. Lin Cong as Vice GM was reviewed and approved unanimously, and submitted to the Board of Directors of the Company for approval.

(III) Performance of the Strategy Committee

During the reporting period, members of the Strategy Committee in line with the requirements of CSRC, Article of Association, and the stipulation of Working Rules of the Strategy Committee and relying on its expertise and experience and the responsibilities and obligations empowered by the Board of Directors, earnestly perform their duties, assisted the Company's further plan for medium and long-term development, conducted research and advised on the investment plans and assets operation projects related to the medium to long term development strategy of the Company.

During the reporting period, the Strategy Committee under the Board of Directors held a total of three meetings, details of which are as follows:

1. On 22 Jan. 2016, the First Meeting of the Strategy Committee of the 8th Board of Directors for 2016 was held at 3:40 p.m. at Conference Room 2, 11/F., Chiwan Haiyun Building, Shenzhen, at which the Proposal on Election of Convener for the Strategy Committee under the 8th Board of Directors was reviewed and approved unanimously. The said proposal was later submitted to the Board for review.

2. On 24 Mar. 2016, the Second Meeting of the Strategy Committee of the 8th Board of Directors for 2016 was held at 11:00 a.m. at Conference Room 1, 11/F., Chiwan Haiyun Building, Shenzhen, at which the Working Report of the Strategy Committee of the Board for 2015 and the Business Development Plan for 2016 to 2020 were reviewed and approved unanimously.

3. On 25 Apr. 2016, the Third Meeting of the Strategy Committee of the 8th Board of Directors for 2016 was held by telecommunication voting, at which the Proposal on Investing in Haixing Onoda Project was reviewed and approved unanimously. The said proposal was later submitted to the Board for review.

VII. Performance of the Supervisory Board

During the reporting period, the Supervisory Board found whether there was risk in the Company in the supervisory activity

Yes No

The Supervisory Board has no objection on the supervised events during the reporting period.

VIII. Performance Evaluation and Incentive Mechanism for Senior Management Staff

All senior management staff of the Company is appointed by the Board of Directors. The Board sets up the Company's business objectives and financial budget for each year and signs KPI contracts accordingly with senior management staff. The Board then determines the incentive standards to senior management staff according to their respective performance during the year.

IX. Internal Control

1. Particulars about significant defects found in the internal control during reporting period

Yes No

2. Self-appraisal report on internal control

Disclosure date of the Self-appraisal Report on Internal Control		28 Mar. 2017		
Disclosure index of the Auditor's Report on Internal Control		For specific content ,disclosed on www.cninfo.com.cn		
The proportion of total assets included in evaluation scope entities in the Company's total assets of the consolidated financial statements		92%		
The proportion of operation revenue included in evaluation scope entities in the Company's operation revenue of the consolidated financial statements		90%		
Defect Judging Standards				
Category	Financial Report	Non-Financial Report		
Qualitative criteria	If a defect or defect group give rise to the following events which can not be prevented or found and made rectification, the defect or defect group are recognized as significant defects: (1) Malpractices of directors, supervisors and senior	Great defect	Significant defect	Common defect
		Development direction severity deviate from the strategic goals, investment direction, and business structure, commercial	Development direction severity deviate from the strategic goals, investment direction, and business structure, commercial	Development direction severity deviate from the strategic goals, investment direction, and business structure, commercial

<p>management: (2) The Company make correction to the financial report issued; (3) Certified Public Accountant find that there is a significant error in the financial report, however, the internal control did not discover it when conducting internal control; (4) The Audit Committee under the Board and Internal Audit Service's supervision to the internal control is invalid.</p>	<p>modeled. which completely unable to support the realization of strategic goals</p>	<p>modeled. which unable to support the realization of strategic goals at a larger extent</p>	<p>modeled. which completely can't fully support the realization of strategic goals</p>
	<p>Strategy implementation is blocked, almost all indicators of strategy implementation can not completed as planned</p>	<p>Strategy implementation is blocked, most of indicators of strategy implementation can not completed as planned</p>	<p>Strategy implementation is blocked, part of indicators of strategy implementation can not completed as planned</p>
	<p>Have a significant adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed 20% above (Including 20%)</p>	<p>Have a greater adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed 10% to 20% (Including 10%)</p>	<p>Have an adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed 10% below</p>
	<p>Lead to break off of common business/service or it takes half year or above to recover the break off of common business/service</p>	<p>Lead to break off of common business/service or it takes three months or half year below to recover the break off of common business/service</p>	<p>Some daily business is influenced, lead to break off of common business/service or it takes three months below to recover the break off of common business/service</p>
	<p>Badly damage the working enthusiasm of all the employees, will give rise to large scale group events or heavy damage to enterprises culture and enterprises cohesion</p>	<p>In a large extent, damage the working enthusiasm of all the employees, reduce work efficiency, have greatly adverse effect to enterprises culture and enterprises cohesion</p>	<p>In a large extent, damage the working enthusiasm of all the employees, reduce work efficiency, have some adverse effect to enterprises culture and enterprises cohesion</p>
	<p>The employee's ability and professional skills universally can not meet the enterprise development</p>	<p>The employee's ability and professional skills in some significant fields can not meet the enterprise</p>	<p>The employee's ability and professional skills in some fields can not meet the enterprise</p>

		needs by a large margin	development needs	development
		Negative news spread in the field of the entire business (including extending to industry chain), or was paid attention by the national media or public media, the recovery of reputation will take more than six months	Negative news spread in the field of the entire business, or was paid attention or reported by the local media the recovery of reputation will take three to six months	Negative news spread in the field of the entire business, have small damage to the reputation of the enterprise, the recovery of reputation will take three months below
		The enterprise's internal confidential information leakage which badly affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management	The enterprise's internal confidential information leakage which affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management in a large extent	The enterprise's internal confidential information leakage which affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management in a general extent
Quantitative criteria	The judging standard was the net profits attributable to the parent Company's shareholders in the consolidated financial statements audited in last year. Misstatement amount $\geq 5\%$ above of judging standard was great defect; 5% judging standard $> 1\%$ misstatement amount was significant defect; misstatement amount $< 1\%$ below of judging standard was general standard.	The judging standard was the net profits attributable to the parent Company's shareholders in the consolidated financial statements audited in last year.		
		Great defect	Significant defect	Common defect
		Had significant adverse impact to the annual operation profits or cause decrease of annual operation profits when at 5% (including 5%) above of judging standard	Had larger adverse impact to the annual operation profits or cause decrease of annual operation profits when at 1% (including 1%) to 5% judging standard	Had adverse impact to the annual operation profits or cause decrease of annual operation profits when at 1% below of judging standard
		Had significant adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 10% (including 10%) above of judging	Had larger adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 5% (including 5%) to 10% above of judging	Had adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 5% below of judging standard

	standard	standard	
	Great investment mistake incurred which cause direct economy losses when at 5% (including 5%) above of judging standard or the return on investment more than 40% lower than expected	Larger investment mistake incurred which cause direct economy losses when at 1% (including 1%) to 5% of judging standard or the return on investment less than 30% (including 30% to 40%) lower than expected	Great investment mistake incurred which cause direct economy losses when at 1% below of judging standard or the return on investment less than 30% lower than expected
	0 death or above , or 50 people serious injury, or direct economy losses when at 5% (including 5%) above of judging standard	3 deaths above to 10 deaths below , or less than 10 people serious injury, or direct economy losses when at 1% (including 1%) to 5% of judging standard	less than 3 deaths or above , or less than 10 people serious injury, or direct economy losses when at 1% below of judging standard
	Asset integrity cannot be ensured, when assets losses at 5% (including 5%) above of judging standard	Asset integrity cannot be ensured, when assets losses at 1% (including 1%) to 5% of judging standard	Asset integrity cannot be ensured, when assets losses at 1% below of judging standard
	A large number of great commercial disputes, civil lawsuits and negative influences can't eliminate in a short period of time, may pay compensation at 5% (including 5%) above of judging standard	Number of great commercial disputes, civil lawsuits, and had obviously influence in a certain area and period, may pay compensation at 1% (including 1%) to 5% of judging standard	Irreconcilable commercial disputes, civil lawsuits happened sometimes, cause a certain influences in local, may pay compensation at 1% below of judging standard
	A serious violation of laws and regulations, investigated by government department and legal department, cause prosecution and class action, may pay	A serious violation of laws and regulations, investigated by government department and legal department, may pay compensation at 0.5% (including 0.5%) to 2% of	Violation of laws and regulations, investigated by government department and legal department, may pay compensation at 0.5% below of judging standard

	compensation at 2% (including 2%) above of judging standard	judging standard	
Number of significant defects of financial report (Piece)			0
Number of significant defects of non- financial report (Piece)			0
Number of important defects of financial report (Piece)			0
Number of important defects of non-financial report (Piece)			0

X. Audit report on internal control

Audit opinion paragraphs in the Audit Report on Internal Control	
In line with the relevant requirement of Enterprise Internal Control Audit Guidelines and Practicing Standards for China's CPAs, Deloitte Touche Tohmatsu Certified Public Accountants LLP audited the effectiveness of internal control in financial report on 31 Dec. 2016, and believed that Shenzhen Chiwan Wharf Holdings Limited has maintained effective internal control on financial report in all significant respects according to the Basic Rules for Enterprise Internal Control and relevant regulations on 31 Dec. 2016.	
Disclosure of Audit Report on Internal Control	Disclosed
Disclosure date of the Audit Report on Internal Control	28 Mar. 2017
Disclosure index of the Audit Report on Internal Control	Details of the Internal Control Report of Shenzhen Chiwan Wharf Holdings Limited was disclosed on www.cninfo.com.cn
Type of Audit Report on Internal Control	Standard Unqualified auditor's report
Whether there is significant defect in non-financial report	No

Whether the CPAs firm issues an Audit Report on Internal Control with non-standard opinion or not?

Yes No

Whether the Audit Report on Internal Control from the CPAs firm is in consistent with the Self-appraisal Report from the Board or not?

Yes No

Section X. Corporate Bonds

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

None

Section XI. Auditor's Report (See attached)

Type of audit opinion	Standard and unqualified auditor's report
Date of signing audit report	24 Mar. 2017
Audit agency	Deloitte Touche Tohmatsu Certified Public Accountants LLP
No. of audit report	De Shi Bao (Shen) Zi (17) No. P00240
Name of CPA	Li Weihua, Su Min

Section XII. Documents Available for Reference

I. Financial Statements carrying the signatures and stamps of the Company Principal, the Chief Financial Officer and the person in charge of accounting firm;

II. Original copy of the Auditor's Report stamped by the accounting firm and signed and stamped by registered accountants;

III. Original copies of all documents and the announcements thereof disclosed in the reporting period on “Securities Times” and “Ta Kung Pao”;

IV. Original copy of the Annual Report signed by the Chairman.

For and on behalf of the Board

Shi Wei

Chairman

Shenzhen Chiwan Wharf Holdings Limited

Dated 28 March 2017

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FINANCIAL STATEMENTS AND
AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

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AUDITOR'S REPORT

De Shi Bao (Shen) Zi (17) No. P00240

To the Shareholders of Shenzhen Chiwan Wharf Holdings Limited

We have audited the accompanying financial statements of Shenzhen Chiwan Wharf Holdings Limited (hereinafter referred to as "Chiwan Wharf"), which comprise the company and consolidated balance sheets as at 31 December 2016, and the company and consolidated income statements, the company and consolidated statements of changes in shareholders' equity and the company and consolidated cash flow statements for the year then ended, and the notes to the financial statements.

1. Management's responsibility for the financial statements

Management of Chiwan Wharf is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

2. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with the Code of Ethics for Chinese Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Opinion

In our opinion, the financial statements of Chiwan Wharf present fairly, in all material respects, the company's and consolidated financial position as of 31 December 2016, and the company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu
Certified Public Accountants LLP

Shanghai, China

Chinese Certified Public Accountant:

Li Weihua

Chinese Certified Public Accountant:

Su Min

24 March 2017

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and financial statements prepared in accordance with Accounting Standards for Business Enterprises. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. Where the English version does not conform to the Chinese version, the Chinese version prevails.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

AT 31 DECEMBER 2016

Consolidated Balance Sheet

Unit: RMB

ASSETS	Notes	2016	2015	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2016	2015
Current Assets:				Current Liabilities:			
Cash and bank balances	(V)1	426,036,702.87	683,138,123.66	Short-term borrowings	(V)20	-	141,610,178.37
Notes receivable	(V)2	500,000.00	3,327,000.00	Accounts payable	(V)21	89,444,597.10	91,453,838.66
Accounts receivable	(V)3	173,934,496.63	189,016,564.86	Receipts in advance	(V)22	30,668,212.67	40,504,130.84
Prepayments	(V)4	2,639,758.53	2,678,775.41	Employee benefits payable	(V)23	88,578,492.26	77,084,662.63
Interest receivable	(V)5	-	72,773.05	Taxes payable	(V)24	48,504,829.80	48,134,602.74
Dividends receivable	(V)6	-	-	Interest payable	(V)25	2,567,260.28	18,519,838.93
Other receivables	(V)7	26,647,869.01	14,908,748.44	Dividends payable	(V)26	-	88,715,008.17
Inventories	(V)8	14,771,410.09	17,300,307.66	Other payables	(V)27	74,590,394.09	76,713,923.82
Other current assets	(V)9	16,832,212.36	12,889,208.71	Non-current liabilities due within one year	(V)28	-	5,306,254.17
Total current assets		661,362,449.49	923,331,501.79	Other current liabilities	(V)29	250,000,000.00	500,000,000.00
Non-current Assets:				Total current liabilities		584,353,786.20	1,088,042,438.33
Available-for-sale financial assets	(V)10	22,459,200.00	22,659,200.00	Non-current Liabilities:			
Long-term equity investments	(V)11	1,490,427,656.53	1,447,024,975.16	Bonds payable	(V)30	298,331,506.85	497,764,383.59
Investment property	(V)12	23,646,913.77	26,747,795.38	Special payables	(V)31	34,326,860.44	34,990,596.50
Fixed assets	(V)13	3,036,813,842.54	3,213,180,964.08	Deferred income	(V)32	64,613,319.88	61,757,528.45
Construction in progress	(V)14	164,604,358.31	22,222,084.78	Deferred tax liabilities	(V)18	1,857,500.00	1,907,500.00
Intangible assets	(V)15	1,010,767,451.01	1,046,896,621.98	Total non-current liabilities		399,129,187.17	596,420,008.54
Goodwill	(V)16	10,858,898.17	10,858,898.17	TOTAL LIABILITIES		983,482,973.37	1,684,462,446.87
Long-term prepaid expenses	(V)17	54,944,476.64	57,241,809.97	SHAREHOLDERS' EQUITY:			
Deferred tax assets	(V)18	12,221,758.47	11,274,320.82	Share capital	(V)33	644,763,730.00	644,763,730.00
Other non-current assets	(V)19	132,369,704.86	132,334,704.86	Capital reserve	(V)34	167,480,381.25	165,564,739.15
Total non-current assets		5,959,114,260.30	5,990,441,375.20	Other comprehensive income	(V)35	(8,039,646.43)	(7,889,646.43)
				Special reserve	(V)36	4,145,765.65	3,719,755.58
				Surplus reserve	(V)37	520,074,434.56	520,074,434.56
				Unappropriated profit	(V)38	3,381,390,887.86	3,113,367,524.19
				Total shareholders' equity attributable to equity holders of the parent		4,709,815,552.89	4,439,600,537.05
				Minority interests		927,178,183.53	789,709,893.07
				TOTAL SHAREHOLDERS' EQUITY:		5,636,993,736.42	5,229,310,430.12
TOTAL ASSETS		6,620,476,709.79	6,913,772,876.99	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,620,476,709.79	6,913,772,876.99

The accompanying notes form part of the financial statements.

The financial statements on pages 3 to 100 were signed by the following:

Legal Representative: Shi Wei

Chief Financial Officer: Zhang Fang

Head of Accounting Department: Li Xiaopeng

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

AT 31 DECEMBER 2016

Balance Sheet of the Company

Unit: RMB

ASSETS	Notes	2016	2015	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2016	2015
Current Assets:				Current Liabilities:			
Cash and bank balances		97,401,657.09	331,615,767.60	Accounts payable		15,743,751.91	15,487,513.65
Accounts receivable	(XIV)1	14,730,412.29	20,084,782.32	Receipts in advance		-	152,681.00
Prepayments		175,000.00	489,500.00	Employee benefits payable		53,761,846.04	47,533,873.50
Dividends receivable		134,702,787.76	217,818,690.44	Taxes payable		1,906,748.15	1,571,813.93
Other receivables	(XIV)2	582,452,104.00	679,107,748.88	Interest payable		5,657,953.71	20,381,890.98
Inventories		394,234.74	1,026,023.04	Dividend payable		37,608,540.65	37,608,540.65
Other current assets		997,740.76	487,860.51	Other payables		358,982,632.32	327,263,528.94
Total current assets		830,853,936.64	1,250,630,372.79	Other current liabilities		250,000,000.00	500,000,000.00
Non-current Assets:				Total current liabilities		723,661,472.78	949,999,842.65
Available-for-sale financial assets		22,459,200.00	22,659,200.00	Non-current Liabilities:			
Long-term receivables		11,004,284.75	11,004,284.75	Bonds payable		298,331,506.85	497,764,383.59
Long-term equity investments	(XIV)3	2,032,600,191.97	2,000,153,426.29	Long-term payable		116,662,000.00	-
Investment property		13,600,159.92	16,358,585.53	Deferred tax liabilities		1,857,500.00	1,907,500.00
Fixed assets		179,815,891.12	192,230,359.90	Total non-current liabilities		416,851,006.85	499,671,883.59
Construction in progress		29,437,068.97	1,945,894.40	TOTAL LIABILITIES		1,140,512,479.63	1,449,671,726.24
Intangible assets		62,890,018.39	65,112,021.93	SHAREHOLDERS' EQUITY			
Long-term prepaid expenses		4,156,590.13	4,391,427.41	Share capital		644,763,730.00	644,763,730.00
Total non-current assets		2,355,963,405.25	2,313,855,200.21	Capital reserve		240,001,254.59	239,043,433.54
				Other Comprehensive Income		5,672,500.00	5,822,500.00
				Special reserve		1,027,543.25	1,465,450.61
				Surplus reserve		520,074,434.56	520,074,434.56
				Unappropriated profit		634,765,399.86	703,644,298.05
				TOTAL SHAREHOLDERS' EQUITY		2,046,304,862.26	2,114,813,846.76
TOTAL ASSETS		3,186,817,341.89	3,564,485,573.00	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,186,817,341.89	3,564,485,573.00

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2016

Consolidated Income Statement

Unit: RMB

ITEM	Notes	2016	2015
I. Operating income	(V)39	1,905,107,140.42	1,872,608,596.16
Less: Operating costs	(V)39	1,050,465,880.51	1,002,715,909.05
Business taxes and levies	(V)40	10,772,232.34	7,552,581.66
Administrative expenses	(V)41	174,521,284.02	175,644,906.71
Financial expenses	(V)42	17,022,615.47	59,500,840.56
Impairment losses of assets	(V)43	4,689,573.88	(89,469.40)
Add: Investment income	(V)44	120,483,875.42	100,817,732.86
Including: Income from investments in associates and joint ventures	(V)44	114,191,687.57	95,337,543.13
II. Operating profit		768,119,429.62	728,101,560.44
Add: Non-operating income	(V)45	5,695,583.80	3,500,319.86
Including: Gains from disposal of non-current assets	(V)45	325,644.31	460,800.55
Less: Non-operating expenses	(V)46	3,156,325.92	3,574,586.26
Including: Losses from disposal of non-current assets	(V)46	2,794,529.60	3,087,832.34
III. Gross profit		770,658,687.50	728,027,294.04
Less: Income tax expenses	(V)47	100,808,983.78	75,309,635.43
IV. Net profit		669,849,703.72	652,717,658.61
Net profit attributable to shareholders of the parent		532,376,492.97	527,751,492.42
Profit or loss attributable to minority shareholders		137,473,210.75	124,966,166.19
V. Amount of Other Comprehensive Net Income After Tax:	(V)48	(150,000.00)	1,087,500.00
Amount of other comprehensive net income after tax attributable to equity holders of the parent		(150,000.00)	1,087,500.00
(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		(150,000.00)	1,087,500.00
(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		(150,000.00)	1,087,500.00
(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:		669,699,703.72	653,805,158.61
Shareholders of the parent		532,226,492.97	528,838,992.42
Minority shareholders		137,473,210.75	124,966,166.19
VII. Earnings per share:			
(I) Basic earnings per share		0.826	0.819
(II) Diluted earnings per share		0.826	0.819

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2016

Income Statement of the Company

Unit: RMB

ITEM	Notes	2016	2015
I. Operating income	(XIV)4	223,985,141.78	260,740,919.37
Less: Operating costs	(XIV)4	142,385,061.09	154,634,147.78
Business taxes and levies		2,614,833.60	4,723,343.75
Administrative expenses		77,019,295.74	72,403,051.31
Financial expenses		15,068,123.74	29,594,550.18
Impairment loss of assets		7,730.22	-
Add: Investment income	(XIV)5	208,616,109.27	275,970,089.64
Including: Income from investments in associates and joint ventures	(XIV)5	67,621,133.66	52,671,209.47
II. Operating profit		195,506,206.66	275,355,915.99
Add: Non-operating income		1,645,059.38	960,564.26
Including: Gains on disposal of non-current assets		175,644.31	313,012.51
Less: Non-operating expenses		1,699,991.85	937,447.90
Including: Losses on disposal of non-current assets		1,353,089.04	789,301.88
III. Gross profit		195,451,274.19	275,379,032.35
Less: Income tax expenses		(22,956.92)	11,137,816.63
IV. Net profit		195,474,231.11	264,241,215.72
V. Amount of Other Comprehensive Net Income After Tax:		(150,000.00)	1,087,500.00
(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		(150,000.00)	1,087,500.00
(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		(150,000.00)	1,087,500.00
(iii) Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income		195,324,231.11	265,328,715.72

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2016

Consolidated Cash Flow Statement

Unit: RMB

ITEM	Notes	2016	2015
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		1,960,263,631.42	1,940,123,679.99
Other cash receipts relating to operating activities	(V)50(1)	22,883,145.63	71,210,780.42
Sub-total of cash inflows		1,983,146,777.05	2,011,334,460.41
Cash payments for goods purchased and services received		583,883,340.44	525,054,196.11
Cash payments to and on behalf of employees		351,637,512.85	340,667,806.30
Payments of all types of taxes		124,839,402.64	108,991,126.73
Other cash payments relating to operating activities	(V)50(2)	95,031,617.01	58,770,593.82
Sub-total of cash outflows		1,155,391,872.94	1,033,483,722.96
Net Cash Flows from Operating Activities	(V)51(1)	827,754,904.11	977,850,737.45
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		-	110,955,345.27
Cash receipts from investments income		78,873,958.07	39,043,870.98
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		2,790,734.08	3,117,287.66
Sub-total of cash inflows		81,664,692.15	153,116,503.91
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		171,567,857.53	152,822,155.82
Sub-total of cash outflows		171,567,857.53	152,822,155.82
Net Cash Flows from Investing Activities		(89,903,165.38)	294,348.09
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		100,000,000.00	133,885,679.50
Cash receipts from issue of bonds		850,000,000.00	800,000,000.00
Sub-total of cash inflows		950,000,000.00	933,885,679.50
Cash repayments of borrowings		1,541,610,178.37	1,200,000,000.00
Cash payments for distribution of dividends or profit or interest		411,776,223.56	504,618,011.73
Including: Payments for distribution of dividends or profit to minorities		95,677,829.00	215,249,531.83
Other cash payments relating to financing activities	(V)50(3)	2,702,654.14	1,750,344.61
Sub-total of cash outflows		1,956,089,056.07	1,706,368,356.34
Net Cash Flows from Financing Activities		(1,006,089,056.07)	(772,482,676.84)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		11,135,896.55	8,840,228.49
V. Net Increase (Decrease) in Cash and Cash Equivalents		(257,101,420.79)	214,502,637.19
Add: Opening balance of Cash and Cash Equivalents	(V)51(2)	683,138,123.66	468,635,486.47
VI. Closing Balance of Cash and Cash Equivalents	(V)51(2)	426,036,702.87	683,138,123.66

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2016

Cash Flow Statement of the Company

Unit: RMB

ITEM	Notes	2016	2015
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		242,290,965.55	266,291,531.90
Other cash receipts relating to operating activities		808,126,879.09	1,085,646,413.98
Sub-total of cash inflows		1,050,417,844.64	1,351,937,945.88
Cash payments for goods purchased and services received		71,852,072.97	74,851,999.84
Cash payments to and on behalf of employees		118,427,797.66	120,776,012.55
Payments of all types of taxes		6,394,756.31	15,379,650.33
Other cash payments relating to operating activities		673,179,988.69	769,807,353.31
Sub-total of cash outflows		869,854,615.63	980,815,016.03
Net Cash Flows from Operating Activities	(XIV)8	180,563,229.01	371,122,929.85
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		-	110,955,345.27
Cash receipts from investments income		260,243,067.32	257,849,757.21
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		2,304,251.36	2,949,239.92
Cash receipts from disposal of subsidiaries and other business units		-	118,451.91
Sub-total of cash inflows		262,547,318.68	371,872,794.31
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		26,783,222.80	3,722,488.26
Sub-total of cash outflows		26,783,222.80	3,722,488.26
Net Cash Flows from Investing Activities		235,764,095.88	368,150,306.05
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		216,662,000.00	-
Cash receipts from issue of bonds		850,000,000.00	800,000,000.00
Sub-total of cash inflows		1,066,662,000.00	800,000,000.00
Cash repayments of borrowings		1,400,000,000.00	1,200,000,000.00
Cash payments for distribution of dividends or profit or interest		315,547,137.22	287,640,370.14
Other cash payments relating to financing activities		2,702,654.14	1,750,344.61
Sub-total of cash outflows		1,718,249,791.36	1,489,390,714.75
Net Cash Flows from Financing Activities		(651,587,791.36)	(689,390,714.75)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		1,046,355.96	306,212.13
V. Net Increase(Decrease) in Cash and Cash Equivalents		(234,214,110.51)	50,188,733.28
Add: Opening balance of Cash and Cash Equivalents		331,615,767.60	281,427,034.32
VI. Closing Balance of Cash and Cash Equivalents		97,401,657.09	331,615,767.60

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2016

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

ITEM	2016									2015										
	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	(150,000.00)	426,010.07	-	268,023,363.67	-	137,468,290.46	407,683,306.30	-	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	-	-	(150,000.00)	-	-	532,376,492.97	-	137,473,210.75	669,699,703.72	-	-	1,087,500.00	-	-	527,751,492.42	-	124,966,166.19	653,805,158.61		
(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)	-	-	(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	-	-	-	426,010.07	-	-	-	(4,920.29)	421,089.78	-	-	-	1,499,978.06	-	-	-	63,924.94	1,563,903.00		
1. Withdrawn in the period	-	-	-	19,844,261.39	-	-	-	3,842,861.21	23,687,122.60	-	-	-	15,469,088.96	-	-	-	4,006,535.25	19,475,624.21		
2. Utilized in the period	-	-	-	(19,418,251.32)	-	-	-	(3,847,781.50)	(23,266,032.82)	-	-	-	(13,969,110.90)	-	-	-	(3,942,610.31)	(17,911,721.21)		
(VI) Others	-	1,915,642.10	-	-	-	-	-	-	1,915,642.10	-	2,866,183.50	-	-	-	-	-	-	2,866,183.50		
IV. Closing balance of the year	644,763,730.00	167,480,381.25	(8,039,646.43)	4,145,765.65	520,074,434.56	3,381,390,887.86	-	927,178,183.53	5,636,993,736.42	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 31 DECEMBER 2016

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

ITEM	2016							2015						
	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	5,822,500.00	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
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	(150,000.00)	(437,907.36)	-	(68,878,898.19)	(68,508,984.50)	-	34,746,714.30	1,087,500.00	1,465,450.61	-	55,337,767.20	92,637,432.11
(I) Total comprehensive income	-	-	(150,000.00)	-	-	195,474,231.11	195,324,231.11	-	-	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	-	-	-	(437,907.36)	-	-	(437,907.36)	-	-	-	1,296,180.48	-	-	1,296,180.48
1. Transfer to special reserve in the period	-	-	-	2,621,610.60	-	-	2,621,610.60	-	-	-	2,927,499.53	-	-	2,927,499.53
2. Utilized in the period	-	-	-	(3,059,517.96)	-	-	(3,059,517.96)	-	-	-	(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	5,672,500.00	1,027,543.25	520,074,434.56	634,765,399.86	2,046,304,862.26	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 company's and consolidated financial statements have been approved by the Board of Directors on 24 March 2017.

The scope of consolidated financial statements in the current period involves 10 subsidiaries. See Note (VI) "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 31 December 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("ASBE").

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 31 December 2016, and the Company's and consolidated results of operations and cash flows for the year then ended.

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 acquire. 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

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

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-added Tax ("VAT")	Load and unload income, tugboat income, trailer income, warehousing income and agency income	6%
	Taxable income from vehicle maintenance and utilities supplies on ships in shore	13% and 17%
	Sales revenue of waste materials and lease income from tangible movable property	3%
	Taxable income from leases of immovable property and labor dispatching	5% and 6% (Note 2)
Business tax	Taxable income from leases of immovable property and labor dispatching	5%(Note 2)
City maintenance and construction tax	VAT and Business tax paid	5% and 7% (Note 1)
Education surtax	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 (Hong Kong) Limited	16.50%
Chiwan Shipping (Hong Kong) Limited	16.50%
Hinwin Development Limited	16.50%

(IV) TAXES - continued

1. Major taxes and tax rates - continued

Note 1: The subsidiaries set up in Shenzhen are subject to an city maintenance and construction tax rate of 7%, and those set up in Dongguan are subject to an city maintenance and construction tax rate of 5%.

Note 2: Pursuant to the *Notice of the Ministry of Finance and the State Administration of Taxation ("SAT") on Full Launch of the Pilot Scheme on Levying Value-added Tax in Place of Business Tax* (filed as Cai Shui [2016] No. 36), a full implementation of replacing business tax with VAT has been launched. Therefore, the Group is subject to VAT at 5% and 6% respectively for rental income from immovable property and income from labor dispatching since 1 May 2016.

Pursuant to the *Interim Measures on Management of VAT Collection on Immovable Property Leases Provided by Taxpayers* released by SAT (filed as the notice of SAT 2016 No.16), the Group, are entitled to VAT tax rate at 5% based on simple tax method for immovable property leasing since 1 May 2016.

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. The tax preference is expired in 2016, hence, DGW has calculated its income tax at a rate of 25% (2015: 12.5%).

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 Co., Ltd ("CHCC"), was subject to tax preference of "3-year exemption followed by 3-year half reduction" commencing from 2012. 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, Chiwan Container Terminal Co., Ltd ("CCT"), a subsidiary of the Group, is a high-tech enterprise, and was subject to tax preference of 3-year enterprise income tax rate of 15% commencing from 2014. Hence, CCT 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 31 DECEMBER 2016

(IV) TAXES - continued

2. Tax preference - continued

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 Shen Guo Shui She Jian Mian Bei [2015] No.0419, [2015] No.0575 and [2015] No.0755 respectively), CCT, CHCC and Shenzhen Chiwan International Freight Agency Co., Ltd, the subsidiaries of the Group, are exempted from VAT when providing logistics support service to overseas enterprises except for warehousing service.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	Unit: RMB	
	Closing balance	Opening balance
Cash:		
RMB	20,664.46	24,361.90
USD	492.53	461.05
HKD	7,786.85	3,824.97
Subtotal	28,943.84	28,647.92
Bank deposit:		
RMB	225,166,179.45	409,906,378.32
USD	175,236,570.78	164,610,997.05
HKD	25,531,313.32	108,138,907.80
Subtotal	425,934,063.55	682,656,283.17
Other cash and bank balances(Note)		
RMB	73,695.48	453,192.57
USD	-	-
HKD	-	-
Subtotal	73,695.48	453,192.57
Total	426,036,702.87	683,138,123.66
Including: The total amount of funds deposited in overseas	11,778,425.97	88,863,245.66

Note: Other cash and bank balances is mainly the amount deposited in the credit card account of Industrial and Commerical Bank of China and securities settlement account of China Merchants Securities Co., Ltd.

2. Notes receivable

Category	Unit: RMB	
	Closing balance	Opening balance
Bank acceptance bills	500,000.00	3,327,000.00

Note: There is no notes receivable pledged, endorsed or discounted at the year end.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

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	4,527,585.51	2.54	-	-	4,527,585.51	12,418,434.10	6.56	-	-	12,418,434.10
Portfolio 2	169,922,044.73	95.41	515,133.61	0.30	169,406,911.12	176,789,459.38	93.44	191,328.62	0.11	176,598,130.76
Subtotal of portfolios	174,449,630.24	97.95	515,133.61	0.29	173,934,496.63	189,207,893.48	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	3,647,046.03	2.05	3,647,046.03	100.00	-	-	-	-	-	-
Total	178,096,676.27	100.00	4,162,179.64	2.34	173,934,496.63	189,207,893.48	100.00	191,328.62	0.10	189,016,564.86

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	169,810,253.50	477,141.52	0.28	169,333,111.98	176,739,529.67	142,974.91	0.08	176,596,554.76
More than 1 year but not exceeding 2 years	91,873.93	18,374.79	20.00	73,499.14	1,970.00	394.00	20.00	1,576.00
More than 2 years but not exceeding 3 years	600.00	300.00	50.00	300.00	-	-	-	-
More than 3 years	19,317.30	19,317.30	100.00	-	47,959.71	47,959.71	100.00	-
Total	169,922,044.73	515,133.61	0.30	169,406,911.12	176,789,459.38	191,328.62	0.11	176,598,130.76

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

Unit: RMB

Item	Opening balance	Increase	Decrease		Closing balance
			Reversal	Write-off	
Accounts receivable	191,328.62	3,973,743.43	2,892.41	-	4,162,179.64

(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	64,583,710.55	36.26	88,609.73
Customer B	Customer	19,160,751.38	10.76	15.25
Customer C	Customer	7,579,528.90	4.26	-
Customer D	Customer	6,332,134.38	3.56	-
Customer E	Customer	4,171,471.16	2.34	-
Total		101,827,596.37	57.18	88,624.98

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**4. Prepayments**

(1) Prepayments presented by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,464,758.53	93.37	2,503,775.41	93.47
More than 1 year but not exceeding 2 years	-	-	175,000.00	6.53
More than 2 years but not exceeding 3 years	175,000.00	6.63	-	-
Total	2,639,758.53	100.00	2,678,775.41	100.00

(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 (%)
The People's Insurance Company(Group) of China Limited.	Supplier	921,724.05	34.92
China Life Insurance Co., Ltd Shenzhen Branch	Supplier	496,400.00	18.80
The People's Property Insurance Company (Group) of China Limited, Shenzhen Branch	Supplier	461,901.61	17.50
China Continent Property Insurance Co., Ltd.	Supplier	216,780.91	8.21
Guangdong Jing'an Safety Evaluation & Consulting Co., Ltd.	Supplier	175,000.00	6.63
Total		2,271,806.57	86.06

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

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.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

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. ("COHA(Laizhou)")	-	36,132,189.03	36,132,189.03	-	No
Media Port Investments Limited	-	34,085,893.00	34,085,893.00	-	No
China Ocean Shipping Agency (Shenzhen) Co., Ltd. ("Ocean Shipping Agency")	-	5,892,187.85	5,892,187.85	-	No
Jiang Su Ninghu Expressway Co., Ltd	-	400,000.00	400,000.00	-	No
Total	-	76,510,269.88	76,510,269.88	-	

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

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	9,736,887.93	34.85	100,000.00	1.03	9,636,887.93	12,390,252.83	80.02	100,000.00	0.81	12,290,252.83
Portfolio 2	18,205,610.78	65.15	1,194,629.70	6.56	17,010,981.08	3,094,402.45	19.98	475,906.84	15.38	2,618,495.61
Subtotal of portfolios	27,942,498.71	100.00	1,294,629.70	4.63	26,647,869.01	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	27,942,498.71	100.00	1,294,629.70	4.63	26,647,869.01	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	17,704,281.50	723,624.26	4.09	16,980,657.24	2,622,437.97	10,265.61	0.39	2,612,172.36
More than 1 year but not exceeding 2 years	37,904.80	7,580.96	20.00	30,323.84	2,600.00	520.00	20.00	2,080.00
More than 2 years but not exceeding 3 years	-	-	-	-	8,486.50	4,243.25	50.00	4,243.25
More than 3 years	463,424.48	463,424.48	100.00	-	460,877.98	460,877.98	100.00	-
Total	18,205,610.78	1,194,629.70	6.56	17,010,981.08	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	731,205.22	12,482.36	-	-	1,294,629.70

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

7. Other receivables - continued

(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	7,216,846.26	4,789,080.04
Deposits	4,021,619.49	4,469,460.16
Others	16,704,032.96	6,226,115.08
Total	27,942,498.71	15,484,655.28

(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	Amount to be prepaid	14,469,500.00	Within one year	51.78	723,475.00
China Merchants Bonded Logistics Co., Ltd ("CMBL")	Temporary payments from related parties	2,437,813.73	Within one year	8.73	-
Finance Department of Ministry of Transport	Deposits and guarantee	1,600,000.00	more than 3 years	5.73	-
Shenzhen Mawan Port Co., Ltd. ("SMP")	Temporary payments from related parties	1,366,290.52	Within one year	4.89	-
China Nanshan Development (Group) Incorporation ("Nanshan Group")	Temporary payments from related parties	1,054,300.09	More than 2 year but not exceeding 3 years and more than 3 years	3.77	-
Total		20,927,904.34		74.90	723,475.00

8. Inventories

(1) Categories of inventories

Unit: RMB

Item	2016			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	15,138,488.70	972,744.93	14,165,743.77	17,569,310.18	972,744.93	16,596,565.25
Fuel	605,666.32	-	605,666.32	703,742.41	-	703,742.41
Total	15,744,155.02	972,744.93	14,771,410.09	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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

9、Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Added-value tax to be certified and deducted	16,832,212.36	12,889,208.71

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	25,587,500.00	3,128,300.00	22,459,200.00	25,787,500.00	3,128,300.00	22,659,200.00
Measured at fair value	8,550,000.00	-	8,550,000.00	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	25,587,500.00	3,128,300.00	22,459,200.00	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	8,550,000.00
Accumulated amount of changes in fair value included in the other comprehensive income	7,430,000.00
Provision amount for impairment	-

Note: The available-for-sale financial assets held by the Company represent the circulating shares of Jiang Su Ninghu Expressway Co., 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) Co., Ltd	3,500,000.00	-	-	3,500,000.00	3,117,800.00	-	-	3,117,800.00	0.26	-
Guangdong Guang Jian Group Co., Ltd	27,500.00	-	-	27,500.00	10,500.00	-	-	10,500.00	0.02	-
Ocean Shipping Agency	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) Co., Ltd, Guangdong Guang Jian Group Co., Ltd and Ocean Shipping Agency. 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.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

10. Available-for-sale financial assets - continued

(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 31 DECEMBER 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													
COHA (Laizhou) (Note 1)	Equity method	749,655,300.00	770,930,325.06	-	-	60,183,170.19	-	-	36,132,189.03	-	-	794,981,306.22	-
II. Associates													
China Merchants Holdings (International) Information Technology Co., Ltd	Equity method	1,875,000.00	12,833,857.95	-	-	1,761,382.97	-	-	-	-	-	14,595,240.92	-
CMBL	Equity method	280,000,000.00	326,663,063.66	-	-	11,353,161.00	-	1,915,642.10	-	-	-	339,931,866.76	-
Media Port Investments Limited("MPIL") (Note 2)	Equity method	139,932.00	336,597,728.49	-	-	40,893,973.41	-	-	36,572,459.27	-	-	340,919,242.63	-
Subtotal		282,014,932.00	676,094,650.10	-	-	54,008,517.38	-	1,915,642.10	36,572,459.27	-	-	695,446,350.31	-
Total		1,031,670,232.00	1,447,024,975.16	-	-	114,191,687.57	-	1,915,642.10	72,704,648.30	-	-	1,490,427,656.53	-

Note 1: The Company holds 40% equity interests in 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 Port Holdings Co., Ltd (the "CMPH", formerly known as China Merchants Holdings (International)Co., Ltd.) and Shenzhen South Oil (Group) Co., Ltd (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, CMPH and the Group will jointly set up 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	-	3,559,012.95	43,579,258.14
1. Buildings	17,054,506.09	-	2,107,378.79	14,947,127.30
2. Land use right	30,083,765.00	-	1,451,634.16	28,632,130.84
II. Total accumulated depreciation and amortization	20,390,475.71	913,968.27	1,372,099.61	19,932,344.37
1. Buildings	5,755,252.68	373,882.42	665,637.70	5,463,497.40
2. Land use right	14,635,223.03	540,085.85	706,461.91	14,468,846.97
III. Total net book value of investment property	26,747,795.38			23,646,913.77
1. Buildings	11,299,253.41			9,483,629.90
2. Land use right	15,448,541.97			14,163,283.87
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			23,646,913.77
1. Buildings	11,299,253.41			9,483,629.90
2. Land use right	15,448,541.97			14,163,283.87

Note: Depreciation and amortization for the current period is RMB913,968.27.

(2) Investment properties without ownership certificates

As of 31 December 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 RMB20,450,499.62 (original carrying amount: RMB40,030,725.05), 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 31 DECEMBER 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	23,612,201.79	39,185,788.93	5,505,843,686.69
Including: Port and terminal facilities	1,991,233,464.06	1,800,349.95	1,162,333.57	1,991,871,480.44
Container yards and buildings	1,062,056,772.68	4,412,881.96	3,412,410.92	1,063,057,243.72
Mechanical equipment	2,070,831,567.49	4,623,306.58	16,359,680.34	2,059,095,193.73
Motor vehicles, cargo ships and tugboats	286,170,237.48	1,993,298.44	12,153,425.31	276,010,110.61
Other equipment	111,125,232.12	10,782,364.86	6,097,938.79	115,809,658.19
II. Total accumulated depreciation	2,250,816,840.79	193,934,050.36	33,140,515.96	2,411,610,375.19
Including: Port and terminal facilities	436,187,670.38	41,528,539.90	713,844.57	477,002,365.71
Container yards and buildings	260,763,251.13	25,294,663.09	3,029,785.70	283,028,128.52
Mechanical equipment	1,317,849,657.09	104,582,463.46	13,005,264.44	1,409,426,856.11
Motor vehicles, cargo ships and tugboats	153,286,793.39	13,857,145.76	10,917,922.67	156,226,016.48
Other equipment	82,729,468.80	8,671,238.15	5,473,698.58	85,927,008.37
III. Total net book value of fixed assets	3,270,600,433.04			3,094,233,311.50
Including: Port and terminal facilities	1,555,045,793.68			1,514,869,114.73
Container yards and buildings	801,293,521.55			780,029,115.20
Mechanical equipment	752,981,910.40			649,668,337.62
Motor vehicles, cargo ships and tugboats	132,883,444.09			119,784,094.13
Other equipment	28,395,763.32			29,882,649.82
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			3,036,813,842.54
Including: Port and terminal facilities	1,550,784,194.20			1,510,607,515.25
Container yards and buildings	748,135,652.07			726,871,245.72
Mechanical equipment	752,981,910.40			649,668,337.62
Motor vehicles, cargo ships and tugboats	132,883,444.09			119,784,094.13
Other equipment	28,395,763.32			29,882,649.82

Note 1: The increase of total original carrying amount for current period consists of new acquisition of RMB9,545,285.40, an increase of RMB2,107,378.79 transferred from investment properties, and an increase of RMB11,959,537.60 transferred from construction in progress. The decrease of total original carrying amount for current period consists of a decrease of RMB38,156,374.39 resulting from disposal of fixed assets.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 RMB192,493,319.57. The decrease in accumulated depreciation for current period consists of a decrease of RMB32,976,198.14 resulting from disposal of fixed assets .

Note 3: As of 31 December 2016, the Group has no fixed assets that used as collateral.

Note 4: As of 31 December 2016, the certificates of title for the Group's buildings with a net book value of RMB319,611,656.91 (total original carrying amount: RMB 442,079,399.52) have not yet been obtained. For buildings located within the scope of Chiwan watershed with net book value of RMB30,782,553.50 (original carrying amount: RMB118,989,052.62), 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 31 December 2016	668,051,469.23	
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	38,156,374.39	
Net book value of fixed assets disposed or retired in the current year	5,180,176.25	
Gains or losses on disposal or retire of fixed assets	(2,544,833.30)	

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
Bulk grain warehouses Phase II, Machong Port	123,199,182.41	-	123,199,182.41	2,526,814.00	-	2,526,814.00
Technological transformation of Berth 7# , Chiwan Port	20,061,782.13	-	20,061,782.13	1,447,719.40	-	1,447,719.40
Relavent construction work of 50.86 meters coastline, Machong Port	5,130,743.15	-	5,130,743.15	5,098,856.36	-	5,098,856.36
Supporting equipment & facilities renovation project, Chiwan Port terminal	2,051,117.23	-	2,051,117.23	4,802,731.27	-	4,802,731.27
Others	14,161,533.39	-	14,161,533.39	8,345,963.75	-	8,345,963.75
Total	164,604,358.31	-	164,604,358.31	22,222,084.78	-	22,222,084.78

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 on progress	Amount of accumulated capitalised interest	Including: capitalised interest for the current period	Interest capitalisation rate for the current period (%)	Capital source
Bulk grain warehouses Phase II, Machong Port	320,000,000.00	2,526,814.00	120,672,368.41	-	-	123,199,182.41	38.50	38.50	107,179.17	107,179.17	4.35	Self-funding and loan
Technological transformation of Berth 7#, Chiwan Port	29,500,000.00	1,447,719.40	18,614,062.73	-	-	20,061,782.13	68.01	68.01	-	-	-	Self-funding
Relavent construction work of 50.86 meters coastline, Machong Port	36,000,000.00	5,098,856.36	31,886.79	-	-	5,130,743.15	14.25	14.25	-	-	-	Self-funding
Supporting equipment & facilities renovation project, Chiwan Port terminal	40,783,220.17	4,802,731.27	319,846.60	2,447,615.05	623,845.59	2,051,117.23	12.56	12.56	-	-	-	Self-funding
Others	788,274,449.17	8,345,963.75	15,802,835.51	9,511,922.55	475,343.32	14,161,533.39	3.06	3.06	-	-	-	Self-funding
Total	1,214,557,669.34	22,222,084.78	155,441,000.04	11,959,537.60	1,099,188.91	164,604,358.31			107,179.17	107,179.17		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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	2,631,696.88	1,186,210.60	1,604,710,188.11
Land use rights - prepaid under lease (Note 3)	1,198,990,903.76	1,451,634.16(Note1)	174,964.92	1,200,267,573.00
Land use rights - prepaid under investment (Note 3)	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	1,180,062.72	65,258.68	33,176,476.52
Sea area use rights	72,886,137.00	-	945,987.00	71,940,150.00
Coast line use rights	60,000,000.00	-	-	60,000,000.00
II. Total accumulated amortization	556,368,079.85	38,760,867.85(Note2)	1,186,210.60	593,942,737.10
Land use rights - prepaid under lease (Note 3)	459,820,965.73	29,086,432.28	174,964.92	488,732,433.09
Land use rights - prepaid under investment (Note 3)	57,428,661.26	2,452,469.52	-	59,881,130.78
Land use rights - purchased	6,475,618.84	2,386,226.16	-	8,861,845.00
Computer software	22,130,915.57	2,023,935.20	65,258.68	24,089,592.09
Sea area use rights	9,355,651.15	1,424,283.93	945,987.00	9,833,948.08
Coast line use rights	1,156,267.30	1,387,520.76	-	2,543,788.06
III. Total net carrying amount of intangible assets	1,046,896,621.98			1,010,767,451.01
Land use rights - prepaid under lease (Note 3)	739,169,938.03			711,535,139.91
Land use rights - prepaid under investment (Note 3)	65,194,814.74			62,742,345.22
Land use rights - purchased	110,226,893.75			107,840,667.59
Computer software	9,930,756.91			9,086,884.43
Sea area use rights	63,530,485.85			62,106,201.92
Coast line use rights	58,843,732.70			57,456,211.94
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			1,010,767,451.01
Land use rights - prepaid under lease (Note 3)	739,169,938.03			711,535,139.91
Land use rights - prepaid under investment (Note 3)	65,194,814.74			62,742,345.22
Land use rights - purchased	110,226,893.75			107,840,667.59
Computer software	9,930,756.91			9,086,884.43
Sea area use rights	63,530,485.85			62,106,201.92
Coast line use rights	58,843,732.70			57,456,211.94

Note 1: It is transferred from investment properties.

Note 2: The amortization for the current period is RMB37,673,273.86.

Note 3: 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.

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

15. Intangible assets - continued

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 31 December 2016, long-term lease agreements for land use rights of 146,613.00 square meters with total original carrying amount of RMB99,495,264.16 mentioned above have expired.

16. Goodwill

Unit: RMB

Investee	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
CCT	10,858,898.17	-	-	10,858,898.17

Note: The goodwill arose from the acquisition of the minority interests in CCT 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 CCT. 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 CCT.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

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	-	2,056,904.40	-	54,889,173.04	71,991,655.56	27years
Golf membership	295,732.53	-	27,712.34	212,716.59	55,303.60	2,028,316.60	1-6years
Total	57,241,809.97	-	2,084,616.74	212,716.59	54,944,476.64	74,019,972.16	

Note: 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	24,550,555.40	6,137,638.85	24,769,557.06	6,192,389.27
Organization costs	21,347,408.91	4,410,860.21	24,827,835.78	4,663,638.91
Provision for impairment losses of assets	5,947,568.77	1,294,075.11	1,256,892.70	199,181.44
Depreciation of fixed assets and amortization of intangible assets	620,721.18	146,555.33	186,560.41	46,640.12
Others	1,303,115.87	232,628.97	959,082.56	172,471.08
Total	53,769,370.13	12,221,758.47	51,999,928.51	11,274,320.82

(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
Change in fair value of available-for-sale financial assets	7,430,000.00	1,857,500.00	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	-	12,221,758.47	-	11,274,320.82
Deferred tax liabilities	-	1,857,500.00	-	1,907,500.00

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	102,828,757.97	109,232,919.91
Deductible losses	177,001,767.54	175,298,730.79
Total	279,830,525.51	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
2016	-	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	
2021	18,588,991.86	-	
Total	177,001,767.54	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)	132,369,704.86	132,334,704.86

Note: In March and October 2006, November 2007 and September 2014, the Group 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 Group 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	46,961,672.78	51,543,398.18
Material purchase	21,834,346.04	17,995,475.96
Rental	9,619,783.53	7,029,001.36
Construction	10,891,405.40	14,693,668.46
Equipment	137,389.35	192,294.70
Total	89,444,597.10	91,453,838.66

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

22. Receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Service fee receipt in advance	30,668,212.67	40,504,130.84

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

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	318,730,860.40	309,233,698.77	86,581,824.26
II. Post-employment benefits - defined contribution plans	-	36,751,096.98	36,751,096.98	-
III. Termination benefits	-	9,103,327.21	7,106,659.21	1,996,668.00
Total	77,084,662.63	364,585,284.59	353,091,454.96	88,578,492.26

(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	263,487,056.48	253,478,801.09	74,217,691.80
II. Staff welfare	-	13,358,716.49	13,358,716.49	-
III. Social insurance charges	535.54	9,277,760.14	9,277,760.14	535.54
Including: Medical insurance	-	7,598,900.22	7,598,900.22	-
Work injury insurance	535.54	788,754.81	788,754.81	535.54
Maternity insurance	-	890,105.11	890,105.11	-
IV. Housing funds	-	19,795,064.23	19,795,064.23	-
V. Labor union and employee education funds	12,874,690.68	5,775,765.79	6,286,859.55	12,363,596.92
VI. Others	-	7,036,497.27	7,036,497.27	-
Total	77,084,662.63	318,730,860.40	309,233,698.77	86,581,824.26

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)	-	25,784,070.95	25,784,070.95	-
II. Unemployment insurance (Note 1)	-	412,603.16	412,603.16	-
III. Enterprise annuity plan (Note 2)	-	10,554,422.87	10,554,422.87	-
Total	-	36,751,096.98	36,751,096.98	-

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) of monthly basic salary , 0.8% (0.5% for staffs in Dongguan City) respectively to such plans based on the minimum salary benchmark.

During the year, the Group is obliged to contribute RMB 25,784,070.95 and RMB 412,603.16 respectively to the social security contributions and the unemployment insurance plan (2015: RMB 23,580,447.85 and RMB 694,705.15). As at 31 December 2016, the Group have no outstanding contributions to be paid to the social security contributions and the unemployment insurance plan.

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

23. Employee benefits payable - continued

(3) Post-employment benefits - defined contribution plans - continued

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	97,647,283.26	93,723,979.07	20,001,270.23
Withholding tax (Note)	26,779,214.63	2,265,005.57	7,755,922.87	21,288,297.33
Business tax	187,545.59	1,225,050.81	1,412,596.40	-
VAT	1,957,048.39	24,400,240.70	22,884,726.70	3,472,562.39
Others	3,132,828.09	28,368,009.15	27,758,137.39	3,742,699.85
Total	48,134,602.74	153,905,589.49	153,535,362.43	48,504,829.80

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 (Hong Kong) Limited located in Hong Kong.

25. Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Mid-term bill interest	1,952,876.72	-
Short-term financing bonds interest	614,383.56	12,687,267.77
Short-term borrowings interest	-	79,146.51
Corporate bonds interest	-	5,753,424.65
Total	2,567,260.28	18,519,838.93

26. Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Ordinary share dividends	-	88,715,008.17
Including: Payable to International Enterprise Co., Ltd.	-	50,466,621.41
Payable to Hidoney Developments Co., Ltd. ("Hidoney")	-	38,248,386.76

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

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	37,664,828.31	40,593,200.80
Temporary receipts	11,011,631.18	13,871,671.22
Security expense payable	7,942,731.71	4,584,940.63
Deposits received	4,424,738.15	5,903,230.85
Others	13,546,464.74	11,760,880.32
Total	74,590,394.09	76,713,923.82

(2) There is no significant other payables ageing more than one year.

28. Non-current liabilities due within one year

Unit: RMB

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

29. Other current liabilities

(1) Short-term bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Short-term bonds payable	250,000,000.00	500,000,000.00

(2) Changes of 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	-
16 Chiwan port SCP001(Note2)	150,000,000.00	19/07/2016	150days	150,000,000.00	-	150,000,000.00	1,726,027.40	-	150,000,000.00	-
16 Chiwan port SCP002(Note2)	150,000,000.00	11/10/2016	70days	150,000,000.00	-	150,000,000.00	805,479.45	-	150,000,000.00	-
16 Chiwan port SCP003(Note2)	250,000,000.00	07/12/2016	180days	250,000,000.00	-	250,000,000.00	614,383.56	-	-	250,000,000.00
Total	1,050,000,000.00			1,050,000,000.00	500,000,000.00	550,000,000.00	10,196,436.85	-	800,000,000.00	250,000,000.00

Note1: According to the *Notice of Registration Acceptance* (filed as Zhong Shi Xie Zhu [2013] No. CP171) issued by China's Interbank Market Dealers Association received by the Company on 7 May 2013, the Association approved the Company's short-term financing registration of RMB 1.6 billion in total.

Note2: According to the *Notice of Registration Acceptance* (filed as Zhong Shi Xie Zhu [2015] No. SCP121) issued by China's Interbank Market Dealers Association received by the Company on 5 June 2015, the Association approved the Company's short-term financing registration of RMB 1.6 billion in total.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****30. Bonds payable****(1) Bonds payable**

Unit: RMB

Item	Closing balance	Opening balance
Corporate bonds	298,331,506.85	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 (Note 1)	100.00	18/10/2013	5 years	500,000,000.00	497,764,383.59	-	22,246,575.35	2,235,616.41	500,000,000.00	-
Chiwan Wharf MTN001(Note 2)	100.00	11/10/2016	3 years	300,000,000.00	-	300,000,000.00	1,952,876.72	(1,668,493.15)	-	298,331,506.85
Total				800,000,000.00	497,764,383.59	300,000,000.00	24,199,452.07	567,123.26	500,000,000.00	298,331,506.85

Note 1: On 25 November 2011, the Company received the Approval from China Securities Regulatory Commission (filed as Zhen Jian Xu Ke [2011] No.1889) to issue corporate bonds with face value no more than 1 billion. This bonds issued in 2 terms.

On 26 April 2012, the Company's actual issue amounted to RMB500,000,000 which was redeemed at full amount on 27 April 2015.

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.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**30. Bonds payable - continued****(2) Changes of bonds payable: - continued**

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.

In accordance with the *Resolution for Redemption of Corporate Bonds (Term I)* issued by the Company in 2013 which was reviewed and passed at the sixth session of the eighth Board of Directors held on 24 June 2016, the Company decided to exercise the redemption option for corporate bonds (term I) issued by the Company in 2013. Therefore, the “13 ChiWan 01” corporate bonds registered as at the redemption date were fully repurchased by the Company at the face value plus interest for the period end 17 October 2016, the date appointed in the bond prospectus.

Note 2: According to the *Notice of Registration Acceptance* (filed as Zhong Shi Xie Zhu [2016] MTN No. 325) issued by the China's Interbank Market Dealers Association received by the Company on 6 August 2016. The Company is entitled to issue mid-term bills no more than RMB 800,000,000 with an effective period of 2 years.

31. Special payables

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing Balance	Reason
Refunds of Harbor Construction Fee	34,990,596.50	-	663,736.06	34,326,860.44	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.

32. Deferred income

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing Balance	Reason
Deferred income	67,063,782.62	3,535,240.18	5,985,702.92	64,613,319.88	
Including: Berth priority right	38,067,281.42	2,535,240.18	4,966,056.92	35,636,464.68	Note 1
Government grants related to assets	28,996,501.20	1,000,000.00	1,019,646.00	28,976,855.20	Note 2
Total	67,063,782.62	3,535,240.18	5,985,702.92	64,613,319.88	
Less: Non-current liabilities due within one year	5,306,254.17			-	
Including: Berth priority right	4,707,860.00			-	
Government grants related to assets	598,394.17			-	
Deferred income	61,757,528.45			64,613,319.88	

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**32. Deferred income - continued**

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 Ministry of Finance, Ministry of Technology and Science, Ministry of Industry and Information, National Development and Reform Commission's Notice on Financial Support to Application of New Energy Vehicles from 2016 to 2020* (Cai Jian [2015]No.134). The government grants shall be amortized on the straight-line basis over the useful life of the related assets.

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	-	166,956.48	-	23,193,044.06	Relatedtoassets
Special funds for development of modern service guide	1,409,557.00	-	52,045.20	-	1,357,511.80	Relatedtoassets
Special funds for energy-saving and emission reduction of transportation	2,130,000.00	-	360,000.00	-	1,770,000.00	Relatedtoassets
Reward for energy saving	2,006,666.66	-	200,000.04	-	1,806,666.62	Relatedtoassets
Green carbon harbor thematic projects subsidy granted by central government	90,277.00	-	23,977.60	-	66,299.40	Relatedtoassets
Subsidy for electric buses	-	1,000,000.00	216,666.68	-	783,333.32	Relatedtoassets
Total	28,996,501.20	1,000,000.00	1,019,646.00	-	28,976,855.20	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

33. 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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

34. 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	-	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(Note)	-	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
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	(861,527.35)	2,866,183.50(note)	-	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 31 DECEMBER 2016

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

35. 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)	(200,000.00)	-	(50,000.00)	(150,000.00)	-	(8,039,646.43)
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	5,722,500.00	(200,000.00)	-	(50,000.00)	(150,000.00)	-	5,572,500.00
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	(7,889,646.43)	(200,000.00)	-	(50,000.00)	(150,000.00)	-	(8,039,646.43)
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)

36. Special reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
2016:				
Production safety fee	3,719,755.58	19,844,261.39	19,418,251.32	4,145,765.65
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**37. 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.

38. 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	532,376,492.97	
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	3,381,390,887.86	
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 Company for the year	527,751,492.42	
Less: Appropriation to statutory surplus reserve	-	
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**38. Unappropriated profit - continued**

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

Pursuant to the resolution of shareholders' meeting on 06 June 2016, on the basis of 644,763,730 issued shares for the year ended 31 December 2015, dividends of RMB4.10(tax included) for every 10 shares were distributed to all shareholders, which amounted to RMB 264,353,129.30.

Note 3: Profit distribution decided after the balance sheet date

【According to the profit appropriation proposal made at the fifth session of the eighth Board of Directors held on 24 March 2017, on the basis of 644,763,730 issued shares as at 31 December 2016, cash dividends of RMB 319,802,810.08 will be distributed to all shareholders. The above proposal regarding dividends distribution is yet to be approved at the shareholders' meeting.】

Note 4: Appropriation to surplus reserve made by subsidiaries

As of 31 December 2016, the balance of the Group's unappropriated profit included appropriation to surplus reserve made by subsidiaries amounting to RMB587,698,230.64 (31 December 2015: RMB575,268,020.18).

39. Operating income and operating costs

Unit: RMB

Item	2016		2015	
	Income	Cost	Income	Cost
Principal operating	1,884,909,361.46	1,047,677,751.98	1,840,788,324.86	1,000,163,255.99
Other operating	20,197,778.96	2,788,128.53	31,820,271.30	2,552,653.06
Total	1,905,107,140.42	1,050,465,880.51	1,872,608,596.16	1,002,715,909.05

40. Business taxes and levies

Unit: RMB

Item	2016	2015
Property tax	4,266,897.33	-
City construction and maintenance tax	1,462,163.29	1,800,731.44
Business tax	1,225,050.81	3,802,842.35
Education surcharges	1,195,938.07	1,397,337.57
Others	2,622,182.84	551,670.30
Total	10,772,232.34	7,552,581.66

41. Administrative expenses

Unit: RMB

Item	2016	2015
Employee benefits	137,429,131.62	124,464,078.55
Depreciation expenses	3,136,175.98	2,899,129.23
Amortization of intangible assets	863,800.76	959,630.77
Taxes	5,733.66	6,920,658.40
Others	33,086,442.00	40,401,409.76
Total	174,521,284.02	175,644,906.71

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

42. Financial expenses

Unit: RMB

Item	2016	2015
Interest expense	34,896,767.00	64,226,460.89
Less: Capitalized interest expenses	107,179.17	212,638.15
Less: Interest income	5,554,585.47	5,227,584.31
Exchange differences	(15,725,987.44)	(4,002,853.28)
Others	3,513,600.55	4,717,455.41
Total	17,022,615.47	59,500,840.56

43. Impairment losses of assets

Unit: RMB

Item	2016	2015
I. Bad debt losses	4,689,573.88	(89,469.40)
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	4,689,573.88	(89,469.40)

44. Investment income

(1) Details of investment income

Unit: RMB

	2016	2015
Long-term equity investments income under equity method	114,191,687.57	95,337,543.13
Investment income on disposal of long-term equity investments	-	1,878,969.73
Investment income on available-for-sale financial assets	6,292,187.85	3,601,220.00
Total	120,483,875.42	100,817,732.86

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

Unit: RMB

Investee	2016	2015	Reasons for increases or decreases in the current compared to the prior period
MPIL	40,893,973.41	36,808,965.97	Net profit of investee fluctuates.
COHA (Laizhou)	60,183,170.19	40,102,679.54	Net profit of investee fluctuates.
CMBL	11,353,161.00	11,714,735.38	Net profit of investee fluctuates.
China Development Finance Co., Ltd("CDFC")	-	5,753,310.96	Disposed of last year.
China Merchants Holdings (International) Information Technology Co.,Ltd	1,761,382.97	957,851.28	Net profit of investee fluctuates.
Total	114,191,687.57	95,337,543.13	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued****45. Non-operating income****(1) Non-operating income**

Unit: RMB

Item	2016	2015	Amount recognized as non-recurring gain and loss in the current period
Government grants	1,046,444.12	934,144.81	1,046,444.12
Gains on disposal of non-current assets	325,644.31	460,800.55	325,644.31
Including: Gains on disposal of fixed assets	144,996.31	138,896.35	144,996.31
Income from insurance compensation	1,421,480.12	-	1,421,480.12
Others	2,902,015.25	2,105,374.50	2,902,015.25
Total	5,695,583.80	3,500,319.86	5,695,583.80

(2) Government grants

Unit: RMB

Item	2016	2015	Related to assets/Related to income
Special funds for energy-saving and emission reduction of transportation	360,000.00	443,333.34	Related to assets
Subsidy for electric buses	216,666.68	-	Related to assets
Reward for energy saving	200,000.04	50,000.00	Related to assets
Special funds for modern logistics project	166,956.48	166,956.42	Related to assets
Special funds for development of modern service	52,045.20	50,557.08	Related to assets
Green carbon harbor thematic projects subsidy granted by central government	23,977.60	153,623.00	Related to assets
Post subsidies for social security purpose	6,798.12	-	Related to income
Government grant for new energy vehicles	20,000.00	-	Related to income
Financial support funds of business tax converted to VAT	-	69,674.97	Related to income
Total	1,046,444.12	934,144.81	

46. Non-operating expenses

Unit: RMB

Item	2016	2015	Amount recognized as non-recurring gain and loss in the current period
Total losses on disposal of non-current assets	2,794,529.60	3,087,832.34	2,794,529.60
Including: Losses on disposal of fixed assets	2,689,829.61	3,087,832.34	2,689,829.61
Donations contributed	4,136.48	25,000.00	4,136.48
Amercement outlay	7,882.00	29,283.10	7,882.00
Others	349,777.84	432,470.82	349,777.84
Total	3,156,325.92	3,574,586.26	3,156,325.92

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**47. Income tax expenses**

Unit: RMB

Item	2016	2015
Current tax expense	101,756,421.43	59,642,096.53
Deferred income tax	(947,437.65)	15,667,538.90
Total	100,808,983.78	75,309,635.43

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

Unit: RMB

Item	2016	2015
Accounting profit	770,658,687.50	728,027,294.04
Income tax expenses calculated at 25% (the prior year: 25 %)	192,664,671.88	182,006,823.51
Effect of expenses that are not deductible for tax purposes	685,072.77	1,285,532.56
Effect of tax-free income	(29,238,273.30)	(22,690,590.01)
Effect of unrecognized deductible losses and deductible temporary differences for tax purposes	3,200,218.92	11,127,264.72
Effect of different tax rates of subsidiaries operating in other jurisdictions	(126,475.90)	(43,101.79)
Effect of tax preference policy	(68,128,374.42)	(97,170,907.89)
Withholding income tax (Note)	4,109,138.17	2,656,001.37
Effect of previous unrecognized deductible temporary differences of deferred income tax	-	(1,606,934.60)
Previous years income tax refund	(22,956.92)	44,720.38
Tax adjustments result in changes in the opening deferred tax assets / liabilities balance	(614,573.30)	(299,172.82)
Tax effect of additional deductions of research and development expenses	(1,719,464.12)	-
Income tax expenses	100,808,983.78	75,309,635.43

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

48. Other comprehensive income

Please refer to Note (V) 35.

49. Borrowing cost

Unit: RMB

Item	2016		2015	
	Amount of borrowing costs capitalized during the year	Capitalization rate	Amount of borrowing costs capitalized during the year	Capitalization rate
Construction in progress	107,179.17	4.35%	212,638.15	4.83%
Borrowing costs capitalized during the year	107,179.17		212,638.15	
Borrowing costs recognized in profit or loss during the year	34,789,587.83		64,013,822.74	
Total of borrowing costs during the year	34,896,767.00		64,226,460.89	

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**50. Notes to items in the cash flow statement****(1) Other cash receipts relating to operating activities**

Unit: RMB

Item	2016	2015
Interest income	5,715,403.68	5,338,024.76
Government grants	1,038,698.12	17,903,574.97
Insurance indemnity	741,344.92	302,383.43
Refunds of harbor construction fee	151,912.85	295,689.33
Tonggu sea-route expenses	-	14,863,366.67
Refunds of river channel occupation fee	-	12,175,000.00
Others	15,235,786.06	20,332,741.26
Total	22,883,145.63	71,210,780.42

(2) Other cash payments relating to operating activities

Unit: RMB

Item	2016	2015
Port expenses	10,418,259.98	10,025,373.33
River channel occupation fee	14,469,500.00	-
Port administration fee	5,178,148.40	-
Port construction fee	4,022,151.67	7,729,024.34
Office expenses & utilities	3,606,966.88	4,524,794.54
Consulting & auditing	3,352,281.61	3,990,837.59
Entertainment	2,565,851.48	3,705,397.30
Verhicles	2,062,078.92	3,192,347.97
Property insurance	2,716,404.91	2,184,157.68
Travel & accommodation	1,216,221.72	1,603,128.66
Others	45,423,751.44	21,815,532.41
Total	95,031,617.01	58,770,593.82

(3) Other cash payments relating to financing activities

Unit: RMB

Item	2016	2015
Debt issue costs	2,702,654.14	1,750,344.61

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**51. Supplementary information to the cash flow statement****(1) Supplementary information to the cash flow statement**

Unit: RMB

Supplementary	2016	2015
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	669,849,703.72	652,717,658.61
Add: Provision for impairment losses of assets	4,689,573.88	(89,469.40)
Depreciation of fixed assets	192,493,319.57	197,385,401.36
Depreciation and amortization of investment property	913,968.27	1,178,498.38
Amortization of intangible assets	37,673,273.86	39,465,290.29
Amortization of long-term prepaid expenses	2,084,616.74	2,538,135.88
Losses on disposal of fixed assets , intangible assets and other long-term assets	2,468,885.29	2,627,031.79
Financial expenses	24,170,073.30	56,006,812.00
Losses (gains) arising from investments	(120,483,875.42)	(100,817,732.86)
Decrease(Increase) in deferred tax assets	(947,437.65)	15,667,538.90
Decrease(Increase) in inventories	2,528,897.57	1,789,860.95
Decrease(Increase) in operating receivables	4,343,445.89	42,943,949.50
Increase(Decrease) in operating payables	7,970,459.09	66,437,762.05
Net cash flows from operating activities	827,754,904.11	977,850,737.45
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	426,036,702.87	683,138,123.66
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	(257,101,420.79)	214,502,637.19

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	426,036,702.87	683,138,123.66
Including: Cash on hand	28,943.84	28,647.92
Bank deposits	425,934,063.55	682,656,283.17
Other monetary funds	73,695.48	453,192.57
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	426,036,702.87	683,138,123.66

52. Asset with restricted ownership or use right

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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

53. Foreign currency monetary items

Unit: RMB

Item	Closing balance of original currency	Exchangerate	Closing amount in RMB
Cash and bank balances			200,776,163.48
Including: HKD	28,551,257.87	0.8945	25,539,100.17
USD	25,261,217.14	6.9370	175,237,063.31
Interest Receivable			
Including: HKD			
Accounts Receivable			26,385,131.19
Including: HKD	7,924,872.79	0.8945	7,088,798.71
USD	2,781,653.81	6.9370	19,296,332.48
Other Receivables			209,128.46
Including: HKD	150,446.55	0.8945	134,574.44
USD	10,747.30	6.9370	74,554.02
Accounts Payable			2,418,046.35
Including: HKD	2,703,237.95	0.8945	2,418,046.35
Other Payables			(234,704.00)
Including: HKD	112,966.50	0.8945	101,048.53
USD	(48,400.25)	6.9370	(335,752.53)

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

(VI) 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 Co., Ltd	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	550.00	5,500,000.00	-	100.00	-	100.00	Y	Established through investment
Chiwan Wharf Holdings (Hong Kong) 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
DGW	Dongguan, PRC	Dongguan, PRC	Logistics support services	45,000.00	382,500,000.00	-	85.00	-	85.00	Y	Established through investment
DGT	Dongguan, PRC	Dongguan, PRC	Logistics support services	40,000.00	400,000,000.00	-	100.00	-	100.00	Y	Established through investment
Hinwin Development 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
CHCC	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
CCT	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 Tugboat 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) Limited	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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

(VI) 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				
DGW	15%	8,269,117.04	-	115,005,875.45
CCT	45%	129,204,093.71	95,677,829.00	812,172,308.08
Total		137,473,210.75	95,677,829.00	927,178,183.53
2015				
DGW	15%	10,596,767.69	-	106,741,678.70
CCT	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
DGW	27,675,293.15	1,027,159,564.62	1,054,834,857.77	277,814,404.40	24,550,555.38	302,364,959.78	46,975,372.45	942,043,889.38	989,019,261.83	267,093,453.40	24,550,555.38	291,644,008.78
CCT	389,403,217.21	1,575,821,422.22	1,965,224,639.43	87,814,329.79	72,582,958.32	160,397,288.11	362,104,228.94	1,670,433,420.63	2,032,537,649.57	444,644,188.60	70,186,317.91	514,830,506.51

Unit: RMB

Name of the subsidiary	2016				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
DGW	257,657,559.13	55,127,446.88	55,127,446.88	131,145,552.45	278,723,570.73	70,645,117.94	70,645,117.94	100,572,060.08
CCT	780,248,364.76	287,120,208.26	287,120,208.26	387,145,173.82	758,255,475.19	254,154,218.89	254,154,218.89	435,838,006.25

(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 31 DECEMBER 2016

(VI) 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
				31 December 2016	31 December 2015	31 December 2016	31 December 2015	
COHA (Laizhou)	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

	COHA (Laizhou)	
	Closing balance/2016	Opening balance/2015
Current assets	472,412,233.11	454,129,237.15
Including: cash and cash equivalent	428,471,301.05	389,947,216.68
Non-current assets	1,746,234,554.37	1,697,805,412.58
Total assets	2,218,646,787.48	2,151,934,649.73
Current liabilities	60,897,644.03	50,550,304.70
Non-current liabilities	172,396,000.00	176,064,000.00
Total liabilities	233,293,644.03	226,614,304.70
Minority interests	974,119.24	1,054,388.32
Total equity attributable to shareholders of the parent company	1,984,379,024.21	1,924,265,956.71
Net assets calculated based on the proportion of ownership interest	793,751,609.68	769,706,382.68
Adjustments		
- Goodwill	-	-
- Unrealized Profits Resulting from Intragroup Transactions	-	-
- Others	1,229,696.54	1,223,942.38
Carrying amounts of equity investments in Joint Venture	794,981,306.22	770,930,325.06
Operating income	363,088,369.45	288,944,609.42
Financial expenses	(6,142,578.84)	(6,934,303.93)
Tax expenses	24,846,767.07	19,852,555.25
Net profit	150,392,274.39	100,216,183.27
Other comprehensive income	-	-
Total comprehensive income	150,392,274.39	100,216,183.27
Dividends received from joint ventures in the current year	36,132,189.03	30,785,676.52

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**(VI) EQUITY IN OTHER ENTITIES - continued****2. Interests in joint ventures and associates - continued****(3) Financial information of material associates**

Unit: RMB

	MPIL	
	Closing balance/2016	Opening balance/2015
Current assets	216,977,210.88	373,493,554.97
Including: cash and cash equivalent	116,043,096.52	103,374,072.06
Non-current assets	1,274,297,269.88	1,367,177,697.91
Total assets	1,491,274,480.76	1,740,671,252.88
Current liabilities	299,257,041.62	405,113,685.76
Non-current liabilities	4,031,799.53	167,056,518.57
Total liabilities	303,288,841.15	572,170,204.33
Minority interests	452,668,593.90	441,275,007.08
Total equity attributable to shareholders of the parent company	735,317,045.71	727,226,041.47
Net assets calculated based on the proportion of ownership interest	367,658,522.86	363,613,020.74
Adjustments		
- Goodwill	-	-
- Unrealized Profits Resulting from Intragroup Transactions	-	-
- Others	(26,739,280.23)	(27,015,292.25)
Carrying amounts of equity investments in Joint Venture	340,919,242.63	336,597,728.49
Operating income	505,001,659.70	480,058,683.93
Financial expenses	15,536,880.37	27,040,907.12
Tax expenses	28,327,011.06	20,630,440.82
Net profit	130,135,606.54	113,027,051.28
Other comprehensive income	-	-
Total comprehensive income	130,135,606.54	113,027,051.28
Dividends received from joint ventures in the current year	36,572,459.27	-

(4) Summarized financial information of immaterial associates

Unit: RMB

	Closing balance/2016	Opening balance/2015
Associates:		
Total carrying amounts of investment	354,527,107.68	339,496,921.61
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	13,114,543.97	12,672,586.66
- Other comprehensive income	-	-
- Total comprehensive income	13,114,543.97	12,672,586.66

(5) As at 31 December 2016, the long-term equity investments of the Group were not subject to restriction on disposal or remittance of return on investments.

(VII) 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 31 December 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	200,776,163.48	272,754,190.87
- HKD	25,539,100.17	108,142,732.77
- USD	175,237,063.31	164,611,458.10
Accounts receivable	26,594,259.65	18,884,797.75
- HKD	7,223,373.15	4,899,257.79
- USD	19,370,886.50	13,985,539.96
Short-term borrowings	-	141,610,178.37
- HKD	-	141,610,178.37
Accounts payable	2,183,342.35	2,177,189.75
- HKD	2,519,094.88	2,489,360.73
- USD	(335,752.53)	(312,170.98)

(VII) 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 Group'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	2016		2015	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
All foreign currencies	5% appreciation against RMB	11,259,354.04	11,259,354.04	7,392,581.02	7,392,581.02
All foreign currencies	5% depreciation against RMB	(11,259,354.04)	(11,259,354.04)	(7,392,581.02)	(7,392,581.02)

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.

(VII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued**1. Risk management objectives and policies - continued***1.1 Market risk - continued**1.1.2 Interest rate risk - changes in cash flows - continued*

Given that other variables unchanged on the basis of above assumptions, the pre-tax effect on the profit or loss for the current period from possible and reasonable changes of interest rate are as follows:

Unit: RMB

Item	Changes in interest rate	2016		2015	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
Short-term borrowings	1% increase	-	-	(1,416,101.78)	(1,416,101.78)
Short-term borrowings	1% decrease	-	-	1,416,101.78	1,416,101.78

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 31 December 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 Group adopted necessary policies to make sure that all clients and customers are attributed with merit credit records.

(VII) 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.

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	426,036,702.87	426,036,702.87	426,036,702.87	-	-
Notes receivable	500,000.00	500,000.00	500,000.00	-	-
Accounts receivable	173,934,496.63	173,934,496.63	173,934,496.63	-	-
Other receivables	26,647,869.01	26,647,869.01	26,647,869.01	-	-
Available-for-sale financial assets	22,459,200.00	22,459,200.00	22,459,200.00	-	-
The non-derivative financial liabilities					
Accounts payable	89,444,597.10	89,444,597.10	89,444,597.10	-	-
Interest payable	2,567,260.28	2,567,260.28	2,567,260.28	-	-
Other payable	74,590,394.09	74,590,394.09	74,590,394.09	-	-
Other current liabilities	250,000,000.00	254,311,780.82	254,311,780.82	-	-
Bonds payable	298,331,506.85	324,777,123.29	8,910,000.00	315,867,123.29	-

(VIII) 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:	8,550,000.00	-	-	8,550,000.00
- Equity instruments (Note)	8,550,000.00	-	-	8,550,000.00
Total assets measured at fair value continuously	8,550,000.00	-	-	8,550,000.00

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

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 31 December 2016.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(VIII) FAIR VALUE - continued

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.

(IX) 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 (%)
CMPH	Parent company	Listed in Hong Kong	Hong Kong	Li Jian Hong	Port shipping	HKD18,991,699,462	-	66.10(Note)

Note: CMPH obtained 8.58% equity of the Company via its subsidiary Jing Feng Company, 25% equity via its subsidiaries Shenzhen Malai Warehouse Co., Ltd. ("Malai Warehouse"), and obtained another 32.52% equity by entrustment of Nanshan Group's stock, totally holding 66.10% of the voting shares, so CMPH 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 (VI) 1.

3. Associates and joint ventures of the Company

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

(IX) 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
SMT	Controlled by the same parent company
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
Malai Warehouse	Controlled by the same parent company
China Merchants Container Services Ltd.("China Merchants Container")	Controlled by the same parent company
SMW	Controlled by the same parent company
Hidoney	Controlled by the same parent company
Shenzhen China Merchants Qianhaiwan Property Co., Ltd. ("Qianhai Property")	Controlled by the same parent company
China Merchants International Cold Chain (Shenzhen) Co., Ltd ("CMCCL")	Controlled by the same ultimate actual controller
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 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
China Merchants Houlder Insurance Co., Ltd. ("Houlder Insurance")	Controlled by the same ultimate actual controller
Hoi Tung (Shanghai) Co., Ltd.	Controlled by the same ultimate actual controller
Hoi Tung (Shenzhen) Co., Ltd.	Controlled by the same ultimate actual controller
Sheanzen South China Liquefied Gas Marine Co., Ltd.(South China Liquefied Gas)	Controlled by the same ultimate actual controller
China Marine Shipping Agency, Shenzhen Co., Ltd. ("CMSA") (Note)	Controlled by the same ultimate actual controller
Sinoway Shipping Ltd. ("Sinoway") (Note)	Controlled by the same ultimate actual controller
China Merchants Heavy Industry Shenzhen Co., Ltd. ("CMHI")	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
Shenzhen Chiwan Oriental Logistics Co., Ltd.("Chiwan Oriental Logistics")	Influenced significantly by parent company
CDFC	Influenced significantly by parent company
Nanshan Group	Invetsor that has significant influence on the company
China Merchant Bank Co., Ltd.("CMB")	Influenced significantly by the ultimate actual controller

Note: On 28 December 2015, State-owned Assets Supervision and Administration Commission("SASAC") released an approval to transfer Sinotrans&CSC Holdings Co., Ltd.("Sinotrans & CSC"), as a whole, into China Merchants Group Co., Ltd. ("CMG") for free. On 24 February 2016, SASAC confirmed that CMG is the controller shareholder of Sinotrans & CSC. Therefore, the Company included the subsidiaries of Sinotrans& SCS, CMSA and Sinoway as its related parties since 24 February 2016.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

(IX) 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	2016	2015
Receipt of services :				
Haixing	Load and unload service	Negotiation	4,697,099.06	5,250,938.99
CMSA	Platform use fee	Negotiation	3,691,752.00	N/A
China Merchants Holdings (International) Information Technology Co., Ltd	Technical service fee	Negotiation	2,685,201.86	3,593,871.23
Chiwan Property	Property management service	Negotiation	2,080,632.12	2,110,798.96
Xuqin	Landscape Engineering	Negotiation	1,424,421.04	2,737,278.57
Haiqin Engineering	Project management	Negotiation	1,320,737.69	531,551.64
SMT	Load and unload service	Negotiation	1,010,880.00	68,340.00
Zengcheng Xinkang	Property management service	Negotiation	784,798.07	683,731.80
Ocean Shipping Agency	Agency service	Negotiation	576,990.00	313,335.00
SMW	Load and unload service	Negotiation	593,207.56	197,805.66
Lianda Tug	Tugboat service	Negotiation	503,943.87	555,742.69
Hoi Tung (Shanghai) Co., Ltd.	Purchase of goods	Negotiation	498,199.64	534,873.63
China Merchants Property	Property management service	Negotiation	186,930.84	149,222.12
SCT	Load and unload service	Negotiation	171,547.76	-
SMP	Load and unload service	Negotiation	138,420.00	-
CMBL	Load and unload service	Negotiation	35,377.36	2,033,893.83
Hoi Tung (Shenzhen) Co., Ltd.	Purchase of goods	Negotiation	-	854,700.86
China Merchants Container	Transportation services	Negotiation	-	702,070.57
Houlder Insurance	Insurance service	Negotiation	-	80,000.00
Chiwan Oriental Logistics	Transportation services	Negotiation	-	27,117.11
Huxing Tug	Tugboat service	Negotiation	-	11,686.42
Shipping Agency	Agency service	Negotiation	-	4,925.51
Total			20,400,138.87	20,441,884.59
Rendering of services:				
SCT	Trailer service etc.	Negotiation	14,561,689.56	12,103,589.48
Ocean Shipping Agency	Tugboat service	Negotiation	14,360,875.75	9,606,798.58
SMT	Trailer service etc.	Negotiation	13,072,813.13	13,661,628.99
SMP	Tugboat service	Negotiation	6,014,324.79	9,397,633.97
CMSA	Tug service etc.	Negotiation	4,283,663.48	N/A
Shipping Agency	Trailer service etc.	Negotiation	2,460,519.24	2,502,690.16
COHA (Laizhou)	Labor dispatch service	Negotiation	1,495,994.08	561,543.76
International Ocean Shipping	Berthage fee	Negotiation	952,187.92	775,267.91
Lianda Tug	Tugboat service	Negotiation	515,908.65	1,124,381.62
Youlian Shipyard	Tugboat service	Negotiation	420,190.56	433,459.86
CMCCL	Trailer service	Negotiation	168,481.13	314,316.43
CMBL	Trailer service	Negotiation	95,003.78	754,800.96
Sinoway	Loading and unloading income	Negotiation	75,836.09	N/A
CMHI	Tug service	Negotiation	72,073.58	-
Zengcheng Xinkang	Others	Negotiation	7,948.40	8,883.91
Xuqin	Load and unload service	Negotiation	4,872.68	6,762.24
Ocean Shipping Tally	Others	Negotiation	-	65,580.00
Huxing Tug	Tugboat service	Negotiation	-	45,788.21
South China Liquefied Gas	Tugboat service	Negotiation	-	43,981.13
Total			58,562,382.82	51,407,107.21

(IX) 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
CMBL	Crane	1,882,718.48	1,864,077.72
Ocean Shipping Tally	Office renting	58,167.53	-
Shipping Agency	Office renting	5,951.88	-
Chiwan Base	Coastal line, packing yards, road lighting, etc,	-	11,208,750.00
Total		1,946,837.89	13,072,827.72

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	61,655,931.48	61,599,405.12
Malai Warehouse	Office	4,879,713.88	7,195,527.00
Chiwan Base	Office	4,104,644.97	1,523,364.72
CMPS	Former Bay port lands	3,169,800.00	3,169,800.00
SMW	Rental	899,311.39	-
China Merchants Shangzhi	Buildings	859,832.64	830,980.80
SCT	Crane	621,580.55	1,399,057.46
Qianhai Property	Staff dormitory	144,147.73	271,994.50
Baowan Logistics	Warehouse	99,460.54	103,775.41
Total		76,434,423.18	76,093,905.01

(3) Transfers of assets involved with related parties

Unit: RMB

related party	Related trade	2016	2015
SMW	Machinery and equipment transfer-out	1,176,271.66	-
Haixing	Machinery and equipment transfer-in	128,000.00	-
SMW	Transfer of transport equipment	-	101,600.00

(4) Compensation for key management personnel

Unit: RMB

Item	2016	2015
Compensation for key management personnel	10,788,235.12	8,355,047.60

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

(IX) 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	244,449,550.95	168,955,890.49
	CDFC	1,211,887.57	55,649,145.28
	Total	245,661,438.52	224,605,035.77
Accounts receivable	Ocean Shipping Agency	2,138,014.00	1,608,650.60
	SMT	1,097,931.17	1,500,641.58
	CMSA	568,815.80	N/A
	Shipping Agency	390,704.00	116,172.00
	SMP	278,192.54	1,114,816.72
	SCT	29,340.00	2,379,795.00
	Sinoway	24,588.00	N/A
	Chiwan Base	-	5,113,500.00
	COHA (Laizhou)	-	535,207.20
	Others	-	49,651.00
	Total	4,527,585.51	12,418,434.10
Other receivables	CMBL	2,437,813.73	1,868,304.61
	SMP	1,366,290.52	985,340.31
	Nanshan Group	1,054,300.09	1,054,300.09
	SMT	870,864.34	1,934,775.73
	Qianhai Property	654,480.00	654,480.00
	Xuqin	323,000.00	323,000.00
	China Merchants Shangzhi	176,299.20	240,263.20
	Chiwan Base	135,621.91	135,621.91
	SCT	16,994.00	1,245,976.00
	China Merchants Property	5,294.00	5,294.00
	Haixing	-	311,494.00
	CMPS	-	311,494.00
	Others	62,809.00	56,869.00
	Total	7,103,766.79	9,127,212.85
	Accounts payable	Nanshan Group	10,090,213.25
Xuqin		793,251.50	2,224,268.57
CMSA		743,962.71	N/A
Haixing		575,625.00	343,405.00
Zengcheng Xinkang		207,845.50	150,810.50
Hoi Tung (Shanghai) Co., Ltd.		188,945.00	192,593.29
CMPH		99,675.65	-
SCT		-	60,000.00
SMT		-	28,747.20
Total		12,699,518.61	23,709,906.27
Dividends payable	Hidoney	-	38,248,386.76

(IX) 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	5,173,198.89	704,405.12
	SMP	647,066.08	362,861.51
	Haiqin Engineering	389,509.73	88,977.03
	SCT	247,360.66	470,047.59
	Nanshan Group	155,593.03	111,991.70
	China Merchants Shangzhi	117,532.80	-
	Xuqin	51,624.65	11,500.00
	China Merchants Holdings (International) Information Technology Co., Ltd.	42,900.00	508,921.00
	Chiwan Property	14,100.90	-
	International Ocean Shipping	10,000.00	10,000.00
	China Merchants Property	3,626.34	1,464.12
	Hoi Tung (Shenzhen) Co., Ltd.	-	1,000,000.00
	CMBL	-	67,080.00
	CMPH	-	27,194.56
	Total	6,852,513.08	3,364,442.63

(X) 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	151,991,708.93	25,429,546.67
- Commitment on external investment	56,136,194.00	-
Total	208,127,902.93	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	58,325,261.82	3,285,372.56
2nd year subsequent to the balance sheet date	54,599,108.85	599,468.69
3rd year subsequent to the balance sheet date	656,227.25	389,421.36
More than 3 years	-	742,712.59
Total	113,580,597.92	5,016,975.20

2. Contingencies

No material contingencies that should be disclosed by the Group.

(XI) EVENTS AFTER THE BALANCE SHEET**1. 【Profit appropriation】**

Unit: RMB

Item	Amount
Proposed distribution of profits or dividends (Note)	319,802,810.08
Profits or dividends declared to be distributed	To be approved by General meeting of shareholders

Note: Please refer to Note (V) 38.

(XII) 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 31 DECEMBER 2016

(XII) 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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Operating income	1,782,343,936.83	1,747,972,945.00	158,782,168.60	158,969,818.91	29,384,718.03	25,708,043.32	-	-	(65,403,683.04)	(60,042,211.07)	1,905,107,140.42	1,872,608,596.16
Revenue arising from external transactions	1,779,272,172.37	1,747,810,379.34	96,580,829.78	100,524,805.89	29,254,138.27	24,273,410.93	-	-	-	-	1,905,107,140.42	1,872,608,596.16
Revenue arising from inter-segment transactions	3,071,764.46	162,565.66	62,201,338.82	58,445,013.02	130,579.76	1,434,632.39	-	-	(65,403,683.04)	(60,042,211.07)	-	-
Total segment operating income	1,782,343,936.83	1,747,972,945.00	158,782,168.60	158,969,818.91	29,384,718.03	25,708,043.32	-	-	(65,403,683.04)	(60,042,211.07)	1,905,107,140.42	1,872,608,596.16
Reconciling items:												
Operating Income in the financial statements											1,905,107,140.42	1,872,608,596.16
Operating cost	976,831,006.93	930,887,674.04	119,894,587.11	118,198,934.43	19,108,936.15	13,671,511.65	-	-	(65,368,649.68)	(60,042,211.07)	1,050,465,880.51	1,002,715,909.05
Segment operating profits	805,512,929.90	817,085,270.96	38,887,581.49	40,770,884.48	10,275,781.88	12,036,531.67	-	-	(35,033.36)	-	854,641,259.91	869,892,687.11
Reconciling items:												
Business taxes and surcharges	8,593,274.58	5,025,061.87	291,541.06	173,686.91	841,236.94	2,353,832.88	-	-	1,046,179.76	-	10,772,232.34	7,552,581.66
Administrative expenses	124,511,443.64	126,052,506.42	12,744,154.28	12,176,192.51	6,195,758.39	6,622,851.39	31,104,961.07	30,793,356.39	(35,033.36)	-	174,521,284.02	175,644,906.71
Financial expenses	(2,683,344.67)	31,337,452.90	(1,573,432.76)	(1,276,595.12)	(1,096,936.54)	(451,057.55)	23,422,509.20	29,891,040.33	(1,046,179.76)	-	17,022,615.47	59,500,840.56
Impairment losses of assets	4,500,706.29	(189,100.49)	188,867.59	99,631.09	-	-	-	-	-	-	4,689,573.88	(89,469.40)
Investment Income	-	-	-	-	-	-	650,399,885.73	643,131,167.80	(529,916,010.31)	(542,313,434.94)	120,483,875.42	100,817,732.86
Operating profit	670,590,850.06	654,859,350.26	27,236,451.32	29,597,969.09	4,335,723.09	3,510,904.95	595,872,415.46	582,446,771.08	(529,916,010.31)	(542,313,434.94)	768,119,429.62	728,101,560.44
Non-operating income	3,748,438.75	3,029,421.88	1,904,840.62	150,470.75	42,304.43	320,427.23	-	-	-	-	5,695,583.80	3,500,319.86
Non-operating expenses	2,980,376.93	3,061,272.21	140,907.96	401,448.62	35,041.03	111,865.43	-	-	-	-	3,156,325.92	3,574,586.26
Gross profit	671,358,911.88	654,827,499.93	29,000,383.98	29,346,991.22	4,342,986.49	3,719,466.75	595,872,415.46	582,446,771.08	(529,916,010.31)	(542,313,434.94)	770,658,687.50	728,027,294.04
Income tax expenses	89,054,315.93	64,894,793.15	7,290,125.68	7,381,628.04	355,404.00	377,212.87	4,109,138.17	2,656,001.37	-	-	100,808,983.78	75,309,635.43
Net profit	582,304,595.95	589,932,706.78	21,710,258.30	21,965,363.18	3,987,582.49	3,342,253.88	591,763,277.29	579,790,769.71	(529,916,010.31)	(542,313,434.94)	669,849,703.72	652,717,658.61

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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(XII) 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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Total segment assets	5,420,847,740.96	5,381,327,550.98	220,696,382.06	221,421,640.98	33,145,715.78	36,860,916.07	7,001,692,433.36	7,564,266,067.68	(6,055,905,562.37)	(6,290,103,298.72)	6,620,476,709.79	6,913,772,876.99
Total assets in the financial statements	5,420,847,740.96	5,381,327,550.98	220,696,382.06	221,421,640.98	33,145,715.78	36,860,916.07	7,001,692,433.36	7,564,266,067.68	(6,055,905,562.37)	(6,290,103,298.72)	6,620,476,709.79	6,913,772,876.99
Total segment liabilities	1,287,022,232.16	1,694,385,386.50	136,039,580.05	136,764,838.97	23,856,538.93	27,602,514.14	926,751,588.43	1,802,530,453.59	(1,390,186,966.20)	(1,976,820,746.33)	983,482,973.37	1,684,462,446.87
Total liabilities in the financial statements	1,287,022,232.16	1,694,385,386.50	136,039,580.05	136,764,838.97	23,856,538.93	27,602,514.14	926,751,588.43	1,802,530,453.59	(1,390,186,966.20)	(1,976,820,746.33)	983,482,973.37	1,684,462,446.87
Supplementary information												
Depreciation	170,034,292.39	172,445,076.14	11,673,804.16	11,429,783.53	47,541.30	87,975.88	11,651,649.99	14,601,064.19	-	-	193,407,287.84	198,563,899.74
Amortization	39,463,601.5	41,695,890.13	17,496.30	307,536.04	276,792.75	-	-	-	-	-	39,757,890.60	42,003,426.17
Interest income	12,425,426.84	8,846,137.76	1,574,476.16	1,344,086.28	567,456.25	158,571.71	31,188,838.91	42,708,036.66	(40,201,612.69)	(47,829,248.10)	5,554,585.47	5,227,584.31
Interest expense	28,894,711.66	39,645,349.49	-	65,254.86	-	-	47,142,668.62	72,132,466.49	(41,247,792.45)	(47,829,248.10)	34,789,587.83	64,013,822.74
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	114,191,687.57	95,337,543.13	-	-	114,191,687.57	95,337,543.13
Long-term equity investment under equity method	-	-	-	-	-	-	1,490,427,656.53	1,447,024,975.16	-	-	1,490,427,656.53	1,447,024,975.16
Non-current assets other than long-term equity investment	4,286,827,890.15	4,349,568,017.17	114,168,681.90	126,029,974.90	13,699,499.49	16,492,521.44	175,916,227.44	175,301,933.69	(156,606,653.68)	(157,909,567.98)	4,434,005,645.30	4,509,482,879.22

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

(XII) 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	2016	2015
Revenue from external transactions with domestic customers	1,886,725,592.26	1,855,423,240.72
Revenue from external transactions with Hong Kong customers	18,381,548.16	17,185,355.44
Total	1,905,107,140.42	1,872,608,596.16

Unit: RMB

Item	2016	2015
Non-current assets sourced from Mainland of PRC	4,433,998,794.69	4,509,466,040.28
Non-current assets sourced from Hong Kong	6,850.61	16,838.94
Total	4,434,005,645.30	4,509,482,879.22

(4) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB1,053,730,861.13, occupying 55.31% of the Group's total operating income.

(XIII) 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(Note 1)	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	63,999.00	0.43	-	-	63,999.00	5,648,707.20	28.12	-	-	5,648,707.20
Portfolio 2	14,666,413.29	99.57	-	-	14,666,413.29	14,436,075.12	71.88	-	-	14,436,075.12
Subtotal of portfolios	14,730,412.29	100.00	-	-	14,730,412.29	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	14,730,412.29	100.00	-	-	14,730,412.29	20,084,782.32	100.00	-	-	20,084,782.32

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

(XIII) 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	14,666,413.29	-	-	14,666,413.29	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	Third party with transactions	3,511,309.00	23.84	-
Customer G	Third party with transactions	3,088,540.38	20.97	-
Customer H	Third party with transactions	3,361,812.17	22.82	-
Customer I	Third party with transactions	2,001,873.16	13.59	-
Customer J	Third party with transactions	1,015,568.20	6.89	-
Total		12,979,102.91	88.11	-

2. Other receivables

(1) Disclosure of other receivables by categories

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount balance		Bad debt provision		BCarrying value	Carrying amount balance		Bad debt provision		BCarrying 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	581,387,532.80	99.75	-	-	581,387,532.80	678,272,733.47	99.82	-	-	678,272,733.47
Portfolio 2	1,455,758.02	0.25	391,186.82	26.87	1,064,571.20	1,218,472.01	0.18	383,456.60	31.47	835,015.41
Subtotal of portfolios	582,843,290.82	100.00	391,186.82	0.07	582,452,104.00	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	582,843,290.82	100.00	391,186.82	0.07	582,452,104.00	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 31 DECEMBER 2016

(XIII) 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	1,034,396.62	149.26	0.01	1,034,247.36	835,015.41	-	-	835,015.41
More than 1 year but not exceeding 2 years	37,904.80	7,580.96	20.00	30,323.84	-	-	-	-
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	1,455,758.02	391,186.82	26.87	1,064,571.20	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	2,095,061.81	3,726,739.80
Deposits	306,791.32	249,328.31
Others	580,441,437.69	675,515,137.37
Including: amounts due from subsidiaries	580,057,981.09	674,871,443.87
Total	582,843,290.82	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
DGT	Temporary payment due from subsidiaries	361,632,988.72	Within one year	62.05	-
DGW	Temporary payment due from subsidiaries	214,500,000.00	Within one year	36.80	-
Chiwan Wharf Holdings (Hong Kong) Limited.	Temporary payment due from subsidiaries	2,851,360.05	More than three year	0.49	-
Nanshan Group	Temporary payments from related parties	1,022,760.39	More than 2 year but not exceeding 3 years	0.18	-
CCT	Temporary payment due from related parties	725,678.44	Within one year	0.12	-
Total		580,732,787.60		99.64	-

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

(XIII) 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 Co., Ltd	5,500,000.00	-	-	-	-	-	-	-	-	5,500,000.00	-
CHCC	250,920,000.00	-	-	-	-	-	-	-	-	250,920,000.00	-
Shenzhen Chiwan Transportation Co., Ltd	7,000,000.00	-	-	-	-	-	-	-	-	7,000,000.00	-
Chiwan Wharf Holdings (Hong Kong) Limited	1,070,000.00	-	-	-	-	-	-	-	-	1,070,000.00	-
Shenzhen Chiwan Tugboat Co., Ltd	24,000,000.00	-	-	-	-	-	-	-	-	24,000,000.00	-
CCT	421,023,199.85	-	-	-	-	-	-	-	-	421,023,199.85	-
DGW	186,525,000.00	-	-	-	-	-	-	-	-	186,525,000.00	-
DGT	175,000,000.00	-	-	-	-	-	-	-	-	175,000,000.00	-
Subtotal	1,071,038,199.85	-	-	-	-	-	-	-	-	1,071,038,199.85	-
II. Associates											
China Merchants Holdings (International) Information Technology Co., Ltd	12,833,857.95	-	-	1,761,382.97	-	-	-	-	-	14,595,240.92	-
CMBL	145,351,043.43	-	-	5,676,580.50	-	957,821.05	-	-	-	151,985,444.98	-
Subtotal	158,184,901.38	-	-	7,437,963.47	-	957,821.05	-	-	-	166,580,685.90	-
III. Joint ventures											
COHA (Laizhou)	770,930,325.06	-	-	60,183,170.19	-	-	36,132,189.03	-	-	794,981,306.22	-
Total	2,000,153,426.29	-	-	67,621,133.66	-	957,821.05	36,132,189.03	-	-	2,032,600,191.97	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**(XIII) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -**
continued**4. Operating income and operating costs**

Unit: RMB

Item	2016		2015	
	Income	Cost	Income	Cost
Principal operating	196,844,379.94	141,627,809.07	228,693,176.21	153,418,697.04
Other operating	27,140,761.84	757,252.02	32,047,743.16	1,215,450.74
Total	223,985,141.78	142,385,061.09	260,740,919.37	154,634,147.78

5. Investment income

(1) Details of investment income

Unit: RMB

Item	2016	2015
Income from long-term equity investments under cost method	134,702,787.76	217,818,690.44
Income from long-term equity investments under equity method	67,621,133.66	52,671,209.47
Investment income from the disposal of long-term equity	-	1,878,969.73
Investment income on available-for-sale financial assets, etc.	6,292,187.85	3,601,220.00
Total	208,616,109.27	275,970,089.64

(2) Income from long-term equity investments under cost method

Unit: RMB

Investee	2016	2015	Reasons for increases or decreases in the current compared to the prior period
CCT	-	108,370,429.14	The dividends distributed by investee fluctuate.
CHCC	115,390,687.74	89,592,252.90	The dividends distributed by investee fluctuate.
Shenzhen Chiwan Tugboat Co., Ltd	16,514,592.21	18,738,081.41	The dividends distributed by investee fluctuate.
Shenzhen Chiwan Transportation Co., Ltd	2,520,533.55	858,954.54	The dividends distributed by investee fluctuate.
Shenzhen Chiwan International Freight Agency Co., Ltd	276,974.26	258,972.45	The dividends distributed by investee fluctuate.
Total	134,702,787.76	217,818,690.44	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

(XIII) 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	2016	2015
Receipt of services :				
Chiwan Shipping (Hong Kong) Limited	Agency service	Negotiation	1,068,046.98	-
Xuqin	Landscape engineering	Negotiation	898,037.45	1,279,632.70
Chiwan Property	Property management service	Negotiation	458,830.60	490,993.70
CMHI	Technical service	Negotiation	151,132.13	242,359.49
Shenzhen Chiwan Tugboat Co., Ltd	Transportation services	Negotiation	28,256.60	34,226.41
Shenzhen Chiwan International Freight Agency Co., Ltd	Agency service	Negotiation	18,209.81	83,931.17
China Merchants Container	Transportation services	Negotiation	-	702,070.57
Shenzhen Chiwan Transportation Co., Ltd	Transportation services	Negotiation	-	272,141.51
Haixing	Load and unload service	Negotiation	-	60,828.30
SMW	Load and unload service	Negotiation	-	30,400.00
Shipping Agency	Agency service	Negotiation	-	4,925.51
Total			2,622,513.57	3,201,509.36
Rendering of services:				
DGW	Labor dispatch service	Negotiation	16,973,861.28	13,966,685.01
DGT	Labor dispatch service	Negotiation	1,698,686.94	-
COHA (Laizhou)	Labor dispatch service	Negotiation	1,495,994.08	561,543.76
CMSA	Harbor administration	Negotiation	333,178.01	N/A
Shipping Agency	Berthage fee , etc,	Negotiation	142,419.81	183,237.71
Ocean Shipping Agency	Load and unload service	Negotiation	18,736.79	106,336.59
Xuqin	Load and unload service	Negotiation	4,872.68	6,762.24
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
CCT	Load and unload service	Negotiation	-	2,169.81
Total			20,667,749.59	14,864,376.62

(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
CHCC	Rental of packing yards	97,563.42	102,441.59
Ocean Shipping Tally	Office lease	58,167.53	65,580.00
Shipping Agency	Office lease	5,951.88	-
Chiwan Base	Coastal line, packing yards and road lighting	-	11,208,750.00
CCT	Rental of packing yards	-	199,151.11
Total		161,682.83	11,575,922.70

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

(XIII) 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	10,044,055.34	10,272,041.24
Malai Warehouse	Office	3,726,743.96	1,104,870.00
Chiwan Base	Office	1,395,430.42	1,523,364.72
SCT	Crane	540,000.00	660,000.00
CCT	Building	-	104,466.02
Total		15,706,229.72	13,664,741.98

(3) Asset transfer with related parties

Name of lessor	Content of related party transaction	2016	2015
SMT	Transfer mechanical equipment	1,176,271.66	-

7. Amounts due from/to related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Cash and bank balances	China Merchants Bank	19,265,421.23	57,416,519.17
	CDFC	1,211,887.57	55,649,145.28
	Total	20,477,308.80	113,065,664.45
Accounts receivable	CMSA	44,129.00	N/A
	Shipping Agency	19,870.00	-
	Chiwan Base	-	5,113,500.00
	COHA (Laizhou)	-	535,207.20
	Total	63,999.00	5,648,707.20
Other receivables	DGT	361,632,988.72	443,275,000.00
	DGW	214,500,000.00	227,500,000.00
	Chiwan Wharf Holdings (Hong Kong) Limited	2,851,360.05	2,850,467.87
	Nanshan Group	1,022,760.39	1,022,760.39
	CCT	725,678.44	1,245,976.00
	CHCC	309,683.43	-
	Chiwan Base	135,621.91	135,621.91
	China Merchants Shangzhi	58,766.40	58,766.40
	Hinwin Development Limited	38,270.45	38,270.45
	Chiwan Property	150.00	150.00
	SCT	-	1,245,976.00
	Haixing	-	311,494.00
	CMPS	-	311,494.00
	Total	581,275,279.79	677,995,977.02

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

(XIII) 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 (Hong Kong) Limited	11,004,284.75	11,004,284.75
Accounts payable	Nanshan Group	2,906,947.14	3,106,063.74
	Xuqin	785,059.00	1,445,977.80
	SCT	-	60,000.00
	Total	3,692,006.14	4,612,041.54
Other payables	CHCC	243,733,114.96	190,759,953.28
	Shenzhen Chiwan Transportation Co., Ltd	46,897,834.66	42,501,681.28
	Shenzhen Chiwan Tugboat Co., Ltd	24,912,752.12	17,656,552.77
	DGW	13,260,132.40	28,650,894.16
	DGT	10,133,892.96	14,259,301.60
	CCT	9,697,899.00	22,420,393.04
	Chiwan Shipping (Hong Kong) Limited	1,183,964.01	673,055.09
	Shenzhen Chiwan International Freight Agency Co., Ltd	975,053.00	1,059,758.93
	Haiqin Engineering	389,509.47	-
	Nanshan Group	58,539.14	60,054.00
	Xuqin	10,000.00	10,000.00
	China Merchants Holdings (International) Information Technology Co., Ltd	6,400.00	6,400.00
	Total	351,259,091.72	318,058,044.15
Long-term payables	Chiwan Wharf Holdings (Hong Kong) Limited	116,662,000.00	-
Interests payable	Shenzhen Chiwan Transportation Co., Ltd	1,500,827.59	796,967.00
	CHCC	1,492,533.76	1,121,027.45
	Shenzhen Chiwan Tugboat Co., Ltd	97,332.08	23,204.11
	Total	3,090,693.43	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.

(XIII) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS -
continued**8. Supplementary information to the cash flow statement**

Unit: RMB

Supplementary information	2016	2015
1. Reconciliation of net profit to cash flows from operating activities:		
Net profits	195,474,231.11	264,241,215.72
Add: Provision for impairment losses of assets	7,730.22	-
Depreciation of fixed assets	11,080,137.72	13,720,795.92
Depreciation and amortization of investment property	571,512.27	880,268.27
Amortization of intangible assets	2,967,175.79	3,060,842.80
Amortization of long-term prepaid expenses	179,620.71	469,660.48
Losses(Gains) on disposal of fixed assets, intangible assets and other long-term assets	1,177,444.73	476,289.37
Financial expenses	34,252,187.10	80,785,844.84
Losses (Gains) arising from investments	(208,616,109.27)	(275,970,089.64)
Decrease (Increase) in deferred tax assets	-	11,093,096.27
Decrease(Increase) in inventories	631,788.30	(201,851.14)
Decrease (Increase) in operating receivables	101,806,904.44	219,516,152.90
Increase (Decrease) in operating payables	41,030,605.89	53,050,704.06
Net cash flows from operating activities	180,563,229.01	371,122,929.85
2. Net changes in cash and cash equivalents:		
Closing balance of cash	97,401,657.09	331,615,767.60
Less: Opening balance of cash	331,615,767.60	281,427,034.32
Net increase (decrease) in cash	(234,214,110.51)	50,188,733.28

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

SUPPLEMENTARY INFORMATION TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

1. BREAKDOWN OF EXTRAORDINARY GAINS AND LOSSES

Unit: RMB

Item	Amounts	Description
Gains or losses on disposal of non-current assets	(2,468,885.29)	
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)	1,046,444.12	
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	-	
Gains or losses on exchange of non-monetary assets	-	
Gains or losses on entrusted investments or assets management	-	
Provision of impairment losses for each asset due to force majeure, e.g. acts of God	-	
Gains or losses on debt restructuring	-	
Business restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	-	
Gains or losses 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	-	
Gains or losses arising from contingencies other than those related to normal operating business	-	
Gains or losses 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	-	
Gains or losses on entrusted loans	-	
Gains or losses 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	3,961,699.05	
Other profit or loss that meets the definition of non-recurring profit or loss	-	
Tax effects	(595,892.67)	
Effects of minority interest (after tax)	(182,852.39)	
Total	1,760,512.82	

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	11.637	0.826	0.826
Net profit attributable to ordinary shareholders after deducting extraordinary gains and losses	11.601	0.823	0.823