



**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**SEMI-ANNUAL REPORT 2018**

**Date of disclosure: 31 August 2018**

## Section I Important Reminders, Contents & Definitions

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

Chairman of the Board Bai Jingtao, Chief Financial Officer Yao Shenglan and Financial Manager Li Xiaopeng hereby guarantee the factuality, accuracy and completeness of the Financial Report in this Report.

This Report has been approved at the 4<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors of the Company. Chairman of the Board Bai Jingtao was not present at the meeting in person for the reason of work, but he had expressed his consent to all the proposals to be reviewed at the meeting and authorized Vice Chairman of the Board Zhou Qinghong to attend the meeting and perform duties including hosting the meeting, expressing opinions and signing meeting documents on behalf of him.

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

Possible risks faced by the Company have been explained in “Section IV. Performance Discussion and Analysis” in this Report, which investors are kindly reminded to pay attention to.

Securities Times, Ta Kung Pao (HK) and [www.cninfo.com.cn](http://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 plans not to distribute cash dividends or bonus shares or turn capital reserve 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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## Definitions

Term	Refers to	Definition
Company, the Company or Chiwan Wharf	Refers to	Shenzhen Chiwan Wharf Holdings Limited
CMG	Refers to	China Merchants Group
CMPort	Refers to	China Merchants Port Holdings Company Limited
CND Group	Refers to	China Nanshan Development (Group) Inc.
Malai Storage	Refers to	Shenzhen Malai Storage Co., Ltd.
KFEL	Refers to	Keen Field Enterprises Limited, a wholly-funded subsidiary of China Merchants Holdings (International)
CMG Hong Kong	Refers to	China Merchants Group (H.K.) Limited, a CMG wholly-owned subsidiary in Hong Kong
Broadford Global	Refers to	Broadford Global Limited, a wholly-owned subsidiary of CMG Hong Kong
CMGD	Refers to	China Merchants Gangtong Development (Shenzhen) Co., Ltd., a Broadford Global wholly-owned subsidiary in Shenzhen
MPIL	Refers to	Media Port Investments Limited
The CSRC	Refers to	China Securities Regulation Commission
SZSE	Refers to	Shenzhen Stock Exchange

## Section II Company Profile & Financial Highlights

### I Basic information about the Company

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

### II Contact information

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

### III Other information

#### 1. Ways to contact the Company

The registered address, office address and their zip codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2017 Annual Report.

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

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing this report and the place where this report is kept did not change during the reporting period. The said information can be found in the 2017 Annual Report.

### IV Major accounting data and financial indicators

Does the Company need to adjust retrospectively or restate accounting data?

☒ Yes ☐ No

Unit: RMB

	Reporting period	Same period of last year	YoY +/- ( % )
Operating revenues	1,246,135,516.34	1,176,651,017.99	5.91%
Net profit attributable to shareholders of the Company	316,060,290.67	276,061,357.50	14.49%
Net profit attributable to shareholders of the Company before extraordinary gains and losses	316,625,908.24	275,611,120.89	14.88%
Net cash flows from operating activities	349,174,873.68	574,555,532.03	-39.23%
Basic EPS (RMB/share)	0.490	0.428	14.49%
Diluted EPS (RMB/share)	0.490	0.428	14.49%
Weighted average ROE ( % )	6.79%	5.72%	1.07%
	As at the end of the reporting period	As at the end of last year	+/- ( % )
Total assets	7,028,586,133.86	7,975,470,563.32	-11.87%
Net assets attributable to shareholders of the Company	4,484,162,198.15	4,922,969,405.92	-8.91%

Business combination under common control have caused retrospective adjustments or restatements, which are shown in the table below. For further information, see “XVI. Explain change of the consolidation scope as compared with the financial reporting of last year” under “Section V. Significant Events” in this Report.

Unit: RMB

	Reporting period	Same period of last year		YoY +/- ( % )
		Before adjustment	After adjustment	After adjustment
Operating revenues	1,246,135,516.34	929,608,498.91	1,176,651,017.99	5.91%
Net profit attributable to shareholders of the Company	316,060,290.67	276,407,832.70	276,061,357.50	14.49%
Net profit attributable to shareholders of the Company before extraordinary gains and losses	316,625,908.24	275,545,048.09	275,611,120.89	14.88%
Net cash flows from operating activities	349,174,873.68	419,531,779.91	574,555,532.03	-39.23%
Basic EPS (RMB/share)	0.490	0.429	0.428	14.49%
Diluted EPS (RMB/share)	0.490	0.429	0.428	14.49%
Weighted average ROE ( % )	6.79%	5.76%	5.72%	1.07%

	As at the end of the reporting period	As at the end of last year		+/- ( % )
		Before adjustment	After adjustment	After adjustment
Total assets	7,028,586,133.86	6,784,421,548.53	7,975,470,563.32	-11.87%
Net assets attributable to shareholders of the Company	4,484,162,198.15	4,671,374,937.86	4,922,969,405.92	-8.91%

## V 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

### 3. Reasons for accounting data differences under Chinese and overseas accounting standards

☐ Applicable ☒ Not applicable

## VI Items and amounts of extraordinary gains and losses

Unit: RMB

Item	Amount	Note
Gains/losses on the disposal of non-current assets (including the offset part of the asset impairment provisions)	19,702.38	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	969,240.75	
Non-operating income and expense other than the above	-547,274.44	
Less: Income tax effects	-21,177.58	
Minority interests effects (after tax)	1,028,463.84	
Total	-565,617.57	--

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

Is the Company subject to any disclosure requirements for special industries?

No.

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

In the reporting period, the global economy continued to grow modestly while China's economy saw progress amid stability, with slower growth in the domestic port industry. As a regional hub for container and bulk cargo carriers, the Company maintained a relatively stable market position and achieved growth in operating results in the period.

### II. Significant changes in primary assets

#### 1. Significant changes in primary assets

Primary asset	Significant change
<b>Equity assets</b>	The Proposal on Signing the Supplementary Agreement II to the Media Port Investments Limited Shareholder Agreement was approved at the 3 <sup>rd</sup> Extraordinary Meeting of the Company's 9 <sup>th</sup> Board of Directors of 2018 on 5 February 2018. On the same day, the Supplementary Agreement II was signed by the Company, CMPort, Fatten Investments Limited and Media Port Investments Limited as a further supplement to the Media Port Investments Limited Shareholder Agreement signed on 30 September 2002. According to the Supplementary Agreement II, upon the completion of the transfer of a combined stake of 66.10% in the Company from CND Group, Malai Storage and KFEL to CMGD and Broadford Global, the Company's control over Media Port Investments Limited will cease. On 8 June 2018, when the relevant equity transfer formalities were completed, the Company excluded Shenzhen Mawan Port Services Co., Ltd., Shenzhen Mawan Wharf Co., Ltd. and Shenzhen Mawan Warehouse & Terminals Co., Ltd. from its consolidated financial statements. The announcement (No. 2018-013) on the related transactions arising from the signed Supplementary Agreement II has been disclosed on Securities Times, Ta Kung Pao and www.cninfo.com.cn on 7 February 2018.
<b>Entrusted assets</b>	The Proposal on Signing The Agreement on Equity Management Entrustment with China Merchants Port Holdings Company Limited (CMPort) was approved at the 2nd Meeting of the 9th Board of the Company dated 23 August 2017. On the same day, the agreement was



	signed to let the Company manage, in CMPort's trust, part of the shareholder and other rights in relation to the 80% stake in Mega Shekou Container Terminals Limited, which is held directly by CMPort. As CMPort has ceased its control over the Company from 8 June 2018, as per the aforesaid entrustment agreement, the Company's custodianship of the shareholder and other rights in relation to the 80% stake in Mega Shekou Container Terminals Limited has automatically ended. The announcement (No. 2017-035) on the related transaction arising from the signed entrustment contract has been disclosed on Securities Times, Ta Kung Pao and www.cninfo.com.cn on 25 August 2017.
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## 2. Main assets overseas

☐ Applicable ☒ Not applicable

## III Core competitiveness analysis

Is the Company subject to any disclosure requirements for special industries?

No.

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. Resource allocation: The upgrade of Chiwan Wharf's Berth 7# for bulk cargos was completed and accepted in April 2018 and it is ready for ships at the 70,000 metric ton level on a regular basis. In the same month, the capacity of Chiwan Wharf's Berth 13# Extension for container carriers has been upgraded from the 150,000 metric ton level to 200,000 metric tons of deloaded ships. Meanwhile, the trial operation of Machong Wharf's 225,000-metric-ton grain silo phase II proceeded smoothly. In May, construction bidding for Machong Wharf's grain silo phase III was completed and construction is underway.
2. External investment: The Company increased its investment in Zhoushan Archipelago New Area SinoTrans & CSC RoRo Logistics Co., Ltd. in May 2018 and has thus become its controlling shareholder. The Company will beef up construction of the RORO terminal in Zhoushan in order for early operation.

These changes will further increase the Company's competitiveness and anti-risk capability, providing assurance for its sustained healthy development.

## Section IV Performance Discussion and Analysis

### I Summary

In the first half of 2018, the world economy continued to recover, but with polarized slowdowns in growth of major economies due to challenges including rising inflation across the globe, tightening monetary policies and rising trade protectionism. Amid increasing trade frictions with the U.S and the deepened supply-side reform, China's economic growth was maintained at a steady and positive rate of 6.8%, with driving forces shifting in an orderly manner. As the "Belt and Road Initiative" effectively promoted multilateral trade, China's imports and exports registered a 7.9% expansion in value. Performance was stable across the port industry in spite of slower throughput growth from a year ago. To be specific, large coastal ports recorded a total throughput of 4.58 billion metric tons, representing a year-on-year rise of 4.3% (3.0 percentage points lower than the same period of last year), including 0.11 billion TEU, a 5.5% year-on-year expansion (2.3 percentage points lower than a year ago).

During the reporting period, the Company was in face of tough challenges including external factors such as the trade war between China and the U.S. and local competition, as well as internal ones including limited resources and rigid cost increases. Despite all these difficulties, the Company kept forging ahead. For the reporting period, it recorded a total throughput of 33.534 million metric tons, down 4.9% year-on-year. Operating revenue was RMB1.25 billion (a 5.9% growth from a year earlier), gross profit was RMB0.52 billion (a 16.2% expansion over the same period of last year) and net profit attributable to the Company as the parent was RMB0.32 billion (up 14.5% year-on-year).

#### 1. Container handling business

The first half of 2018 saw stable and positive demand for container shipping, but freight rates of most routes showed fluctuations with immediate falling back driven by new shipping capacity after year-beginning highs. The three new alliances of the OCEAN Alliance, the THE Alliance and the 2M+HMM alliance have firmly dominated the global container shipping market, with their combined capacity accounting for 81% of the world's total, indicating more control on the market.

During the reporting period, the combined container throughput of the ports of the three major cities in South China was 32.47 million TEU, up 2.3% from the same period of last year, lower than the national average, of which Shenzhen ports handled 12.13 million TEU, a 2.3% year-on-year growth. In the fierce local competition, the Company realized a container throughput of 2.686 million TEU, increasing 3.5% compared to the same period of last year, which accounted for 22.1% of the Shenzhen market.

Keeping a close eye on shipping company dynamics, the Company adjusted its business strategy in a timely manner and managed to maintain stable core clients, with the top 10 clients contributing over 80% of the Company's total revenue. Meanwhile, great effort was spent on exploring new clients and new routes. The end of the reporting period saw seven new Asian routes from a year ago, increasing the throughput of the Asian routes by 37%. Also, the Company has greatly improved the customs clearance efficiency by introducing a new model featuring immediate access to cargos through advanced declaration. It also piloted a hinterland operational model to attract local container handling demand. As a result, local container throughput went up 8.6% year-on-year, offsetting the impact of declining international transit demand. Additionally, closely following the trend of "Internet + Smart Port", the Company put in great effort to improve and extend the functions of its unified customer service platform, ePort. The launch of the visible operation monitoring system and the call center system has laid a solid foundation for a new container handling process. In the meanwhile, in order for safe, orderly and efficient wharf operations, as well as for better customer service efficiency, the Company continued to promote automatic and smart logistics facilities featuring the smart quayside loading and unloading system, the smart storage yard operation system and the smart tallying system.

#### 2. Bulk cargo handling business

The Company primarily handles imported grain and feedstuff and fertilizers in its bulk cargo handling business. In the first half of 2018, the rising trade frictions between China and the U.S. exerted a big impact on China's agricultural product supply mix. For this period, China imported 58.62 million metric tons of grain and soybean, a

slight rise of 1.1% year-on-year (9.8 percentage points lower from a year ago). Meanwhile, due to a declining domestic fertilizer output as a result of strict environment-related regulations, high production costs, etc., China imported 5.56 million metric tons of fertilizers in the first half of 2018, a considerable increase of 19.1% year-on-year (6.9 percentage points higher compared to the same period of last year). Under such circumstances, the Company proactively dealt with market changes such as declining local grain and feedstuff imports, changed production schedules of core clients and insufficient storage space, and at the same time captured opportunities arising from the grain and feedstuff flows from North China to the south, clients' exploration of alternative supply sources, and the rising fertilizer imports, among others. As a result, the Company recorded a bulk cargo throughput of 10.16 million metric tons in the first half of 2018, down 9.6% year-on-year.

With respect to grain and feedstuff handling, the Company helped its clients look for alternative supply sources to offset the fluctuations in their business caused by the Sino-U.S. trade frictions, and strengthened clients' loyalty through pre-sales. As a result, core clients maintained stable, with the top five clients contributing about 70% of the Company's total grain and feedstuff throughput. In addition, the Company successfully attracted new clients in relation to rice export and sunflower seed meal import. In the reporting period, the Company's grain and feedstuff throughput was down 9.6% compared to the same period of last year, of which the international throughput went down 12.9% while the domestic throughput increased 14.8%, securing its leading position in the field of grain and feedstuff handling, as well as its position as a preferred discharge port for international grain and feedstuff, in the Pearl River Delta.

As for fertilizer handling, by paying close attention to changes in the market and staying in close contact with clients, the Company handled significantly more cargos from its core clients, with the top five clients contributing over 80% of the total fertilizer throughput, indicating higher client concentration. Meanwhile, the Company seized opportunities and successfully extended its business to handling of imported urea, kaolin, etc. Currently, the country's imported urea all goes through Machong Wharf. In the reporting period, the Company's fertilizer throughput increased 14.8% compared to the same period of last year, of which the imported compound fertilizer throughput went up 20.8%, accounting for 48% of the national total, keeping the Company in a leading position in this respect; while the throughput of imported potash rose 5.9%, accounting for 6% of the national total.

### 3. Support services and investment management

The Company's tow truck, tugboat, customs clearance and barge services operated smoothly. These services not only supported the core business of cargo handling, but also recorded a rise in income generated. The Company's main joint ventures in this respect, including China Overseas Harbour Affairs (Laizhou) Co., Ltd., China Merchants Bonded Logistics Co., Ltd. and China Merchants Holdings (International) Information Technology Co., Ltd., contributed flat returns to the Company compared to the same period of last year.

The Company's primary business results are set out as follows:

Main business indicator	Reporting period (January-June 2018)	Same period of last year ( January-June 2017)	Change (%)
Total throughput (thousand tons)	33,534	35,244	-4.9%
Among which: Container throughput (thousand TEU)	2,686	2,596	3.5%
Bulk cargo throughput (thousand tons)	10,160	11,233	-9.6%
Hours charged for tow trucks (thousand hours)	558	588	-5.1%
Hours charged for tugboats (hour)	22,135	17,152	29.1%

During the reporting period, the Company carried out all tasks according to the annual plan, and focused on promoting the "Project of Improving 1% Quality", to achieve the Company's balanced development of quality, benefit and scale. The platform of the headquarters coordinated the capital management by multi-channel innovative financing to significantly reduce the cost of capital. It made full use of existing resources and explored assets benefit deeply. It established a benchmark-control system to improve the efficiency of corporate management and control. It deepened the application of Internet technology and used intelligent system on line to

improve the efficiency of production links. It strengthened the innovation of technology and process to replace labor, which reduced the reliance on traditional labor, and reduced production costs.

In the second half of the year, the global economy is expected to continue to recover. According to the latest forecast of the International Monetary Fund in July 2018, the global economic growth of 2018 is expected to increase by 3.9%, but it will face the potential risks such as the raising of U.S. trade protectionism, global inflation and so on. China's economy is generally stable, but there are increasing difficulties and challenges. In the second half of the year, economic growth may slow down, and be affected by the trade friction between China and the United States. Pressure on imports and exports will increase, which will cause greater fluctuations in the port industry. The Company is located in the Guangdong-Hong Kong-Macao Greater Bay Area and a free trade zone, which provides it a superior external development environment, and "Development Planning Outline of Guangdong-Hong Kong-Macao Greater Bay Area" is expected to be introduced in the second half of the year, and then, the regional synergy will be further highlighted, market-oriented regional port resource integration will be accelerated, and the operations of the Company will face both challenges and opportunities. The growth rate of regional container transportation demand is expected to slow down, and the Company will closely follow the customer's developments and strive for new routes and further improve the PRD network layout. At the same time, it will speed up the upgrading and reconstruction of berths and cooperate with the construction of sea channel in the western port area so as to improve the hardware resource conditions of the terminal and strive to maintain the stability of container service. The demand for regional grain and feedstuff and fertilizer supply is expected to remain stable generally, but it is greatly affected by policy volatility, so the Company will focus on the changes of market and industry policy, consolidate the advantages of sources, and accelerate the cultivation of new sources and new forms. At the same time, the Company will speed up the storage resources upgrading of Chiwan Wharf and the supporting storage facilities' construction of Machong Wharf to enhance the overall resource capacity, and the market position with respect to bulk cargo handling. In terms of internal management, the Company will continue to follow and carry out the work plan to improve quality and efficiency, and at the same time, the Company will work on innovation management and risk control, so as to achieve its annual business objectives.

## II Main business analysis

See "I Summary" above.

YoY movements in financial highlights:

Unit: RMB

	Reporting period	Same period of last year	Change (%)	Main reasons for movements
Operating revenues	1,246,135,516.34	1,176,651,017.99	5.91%	
Operating costs	669,139,867.98	682,744,597.73	-1.99%	
Administrative expenses	87,636,508.75	77,908,036.28	12.49%	
Finance costs	17,869,102.88	13,274,775.13	34.61%	greater exchange loss caused by a fluctuating exchange rate against the U.S. dollar
Corporate income tax expenses	75,484,671.73	72,860,139.44	3.60%	
R&D expenses	16,906,043.65	17,130,145.36	-1.31%	
Net cash flows from operating activities	349,174,873.68	574,555,532.03	-39.23%	Slower collection of container clients' payments, and accrued income tax on dividend from subsidiary

Net cash flows from investing activities	-394,893,240.49	-78,300,304.51	-404.33%	Decline in monetary assets resulted from the payment for the Zhoushan RORO wharf investment and the exclusion of MPIL from the consolidated financial statements
Net cash flows from financing activities	-287,326,646.23	-382,463,833.98	24.87%	Lower debt repayments
Net increase in cash and cash equivalents	-349,906,153.32	108,855,629.56	-421.44%	All the factors above

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

Breakdown of main business

Unit: RMB

	Operating revenues	Operating costs	Gross profit margin (%)	Increase/decrease of operating revenues over the same period of last year (%)	Increase/decrease of operating costs over the same period of last year (%)	Increase/decrease of gross profit margin over the same period of last year (%)
Classified by industry:						
Cargo handling	1,177,364,851.74	632,910,552.39	46.24%	5.84%	-1.72%	4.13%
Classified by region:						
Mainland China	1,234,732,332.50	659,560,690.80	46.58%	6.03%	-1.94%	4.34%

### III Non-core business analysis

Unit: RMB

	Amount	In total profit (%)	Source/reason	Recurring or not
Investment income	53,469,837.14	10.31%	Attributable profits from joint ventures and associates	Yes
Asset impairments	360,407.86	0.07%	Allowance for doubtful accounts receivable established on a proportion basis	No
Non-operating income	2,902,652.25	0.56%	Return of withheld personal income tax and accrued income tax handling fee, and write-off of over-3-year payables where the payees are unreachable	No

Non-operating expenses	3,449,926.69	0.66%	Administrative fines	No
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#### IV Assets and liabilities

##### 1. Major changes in asset composition

Unit: RMB

	End of Reporting Period		End of same period of last year		Proportion change (%)	Reason for major change
	Amount	In total assets (%)	Amount	In total assets (%)		
Monetary assets	468,287,526.00	6.66%	650,935,428.96	8.19%	-1.53%	
Accounts receivable	307,047,142.75	4.37%	312,395,974.34	3.93%	0.44%	
Inventories	16,490,966.83	0.23%	26,307,548.18	0.33%	-0.10%	
Available-for-sale financial assets	-	-	23,709,200.00	0.30%	-0.30%	Available-for-sale financial assets have been reclassified as “financial assets at fair value through other comprehensive income” according to the new accounting standards governing financial instruments
Other equity instrument investments	146,463,840.00	2.08%	-	-	2.08%	The cost method measurement of available-for-sale financial assets has been shifted to the fair value method according to the new accounting standards governing financial instruments
Investment property	22,408,165.65	0.32%	23,233,997.73	0.29%	0.03%	
Long-term equity investments	1,561,072,828.11	22.21%	1,134,591,093.41	14.28%	7.93%	MPIL has been excluded from the consolidated financial statements since this June and the investment in it is included in “long-term equity investments” as an associate
Fixed assets	3,078,827,210.28	43.80%	3,786,229,439.54	47.65%	-3.85%	
Construction in progress	67,674,438.64	0.96%	187,052,659.89	2.35%	-1.39%	

Other non-current assets	285,561,664.28	4.06%	133,682,985.68	1.68%	2.38%	Since the formalities for change of the Zhoushan RORO wharf project company' s directors and senior management were still underway, the investment payment was temporarily put into "other non-current assets"
Short-term borrowings	501,758,000.00	7.14%	155,000,000.00	1.95%	5.19%	New loan was arranged in the current period to supplement the working capital
Deferred income tax liabilities	32,858,660.00	0.47%	7,845,874.75	0.10%	0.37%	The measurement of available-for-sale financial assets has been changed to the fair value method, and deferred income tax liability was recognized on the assessed corresponding value increase
Other comprehensive income	111,828,824.49	1.59%	13,597,653.00	0.17%	1.42%	The measurement of available-for-sale financial assets has been changed to the fair value method, and the assessed corresponding value increase was charged to other comprehensive income

## 2. Assets and liabilities at fair value

Unit: RMB

Item	Opening amount	Effect of reclassification under new accounting standards governing financial instruments	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Closing amount
Financial assets							
Available-for-sale financial assets	23,759,200	-23,759,200					
Other equity instrument investments		23,759,200	92,028,480				146,463,840
Subtotal of financial assets	23,759,200		92,028,480				146,463,840
Total of the above	23,759,200		92,028,480				146,463,840
Financial liabilities	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

No such cases.

## V Investments

### 1. General situation

☐ Applicable ☒ Not applicable

### 2. Major equity investments made in reporting period

☐ Applicable ☒ Not applicable

### 3. Major non-equity investments ongoing in reporting period

☐ Applicable ☒ Not applicable

### 4. Investments in financial assets

#### (1) Securities investment

Unit: RMB

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	9,850,000	0	-585,000	0	0	0	9,070,000	Other equity instrument investment	Self-owned funds
Stock	400032	Petrochemical A1	3,500,000	Fair value method	382,200	0	0	0	0	0	382,200	Other equity instrument investment	Self-owned funds
Stock	400009	Guang Jian 1	27,500	Fair value method	17,000	0	0	0	0	0	17,000	Other equity instrument investment	Self-owned funds



Total	4,647,500	--	10,249,200	0	-585,000	0	0	0	9,469,200	--	--
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**(2) Investments in financial derivatives**

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

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	1,866,237,686.79	1,597,006,233.41	381,347,218.87	144,518,142.45	125,365,774.63
Shenzhen Chiwan Harbor Container Co. Ltd.	Subsidiary	Container handling	RMB288.2 million	809,658,024.67	554,366,074.77	170,508,483.84	78,836,985.98	59,174,331.15
Dongguan Chiwan Terminal Co., Ltd.	Subsidiary	Handling and storage of bulk cargos	RMB400 million	916,424,067.00	464,047,091.86	122,257,342.94	45,743,964.51	39,774,913.58
Dongguan Chiwan Wharf Harbour Affairs Co., Ltd.	Subsidiary	Handling and storage of bulk cargos	RMB450 million	1,245,999,790.18	613,965,034.40	160,907,339.98	62,193,947.11	46,871,555.05
Chiwan Wharf Holdings (HK) Limited	Subsidiary	Investment holding	HKD1 million	1,782,569,454.12	1,765,158,947.22	0	34,608,728.61	45,751,781.56

Subsidiaries obtained or disposed in the reporting period:

☐ Applicable ☒ Not applicable

**VIII Structured bodies controlled by the Company**

☐ Applicable ☒ Not applicable

## **IX Performance forecast for January-September 2018**

Warning of possible loss or considerable YoY change in the accumulative net profit made during the period-beginning to the end of the next reporting period, as well as the reasons:

☐ Applicable ☒ Not applicable

## **X Risks facing the Company and countermeasures**

### **1. The Risk of Major Assets Restructuring**

The Company's major asset restructuring should be filed or approved by the business sector of the National Development and Reform Commission and the business sector on the foreign investment involved in this transaction, by the commerce department regarding the new shares of the Company subscribed by overseas strategic investors and other related matters involved in this transaction, and approved by the China Securities Regulatory Commission. There is still uncertainty as to whether this major asset restructuring will achieve the above-mentioned approval and when it will eventually pass the approval.

The major assets restructuring being planned by the Company remains uncertain. Investors are kindly reminded to pay attention to relevant announcements and investment risks. The Company will make every effort to carry out this major asset restructuring, actively coordinate the work of all relevant parties, and strive to successfully complete this major asset restructuring.

### **2. Macroeconomic Risk**

The Company's main businesses are highly extroverted, so business fluctuations are highly related to changes in macroeconomic trade. At present, the world economy is confronted with multiple challenges such as insufficient growth momentum, intensified trade protectionism and spillover effects of developed economies, all these potential risks will adversely affect the container shipping market and bulk demand, and bring greater challenges to the stable growth of port service.

The Company actively attaches to the research and estimation of the external operating environment, intensify the business operation risk warning ability, plan in advance effective measures to actively respond to market changes and seek opportunities among challenges to strive for the stability of the core business. Meanwhile, the Company will balance the return risk fluctuation by expanding the business layout, innovating business models and optimizing the profiting structure.

### **3. The Risk of Adjustment of Regional Function Planning**

With the adjustment of industrial structure and deep development of urbanization, the early built dock coming into urban development area, so the regional development function orientation should be adjusted gradually, and there are risks of resources constriction.

The Company actively adapts to the adjustment of regional function planning, promotes the transformation of management by innovative strategy, and focuses on the innovation of technology and management to build a intelligent modern port service, and intensively utilizes the stock resources to promote the resources output benefits. Meanwhile, the Company will seek resources which are suitable for its development based on the location advantages and external environment, so as to achieve sustainable development.

#### **4. The Risk of Regional Competition**

The wharf handling capacity is excessive in the Pearl River Delta, leading to fiercer homogeneous competition among wharfs, as well as increasing risk of customer distraction.

The Company is a leading local competitor and hub seaport handling containers and bulk cargos. The Company will promote the communication and cooperation among ports in the region to avoid low price vicious competition and maintain good market order, at the same time, the Company will optimize the allocation of port resources and actively participate in the integration of regional ports to strengthen the dominant position in the region.

#### **5. The Risk of Costs Rise**

The prices of production factors such as land, capital and labor are continue to rise, and the environment protection investments are increasing gradually, and terminal operation cost is rigid increasing. All these have caused a narrowed profit space for businesses.

The Company continues to promote the quality improvement plan, deeply make use of stock resources, and put more to the scientific research to attach great importance to innovation of technology and reduce the scale of employment. The Company will carry out the development strategy of building regional first-class port integrated service provider, that needs to combine with the existing advantages of the Company, base on the main business of wharf services, expand the comprehensive service of ports and cultivate new profit growth points.

## Section V Significant Events

### I Annual and extraordinary general meetings convened during the reporting period

#### 1. General meetings convened during the reporting period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The 1 <sup>st</sup> Extraordinary General Meeting of 2018	Extraordinary General Meeting	75.04%	13 Feb. 2018	14 Feb. 2018	For details of relevant resolution announcement(announcement No: 2018-018) , see <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
2017 Annual General Meeting	Annual General Meeting	75.49%	28 Mar. 2018	29 Mar. 2018	For details of relevant resolution announcement(announcement No: 2018-037) , see <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
The 2 <sup>nd</sup> Extraordinary General Meeting of 2018	Extraordinary General Meeting	75.50%	26 Jul. 2018	27 Jul. 2018	For details of relevant resolution announcement(announcement No: 2018-078) , see <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

#### 2. Extraordinary general meetings convened at request of preference shareholders with resumed voting rights

☐ Applicable ☒ Not applicable

### II Proposal for profit distribution and converting capital reserve into share capital for the Reporting period

For the reporting period, the Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

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

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	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.	5 Apr. 2006	The period when CND Group held shares of the Company. On 8 Jun. 2018, the CND Group completed the transfer of equity which transferred the Company's 209,687,067 shares it held to CMGD. So far, the commitment has ended.	Completed
Commitment in the acquisition report or the report on equity changes	CMPort	Commitment on horizontal competition, related-party transactions and capital occupation	1. Commitments about share custody; 2. Commitment about guaranteeing the independency of the Company; 3. Commitment about horizontal competition; and 4. Commitment about regulating related-party transactions	17 Sept. 2012	The period when CMPort was entrusted to manage shares of the Company. The shareholders meeting of CMPort held on 19 Mar. 2018 approved the Termination agreement on Trusteeship Agreement on Shares of Shenzhen Chiwan Wharf Holdings Limited signed with CND. As such, CMPort no longer manages shares of the Company as a custodian and the four commitments have thus expired.	Completed
	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	The period when Malai Storage held shares of the Company. On 8 Jun. 2018, the Malai Storage completed the transfer of equity which transferred the Company's 161,190,933 shares it held to CMGD. So far, the three commitments have ended.	Completed
	CMGD and its acting-in-concert party Broadford Global	Commitment on horizontal competition, related-party transactions and capital occupation	1. Commitment about guaranteeing the independency of the Company; and 2. Commitment about regulating related-party transactions	15 Mar. 2018	The commitment about guaranteeing the independency of the Company has long-term effectiveness; and the commitment about regulating related-party transactions is effective during the period when CMGD and its person acting in concert have control power over the Company.	In the process of execution

	China Merchants Group	Commitment on horizontal competition, related-party transactions and capital occupation	1. Commitment about regulating related-party transactions; and 2. Commitment about horizontal competition.	15 Mar. 2018	The commitment about regulating related-party transactions is effective during the period when China Merchants Group has control power over the Company; and the valid period of the commitment about horizontal competition was extended to 16 Sep. 2020 on the shareholders meeting held on 11 Sep. 2017.	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. 2001; 18 Jun. 2003; 29 Sep. 2004	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					

#### IV Engagement and disengagement of CPAs firm

Has the semi-annual financial report been audited?

☐ Yes ☒ No

This Semi-Annual Report is unaudited.

**V Explanation given by the Board of Directors, Supervisory Board regarding the “non-standard auditor’s report” issued by the CPAs firm for the reporting period**

☐ Applicable ☒ Not applicable

**VI Explanations given by Board of Directors regarding “modified auditor’s report” issued for last year**

☐ Applicable ☒ Not applicable

**VII Bankruptcy and restructuring**

No such cases in the reporting period.

**VIII Legal matters**

No such cases in the reporting period

Other legal matters:

☐ Applicable ☒ Not applicable

**IX Punishments and rectifications**

No such cases in the reporting period

**X Credit conditions of the Company as well as its controlling shareholder and actual controller**

☐ Applicable ☒ Not applicable

**XI Equity incentive plans, employee stock ownership plans or other incentive measures for employees**

No such cases in the reporting period

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

Unit: RMB

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 (RMB'0,000)	Proportion in same kind of transactions	Approved transaction amount (RMB'0,000)	Whether exceeded the approved amount	Settlement method of the related-party transaction	Similar market price	Disclosure date	Disclosure index
CND Group	Affiliated legal person	Lease	Land use fee	Mutual negotiation	29,407,300.56	2,940.73	68.09%	7,500	No	Payment by month	29,407,300.56	7 Feb. 2018	See Announcement No. 2018-012 on www.cninfo.com.cn for details.
Total				--	--	2,940.73	--	7,500	--	--	--	--	--
Details about return of large-amount sales				No									
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)				No									
Explain why the transaction price is greatly different from the market price (if applicable)				N/A									

\* The director of the Company-Zhang Jianguo also serves as a senior executive in CND Group. In accordance with regulations stipulated in *Listing Rules of Shenzhen Stock Exchange*, CND Group is an affiliated legal person of the Company.

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

## 4. Credits and liabilities with related parties

☐ Applicable ☒ Not applicable



**5. Other significant related-party transactions**

☐ Applicable ☒ Not applicable

**XIII Particulars about the non-operating occupation of funds by the controlling shareholder and other related parties of the Company**

No such cases in the reporting period

**XIV Deposits and loans in finance companies****1. Deposits and loans in CDF**

*The Proposal on Renewing the Financial Service Agreement Signed with China Development Finance Company Ltd.* was approved on the 2016 Annual Meeting of Shareholders held on 5 Jun. 2017, in which, the Company was agreed to sign the *Financial Service Agreement* with period of three years with China Development Finance Company Ltd. (hereinafter referred to as “CDF”).

CND Group will no longer be the shareholder of the Company from 8 Jun. 2018 when it completed the transfer registration of A-Share of the Company. CDF cannot continue to provide financial service for the Company since it is a non-bank financial institution specially providing financial service for member enterprises of CND Group. The Company held the 6<sup>th</sup> Special Meeting of the 9<sup>th</sup> Board of Directors on 9 Jul. 2018, on which the *Proposal on Termination Agreement on Financial Service Agreement Signed with China Development Finance Company Ltd.* in which the Company was agreed to sign the *Termination Agreement on Financial Service Agreement* with CDF. As of the end of the reporting period, the deposits and loans of the Company in CDF were listed as follows:

Unit: RMB'0,000

Item	Opening balance	Increase	Decrease	Closing balance
I. Deposits in CDF	119.27	0.36	119.63	-
II. Loans from CDF	-	-	-	-

**2. Deposits and loans in CMG Finance**

*The Proposal on Signing Financial Service Agreement with SinoTrans & CSC Finance Co., Ltd.* was approved on the Second Meeting of the Ninth Board of Directors held on 23 August 2017, in which the Company was agreed to sign the *Financial Service Agreement* with period of three years with Sinotrans & CSC Finance Co., Ltd. (renamed CMG Finance in August 2017).

As of the end of the reporting period, the deposits and loans of the Company in CMG Finance were listed as follows:

Unit: RMB'0,000

Item	Opening balance	Increase	Decrease	Closing balance
I. Deposits in CMG Finance	15,035.93	299.33	15,277.87	57.39
II. Loans from CMG Finance	-	42,000.00	7,000.00	35,000.00

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

The major changes in the Company's accounting policy are: on 31 March 2017, the Ministry of Finance published the *Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments* (hereinafter referred to as the "Standards No. 22"), the *Accounting Standards for Business Enterprises No. 23-Transfer of Financial Assets* (hereinafter referred to as the "Standards No. 23") and the *Accounting Standards for Business Enterprises No. 24-Hedge Accounting* (hereinafter referred to as the "Standards No. 24"); on 28 April 2017, the Ministry of Finance published the *Accounting Standards for Business Enterprises No. 42-Non-current Assets and Disposal Groups Held for Sale and Discontinued Operations* (hereinafter referred to as the "Standards No. 42"); on 2 May 2017, the Ministry of Finance published the *Accounting Standards for Business Enterprises No. 37-Presentation of Financial Instruments* (hereinafter referred to as the "Standards No. 37"); on 10 May 2017, the Ministry of Finance published the *Accounting Standards for Business Enterprises No. 16-Government Subsidies* (hereinafter referred to as the "Standards No. 16"); on 5 July 2017, the Ministry of Finance published the *Accounting Standards for Business Enterprises No. 14-Income* (hereinafter referred to as the "Standards No. 14"); in accordance with requirements stipulated in documents issued by the Ministry of Finance, the Company begins to implement the Standards No. 22, No. 23, No. 24, No. 37 and No. 14 from 1 Jan. 2018; begins to implement the Standards No. 42 from 28 May 2017; begins to implement the Standards No. 16 from 12 June 2017. For related details, please refer to the Announcement on Changes in Accounting Policy (Announcement No. 2018-025) disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn).

**XVI Explain change of the consolidation scope as compared with the financial reporting of last year**

The Company signed the Supplementary Agreement to the Media Port Investments Limited Shareholder Agreement with China Merchants Port Holdings Company Limited (hereinafter referred to as "CMPort"), Fatten Investments Limited (hereinafter referred to as "FIL") and Media Port Investments Limited (hereinafter referred to as "MPIL") on 23 August 2017 in Shenzhen. Under the arrangements of the agreement, the Company completed the director appointment for MPIL at the end of September 2017 and has realized control over MPIL and its subsidiary FIL, Shenzhen Mawan Wharf Co., Ltd., Shenzhen Mawan Port Services Co., Ltd. and Shenzhen Mawan Warehouse & Terminals Co., Ltd. (hereinafter referred to as the "Mawan Companies") in form and nature. According to the Accounting Standards for Business Enterprises No. 33-Consolidated Financial Statements, the Company began to consolidate MPIL and its subsidiary FIL and the Mawan Companies from September 2017. And in accordance with the requirements on company consolidation under common control, the Company has restated the amounts of the same period of last year in the financial statements.

The Company signed the Supplementary Agreement II to the Media Port Investments Limited Shareholder Agreement with CMPort, FIL and MPIL on 5 February 2018 which became effective after being signed by all the parties. After the transfer of a combined stake of 66.10% in the Company held by Shenzhen Malai Storage Co., Ltd., Keen Field Enterprises Limited and China Nanshan Development (Group) Inc. to the subsidiary of China Merchants Group-CMGD and its acting-in-concert party Broadford Global, the Company will no longer control MPIL and its subsidiary FIL and the Mawan Companies. Therefore, it has excluded the said companies from its consolidated financial statements from the date when its control ceased.

The Company received from CMGD and Broadford Global the Securities Transfer Registration Confirmation issued by the Shenzhen branch of China Securities Depository and Clearing Corporation Limited on 11 June 2018.

The registration formalities for the said share transfer have been completed on 8 June 2018. From this day on, the Company will exclude MPIL and its subsidiary FIL and the Mawan Companies from its consolidated financial statements. For further information, please refer to the Announcement on the Completion of Share transfer and Change of the Controlling Shareholder (Announcement No.: 2018-060) disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) dated 12 June 2018.

## **XVII Significant contracts and fulfillment thereof**

### **1. Trusteeship, contracting and leasing**

#### **(1) Trusteeship**

☐Applicable ☒Not applicable

#### **(2) Contracting**

☐Applicable ☒Not applicable

#### **(3) Leasing**

☐Applicable ☒Not applicable

### **2. Significant guarantees**

☐Applicable ☒Not applicable

### **3. Other significant contracts**

☐Applicable ☒Not applicable

## **XVIII. Social responsibilities**

### **1. Material environment issues**

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

No

The Company made great efforts to build the green port of “resources-saving” as well as “environmentally friendly” type, and paid attention to the environment protection in the port planning, construction and operation to achieve the healthy and harmonious development of the Company and environment.

The Company strictly implements environmental protection requirements at all stages of planning, design and construction of port engineering projects, and implements environmental monitoring measures and the use of environmental protection facilities in its daily operations. Container service continues to promote projects such as the construction and use of ship shore power facilities, the conversion of RTG powered from oil to electricity, and the renovation of exhaust treatment device for port mobile machinery, to promote the use of clean energy and

ensure that existing equipment meets emission standards. Bulk cargo service advances technical synchronously, aimed at technical links, such as loading hopper, loading platform, silo loading, loading, door operation, yard operation and so on, which has a good effect. At the same time, the Company encourages the use of waste materials and expands the scope of recycling lubricants to reduce energy consumption and pollutant emissions.

## **2. Targeted measures taken to help people lift themselves out of poverty**

The Company did not take such measures in the reporting year and has no such plans for now.

## **XIX. Other significant events**

### **1. Particulars about suspension and resumption of the stock trading**

The stock of the Company had been suspended since the market opened on 20 Nov. 2017 because the actual controller-China Merchants Group-planned and demonstrated some significant events related to the Company. After the negotiation and demonstration by related parties, the Company confirmed that the above significant events were significant assets restructuring, so the stock of the Company continued to be suspended as significant assets restructuring events since the market opened on 4 December 2017. The *Proposal on Related Transaction Report (draft) on Assets Purchase via Share Offering and Matching Fund Raising and its Abstract* as well as relative proposals were approved on the Fifth Special Meeting of the Ninth Board of Directors held on 19 June 2018 and submitted to the shareholders meeting for approval. The Company replied the *Inquiry Letter regarding Restructuring of Shenzhen Chiwan Wharf Holdings Limited* (Permission Inquiry Letter regarding Restructuring [2018] No. 19) issued by the Management Department of Shenzhen Stock Exchange and disclosed the *Related-party Transaction Report (draft) (revised) on Assets Purchase via Share Offering and Matching Fund Raising* and related announcements in accordance with regulations. The stock of the Company had been resumed since the market opened on 10 July 2018. The Company has fulfilled the information disclosure obligation in line with governing rules and regulations. For more details, please refer to related announcements disclosed by the Company on Securities Times, Ta Kung Pao (HK) and [www.cninfo.com.cn](http://www.cninfo.com.cn).

### **2. Particulars about the connected transaction of assets purchase via share offering and matching fund raising**

On 26 July 2018, the 2<sup>nd</sup> Extraordinary General Meeting of 2018 of the Company passed the *Proposal on the Related-party Transaction Report (Draft) on Assets Purchase via Share Offering and Matching Fund Raising of Shenzhen Chiwan Wharf Holdings Limited. and its Abstract* and related proposals to the related-party transaction. The main contents of assets of issuing shares purchase and matching fund raising and related-party transactions are as follows:

(1) The Company intends to purchase 1,313,541,560 common stocks of CMPort from China Merchants Investment Development Co., Ltd. (hereinafter referred to as "CMID"), which accounts for about 39.51% of the total number of shares issued by CMPort. (2) CMG Hong Kong signed *Concerted Action Agreement* with the Company, it is agreed that after finishing purchasing the issued assets, the voting rights of 753,793,751 ordinary shares of CM Port (about 22.67 % of the total number of ordinary shares issued by CMPort) entrusted to CMPort by CMG Hong Kong shall be unconditionally consistent with that of the Company on matters considered at the general meeting of shareholders of CMPort, and should be voted basing on the opinions of Shenzhen Chiwan

Wharf Holdings Limited. (3) The Company intends to adopt the inquiry method to issue A shares matching fund to no more than 10 specific investors, and the total amount of matching funds should not exceed RMB400,000.00, and the number of issued shares should be no more than 128,952,746.

Coming into force of the *Concerted Action Agreement* and the implementation of matching fund raising are conditional on the effectiveness and implementation of issuing shares of purchasing assets; however, the effectiveness and implementation of the issuing shares of purchasing assets and *Concerted Action Agreement* are not on the premise of the implementation of matching fund raising, whether the matching funds finally success or not, it will not affect the purchase of the shares and the implementation of the *Concerted Action Agreement*.

The Company's major asset restructuring should be filed or approved by the business sector of the National Development and Reform Commission and the business sector on the foreign investment involved in this transaction, by the commerce department regarding the new shares of the Company subscribed by overseas strategic investors and other related matters involved in this transaction, and approved by the China Securities Regulatory Commission. There is still uncertainty as to whether this major asset reorganization will achieve the above-mentioned approval and when it will eventually pass the approval. Detailed progress of the transaction and program contents showed in related announcements which published on the *Securities Times*, *Ta Kun Pao (HK)* and [www.cninfo.com.cn](http://www.cninfo.com.cn).

### **3. Particulars about additional investment in Zhoushan Archipelago New Area SinoTrans & CSC RoRo Logistics Co., Ltd.**

On 26 January 2018, the Second Special Meeting of the Ninth Board of Directors of the Company approved the *Proposal on Capital Increase to Zhoushan Archipelago New Area SinoTrans & CSC RoRo Logistics Co., Ltd.* On the same day, the Company together with Zhoushan Blue Ocean Investment Co., Ltd. (hereafter referred to as "Blue Ocean Investment"), CSC RoRo Logistics Company Limited (hereafter referred to as "CSC"), Zhoushan Archipelago New Area SinoTrans & CSC RoRo Logistics Co., Ltd. (hereafter referred to as "Zhoushan RoRo") and Zhoushan Archipelago New Area Xinghai RoRo Terminal Co., Ltd. (hereafter referred to as "Xinghai Terminal") signed *Zhoushan Archipelago New Area SinoTrans & CSC RoRo Logistics Co., Ltd.* According to the agreement, the Company contributed RMB149.7098 million in cash to hold 51% equity in Zhoushan RoRo, and the capital of Zhoushan RoRo increased from RMB60 million to RMB173.0786 million, and Zhoushan RoRo owned 100% stake of Xinghai RoRo, which made Xinghai RoRo a wholly owned subsidiary of Zhoushan RoRo. More information is showed on the *Announcement on the Related-party Transaction regarding Foreign Investments* (Announcement No.: 2018-007) published on the *Securities Times*, *Ta Kun Pao (HK)* and [www.cninfo.com.cn](http://www.cninfo.com.cn) on 27 January 2018.

In May 2018, the Company paid all the increased capital to Zhoushan RoRo. On 29 August 2018, Zhoushan RoRo changed its name to "CMPort (Zhoushan) RoRo Logistcis Co., Ltd." and completed the formalities for the change of its directors, supervisors and senior executives with the industrial and commercial administration. As such, Zhoushan RoRo has officially become a controlled subsidiary of the Company. At present, the main construction of Xinghai RoRo has been completed and accepted, and the yard construction of Zhoushan RoRo is well underway.

### **4. Information disclosure index**

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

Announcement No.	Date	Title
2018-001	2018-01-04	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-002	2018-01-06	Announcement on Voluntary Information Disclosure of Business Volume Data of December 2017
2018-003	2018-01-11	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-004	2018-01-20	Announcement on Resolutions of the First Special Meeting of the ninth Board of Directors in 2018
2018-005	2018-01-20	Announcement on Application for Continuing the Suspension due to the Expiration of Significant Assets Restructuring Delisting
2018-006	2018-01-27	Announcement on Resolutions of the Second Special Meeting of the ninth Board of Directors in 2018
2018-007	2018-01-27	Announcement on the Related-party Transaction regarding Foreign Investments
2018-008	2018-01-27	Announcement on Convening Shareholders Meeting for Approval of Matters Related to Continuous Suspension
2018-009	2018-01-27	Notice on the First Special General Meeting in 2018
2018-010	2018-02-03	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-011	2018-02-07	Announcement on Resolutions of the Third Special Meeting of the ninth Board of Directors in 2018
2018-012	2018-02-07	Announcement on Expected Routine Related-Party Transactions for 2018
2018-013	2018-02-07	Announcement on Related-party Transaction regarding Signing Supplementary Agreement to the MEDIA PORT INVESTMENTS LIMITED Shareholder Agreement II
2018-014	2018-02-07	Indicative Announcement on Changes in Controlling Shareholders
2018-015	2018-02-07	Indicative Announcement on Convening the First Special General Meeting in 2018
2018-016	2018-02-08	Announcement on Voluntary Information Disclosure of Business Volume Data of January 2018
2018-017	2018-02-10	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-018	2018-02-14	Announcement on Resolutions of the First Special General Meeting in 2018
2018-019	2018-02-14	Announcement on Application for Continuing the Suspension due to the Expiration of Significant Assets Restructuring Delisting

2018-020	2018-02-28	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-021	2018-03-07	Announcement on Resolutions of the Third Meeting of the Ninth Board of Directors
2018-022	2018-03-07	Announcement on Resolutions of the Third Meeting of the Ninth Supervisory Committee
2018-023	2018-03-07	Abstract of Annual Report 2017
2018-024	2018-03-07	Announcement on Plan of Profit Distribution and Dividend Payout in 2017
2018-025	2018-03-07	Announcement on Changes in Accounting Policy
2018-026	2018-03-07	Announcement on Termination of Joint Investment in Haixing Onoda Project with Related Parties
2018-027	2018-03-07	Notice of Annual General Meeting 2017
2018-028	2018-03-07	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-029	2018-03-08	Announcement on Voluntary Information Disclosure of Business Volume Data of February 2018
2018-030	2018-03-08	Correction Notice
2018-031	2018-03-14	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-032	2018-03-20	Indicative Announcement on the Progress of Changes in Controlling Shareholders
2018-033	2018-03-21	Indicative Announcement on Convening Annual General Meeting 2017
2018-034	2018-03-21	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-035	2018-03-27	Indicative Announcement on the Progress of Changes in Controlling Shareholders
2018-036	2018-03-28	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-037	2018-03-29	Announcement on Resolutions of the Annual General Meeting 2017
2018-038	2018-04-04	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-039	2018-04-10	Announcement on Voluntary Information Disclosure of Business Volume Data of March 2018
2018-040	2018-04-13	Announcement on the Progress of Delisting of Significant Assets Restructuring

2018-041	2018-04-20	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-042	2018-04-24	Indicative Announcement on Issuance of 2018 Phase I Super-short-term Financing Bonds
2018-043	2018-04-27	Announcement on Resolutions of the fourth Special Meeting of the ninth Board of Directors in 2018
2018-044	2018-04-27	The Text of Quarter One Report 2018
2018-045	2018-04-27	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-046	2018-04-28	Announcement on Issue Results of 2018 Phase I Super-short-term Financing Bonds
2018-047	2018-05-03	Announcement on China Securities Regulatory Commission's Consent for the Exemption of China Merchants Gangtong Development (Shenzhen) Co., Ltd. and its Persons Acting in Concert from the Tender Offer Obligation
2018-048	2018-05-08	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-049	2018-05-09	Announcement on Voluntary Information Disclosure of Business Volume Data of April 2018
2018-050	2018-05-15	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-051	2018-05-15	Announcement on Convening Investor Conference regarding Significant Assets Restructuring
2018-052	2018-05-17	Announcement on the Execution of the 2017 Dividend Payout
2018-053	2018-05-18	Announcement on Application for Continuing the Suspension due to the Expiration of Significant Assets Restructuring Delisting
2018-054	2018-05-19	Announcement on Particulars of Investors Conference Convened regarding Significant Assets Restructuring
2018-055	2018-05-22	Announcement on the Due Payment of 2017 Phase I Short-term Financing Bonds
2018-056	2018-05-25	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-057	2018-06-01	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-058	2018-06-08	Announcement on the Progress of Delisting of Significant Assets Restructuring
2018-059	2018-06-09	Announcement on Voluntary Information Disclosure of Business Volume Data of May 2018
2018-060	2018-06-12	Announcement on Completion of Share Transfer and Changes in Controlling Shareholders
2018-061	2018-06-15	Announcement on the Progress of Delisting of Significant Assets Restructuring



2018-062	2018-06-21	Announcement on Resolutions of the Fifth Special Meeting of the ninth Board of Directors in 2018
2018-063	2018-06-21	Announcement on Resolutions of the Second Special Meeting of the Nine Supervisory Committee in 2018
2018-064	2018-06-21	Announcement on Related-party Transaction regarding Signing <i>Supplementary Agreement to the Financial Service Agreement</i> with CMG Finance
2018-065	2018-06-21	Announcement on Disclosure of Related-party Transaction Report on Assets Purchase via Share Offering and Matching Fund Raising and on Temporary not Resumption
2018-066	2018-06-21	Indicative Announcement on General Risk of Significant Assets Restructuring
2018-067	2018-06-28	Announcement on the Progress of Delisting of Significant Assets Restructuring

## XX Internal control progress

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

### 1. Preparation phase

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

(2) The work plan for internal control of 2018 was worked out.

(3) The subjects and internal control processes included in the internal control improvement task for 2018 were determined. According to its own business characteristics and importance and based on the internal control process improvement results of the previous years, subjects included in the internal control improvement task for 2018 were: the Company, Chiwan Container Terminal Co., Ltd., Shenzhen Chiwan Wharf Container Co. Ltd., Dongguan Chiwan Wharf Company Limited, Dongguan Chiwan Terminal Company Limited and Shenzhen Chiwan Tugboat Transportation Co., Ltd. Internal control processes included in the internal control improvement and self-evaluation task for 2018 were: the organizational structure, development strategy, human resources, social responsibilities, corporate culture, capital operation, procurement, asset management, marketing, R&D, engineering projects, guarantees, outsourcing, financial reporting, overall budget, contract management, internal information transmission and the information system.

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

(5) Professional trainings were organized for members of the internal control task groups.

### 2. Implementation phase

(1) The internal control task groups of the Headquarters and the subsidiaries have reviewed the flow chart risk matrix assessment of last year, and have re-described work flows within the internal control improvement scope according to business changes this year so as to formulate an internal control risk matrix and a core flow chart for the Company for 2018.

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

### 3. Internal control audit

The resolution of hiring Deloitte Touche Tohmatsu (special general partnership) as the Company’s internal audit firm of 2018 was approved by the Third Meeting of the Ninth Board of Directors held on 5 March 2018 and Annual General Meeting 2017 held on 28 March 2018.

The Company carried out internal control work according to the time schedule of the 2018 internal control program of work. The progress of the project was in accordance with the plan of the work plan. There was no difference or delay.

## XXI Significant events of subsidiaries

□Applicable√Not applicable

## XXII The registration form of activities such as researches, communication and interviews received in the reporting period

Time	Way	Type of object	Main contents discussed and materials and index provided
4 Jan. 2018	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR ( <a href="http://irm.cninfo.com.cn/ssessgs/S000022/index.html">http://irm.cninfo.com.cn/ssessgs/S000022/index.html</a> )
6 Feb. 2018	One-on-one meeting	Institution	
12 Mar. 2018	One-on-one meeting	Institution	
10 May 2018	One-on-one meeting	Institution	
25 May 2018	One-on-one meeting	Institution	
Jan.-Jun. 2018	By phone or written inquiry (EasyIR platform of SZSE)	Individual	

## Section VI Share Changes & Particulars about Shareholders

### I Changes in shares

#### 1. Changes in shares

Unit: share

	Before		Increase/decrease (+, -)					After	
	Number	Percentage	New shares	Bonus shares	Capitalization of capital reserve	Other	Subtotal	Number	Percentage
I Restricted shares	160,106	0.03%	0	0	0	0	0	160,106	0.03%
1. Shares held by the State	0	0%	0	0	0	0	0	0	0%
2.Share held by state-owned corporations	0	0%	0	0	0	0	0	0	0%
3.Shares held by other domestic investors	160,106	0.03%	0	0	0	0	0	160,106	0.03%
Among which: Shares held by domestic corporations	0	0%	0	0	0	0	0	0	0%
Shares held by domestic individuals	160,106	0.03%	0	0	0	0	0	160,106	0.03%
4.Shares held by foreign investors	0	0%	0	0	0	0	0	0	0%
Among which: Shares held by foreign corporations	0	0%	0	0	0	0	0	0	0%
Shares held by foreign individuals	0	0%	0	0	0	0	0	0	0%
II Non-restricted shares	644,603,624	99.97%	0	0	0	0	0	644,603,624	99.97%
1.Renminbi common shares	464,859,300	72.10%	0	0	0	0	0	464,859,300	72.10%
2.Domestically listed foreign shares	179,744,324	27.88%	0	0	0	0	0	179,744,324	27.88%
3.Overseas listed foreign shares	0	0%	0	0	0	0	0	0	0%
4. Others	0	0%	0	0	0	0	0	0	0%
III Total shares	644,763,730	100%	0	0	0	0	0	644,763,730	100%

Reasons for share changes:

☐ Applicable ☒ Not applicable

Approval of the change in shares

☐ Applicable ☒ Not applicable

Transfer of share changes:

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

Other contents that the Company considered necessary or were required by the securities regulatory authorities to disclose

☐ Applicable ☒ Not applicable

## 2. Changes in restricted shares

☐ Applicable ☒ Not applicable

## II Issuance and listing of securities

☐ Applicable ☒ Not applicable

## III Total number of shareholders and their shareholding

Unit: share

Total number of common shareholders at period-end		35,589 (25,131 A-shareholders and 10,458 B-shareholders )		Total number of preference shareholders with resumed voting rights at period-end (if any)		0	
Shareholding of common shareholders holding more than 5% shares or the top 10 of common shareholders							
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the reporting period	Increase and decrease of shares during reporting period	Number of shares held subject to trading moratorium	Number of shares held subject to trading moratorium	Pledged or frozen shares
CHINA MERCHANTS GANGTONG DEVELOPMENT (SHENZHEN) CO., LTD.	Common domestic corporation	57.52%	370,878,000	370,878,000	0	370,878,000	0
BROADFORD GLOBAL LIMITED	Foreign corporation	8.58%	55,314,208	55,314,208	0	55,314,208	0
CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign corporation	7.43%	47,914,954	0	0	47,914,954	Unknown

CITIC SECURITIES CO., LTD	Common domestic corporation	1.47%	9,467,951	0	0	9,467,951	0
NORGES BANK	Foreign corporation	0.43%	2,802,863	0	0	2,802,863	Unknown
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign corporation	0.41%	2,617,518	0	0	2,617,518	Unknown
MAI SHUQING	Domestic individual	0.35%	2,238,347	0	0	2,238,347	0
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.33%	2,126,022	0	0	2,126,022	Unknown
CANADA POST CORPORATION REGISTERED PENSION PLAN	Foreign corporation	0.24%	1,579,096	0	0	1,579,096	Unknown
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign corporation	0.24%	1,530,596	0	0	1,530,596	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		CMGD is a wholly-owned subsidiary set up in Shenzhen by Broadford Global. The two companies are acting-in-concert parties. The Company does not know whether the other shareholders are related parties or persons acting in concert.					
Top 10 non-restricted shareholders							
Name of shareholder	Number of non-restricted shares held at period-end	Type of shares					
		Type	Number				
CHINA MERCHANTS GANGTONG DEVELOPMENT (SHENZHEN) CO., LTD.	370,878,000	A-share	370,878,000				
BROADFORD GLOBAL 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				
CITIC SECURITIES CO., LTD	9,467,951	A-share	9,467,951				
NORGES BANK	2,802,863	B-share	2,802,863				
VANGUARD EMERGING MARKETS STOCK INDEX FUND	2,617,518	B-share	2,617,518				
MAI SHUQING	2,238,347	A-share	2,238,347				

CHINA MERCHANTS SECURITIES (HK) CO., LTD.	2,126,022	B-share	2,126,022
CANADA POST CORPORATION REGISTERED PENSION PLAN	1,579,096	B-share	1,579,096
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	1,530,596	B-share	1,530,596
Explanation on associated relationship among the top ten shareholders of tradable share not subject to trading moratorium, as well as among the top ten shareholders of tradable share not subject to trading moratorium and top ten shareholders, or explanation on acting-in-concert	CMGD is a wholly-owned subsidiary set up in Shenzhen by Broadford Global. The two companies are acting-in-concert parties. The Company does not know whether the other shareholders are related parties or persons acting in concert.		
Particular about shareholder participate in the securities lending and borrowing business (if any)	N/A		

None of the top ten common shareholders and the top ten common shareholders not subject to trading moratorium of the Company carried out any agreed buy-back in the reporting period.

#### IV Change of the controlling shareholder or the actual controller

New controlling shareholder	China Merchants Gangtong Development (Shenzhen) Co., Ltd.
Date of change	8 June 2018
Index to the relevant announcement disclosed on the designated website	For further information, see the Announcement No. 2018-060 on the Completion of Share Transfer and Change of the Controlling Shareholder on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Date of disclosure	12 June 2018

The actual controller of the Company did not change in the reporting period.

## **Section VII Preference Shares**

☐ Applicable ☒ Not applicable

The Company had no preference shares in the reporting period.

## **Section VIII Directors, Supervisors and Senior Management Staff**

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

There was no change in shareholding of Directors, Supervisors, Senior Management Staffs and Employees, for details, please refer to 2017 Annual Report

### **II Particulars about Changes of Directors, Supervisors and Senior Executives**

There was no change in Directors, Supervisors, Senior Management Staffs and Employees, for details, please refer to 2017 Annual Report



## **Section IX Corporate Bonds**

Are there any 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?

No

## **Section X Financial Report**

### **I Auditor's report**

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

### **II Financial statements (see the attached)**

## **Section XI Documents Available for Reference**

- I The 2018 Semi-Annual Report carrying the signature of the Company's Chairman of the Board;
- II The 2018 Semi-Annual Financial Report carrying the signatures of the Company's Legal Representative, Chief Financial Officer and Financial Manager; and
- III Original copies of all documents and announcements disclosed by the Company during the reporting period on Securities Times, Ta Kung Pao and [www.cninfo.com.cn](http://www.cninfo.com.cn).

For and on behalf of the Board

Bai Jingtao

Chairman of the Board

Shenzhen Chiwan Wharf Holdings Limited

Dated 31 August 2018

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**AT 30 JUNE 2018**

**Consolidated Balance Sheet**

Unit: RMB

Item	Notes	Closing balance	Opening balance	Item	Notes	Closing balance	Opening balance
<b>ASSETS</b>				<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current assets:</b>				<b>Current liabilities:</b>			
Cash and bank balances	(V)1	468,287,526.00	818,193,679.32	Short-term borrowings	(V)21	501,758,000.00	-
Notes receivable	(V)2	-	500,000.00	Accounts payable	(V)22	105,261,259.62	131,837,865.23
Accounts receivable	(V)3	307,047,142.75	257,081,961.83	Receipts in advance	(V)23	16,147,389.17	56,571,454.49
Prepayments	(V)4	2,374,910.59	4,354,830.16	Employee benefits payable	(V)24	60,684,157.98	95,361,472.09
Interest receivable	(V)5	95,277.78	1,175,305.39	Taxes payable	(V)25	86,884,187.10	96,453,101.66
Dividends receivable	(V)6	-	-	Interest payable	(V)26	8,998,745.37	3,678,493.15
Other receivables	(V)7	17,220,164.87	21,209,538.29	Dividends payable	(V)27	165,955,102.54	263,384,499.42
Inventories	(V)8	16,490,966.83	21,862,480.10	Other payables	(V)28	72,503,833.26	138,012,498.12
Other current assets	(V)9	24,561,374.56	33,491,432.18	Other current liabilities	(V)29	200,000,000.00	100,000,000.00
<b>Total current assets</b>		<b>836,077,363.38</b>	<b>1,157,869,227.27</b>	<b>Total current liabilities</b>		<b>1,218,192,675.04</b>	<b>885,299,384.16</b>
<b>Non-current Assets:</b>				<b>Non-current Liabilities:</b>			
Available-for-sale financial assets	(V)10	-	23,759,200.00	Bonds payable	(V)30	299,229,041.07	298,931,506.83
Other investments in equity instruments	(V)11	146,463,840.00	-	Long-term payables	(V)31	-	25,000,000.00
Long-term equity investments	(V)12	1,561,072,828.11	1,152,620,039.97	Special payables	(V)32	28,209,108.38	32,563,422.41
Investment properties	(V)13	22,408,165.65	22,821,081.69	Deferred income	(V)33	153,051,500.28	156,048,997.49
Fixed assets	(V)14	3,078,827,210.28	3,929,355,718.60	Deferred tax liabilities	(V)19	32,858,660.00	10,584,342.80
Construction in progress	(V)15	67,674,438.64	86,317,666.70	<b>Total non-current liabilities</b>		<b>513,348,309.73</b>	<b>523,128,269.53</b>
Intangible assets	(V)16	957,084,841.87	1,350,224,998.54	<b>TOTAL LIABILITIES</b>		<b>1,731,540,984.77</b>	<b>1,408,427,653.69</b>
Goodwill	(V)17	10,858,898.17	10,858,898.17	<b>SHAREHOLDERS' EQUITY:</b>			
Long-term prepaid expenses	(V)18	51,803,814.59	98,278,001.09	Share capital	(V)34	644,763,730.00	644,763,730.00
Deferred tax assets	(V)19	10,753,068.89	11,031,026.43	Capital reserve	(V)35	167,480,381.25	167,480,381.25
Other non-current assets	(V)20	285,561,664.28	132,334,704.86	Other comprehensive income	(V)36	111,828,824.49	19,800,344.49
<b>Total non-current assets</b>		<b>6,192,508,770.48</b>	<b>6,817,601,336.05</b>	Special reserve	(V)37	8,314,754.88	4,767,373.45
				Surplus reserve	(V)38	520,074,434.56	520,074,434.56
				Unappropriated profit	(V)39	3,031,700,072.97	3,566,083,142.17
				Total shareholders' equity attributable to equity holders of the parent		4,484,162,198.15	4,922,969,405.92
				Minority interests		812,882,950.94	1,644,073,503.71
				<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,297,045,149.09</b>	<b>6,567,042,909.63</b>
<b>TOTAL ASSETS</b>		<b>7,028,586,133.86</b>	<b>7,975,470,563.32</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>7,028,586,133.86</b>	<b>7,975,470,563.32</b>

The accompanying notes form part of the financial statements.

The financial statements on pages 2 to 119 were signed by the following:

Legal Representative: Bai Jingtao

Chief Financial Officer: Yao Shenglan

Head of Accounting Department: Li Xiaopeng

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**AT 30 JUNE 2018**

**Balance Sheet of the Company**

Unit: RMB

Item	Note	Closing balance	Opening balance	Item	Note	Closing balance	Opening balance
<b>ASSETS</b>				<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Assets:</b>				<b>Current Liabilities:</b>			
Cash and bank balances		97,869,776.30	230,039,345.73	Short-term borrowings		501,758,000.00	-
Accounts receivable	(XIV)1	23,418,326.13	12,987,394.84	Accounts payable		13,576,628.07	18,376,556.53
Prepayments		-	-	Receipts in advance		85,650.00	98,400.00
Dividends receivable		191,552,301.40	589,478,376.49	Employee benefits payable		40,618,586.08	51,689,614.60
Other receivables	(XIV)2	413,351,630.81	583,090,959.69	Taxes payable		861,248.10	1,578,674.01
Inventories		389,771.06	415,163.18	Interest payable		13,256,065.95	8,010,008.11
Other current assets		1,185,221.69	2,210,653.66	Dividends payable		37,608,540.65	37,608,540.65
<b>Total current assets</b>		<b>727,767,027.39</b>	<b>1,418,221,893.59</b>	Other payables		500,180,624.02	834,923,800.53
<b>Non-current Assets:</b>				Other current liabilities		200,000,000.00	100,000,000.00
Available-for-sale financial assets		-	23,759,200.00	<b>Total current liabilities</b>		<b>1,307,945,342.87</b>	<b>1,052,285,594.43</b>
Other investments in equity instruments		146,463,840.00	-	<b>Non-current Liabilities:</b>			
Long-term receivables		11,004,284.75	11,004,284.75	Bonds payable		299,229,041.07	298,931,506.83
Long-term equity investments	(XIV)3	2,215,018,137.80	2,215,952,842.62	Long-term payables		150,386,000.00	150,098,000.00
Investment property		12,875,095.62	13,116,783.72	Deferred tax liabilities		32,858,660.00	2,182,500.00
Fixed assets		201,727,344.65	204,839,343.34	<b>Total non-current liabilities</b>		<b>482,473,701.07</b>	<b>451,212,006.83</b>
Construction in progress		9,823,376.20	10,631,762.77	<b>TOTAL LIABILITIES</b>		<b>1,790,419,043.94</b>	<b>1,503,497,601.26</b>
Intangible assets		58,516,469.53	59,954,618.20	<b>SHAREHOLDERS' EQUITY</b>			
Long-term prepaid expenses		3,864,672.16	3,976,969.45	Share capital		644,763,730.00	644,763,730.00
Other non-current assets		149,709,800.00	-	Capital reserve		240,001,254.59	240,001,254.59
<b>Total non-current assets</b>		<b>2,809,003,020.71</b>	<b>2,543,235,804.85</b>	Other comprehensive income		98,675,980.00	6,647,500.00
				Special reserve		211,707.86	-
				Surplus reserve		520,074,434.56	520,074,434.56
				Unappropriated profit		242,623,897.15	1,046,473,178.03
				<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,746,351,004.16</b>	<b>2,457,960,097.18</b>
<b>TOTAL ASSETS</b>		<b>3,536,770,048.10</b>	<b>3,961,457,698.44</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,536,770,048.10</b>	<b>3,961,457,698.44</b>

The accompanying notes form part of the financial statements.

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**Consolidated Income Statement**

Unit: RMB

Item	Note	Amount incurred in the current period	Amount incurred in the prior period (restated)
I. Operating income	(V)40	1,246,135,516.34	1,176,651,017.99
Less: Operating costs	(V)40	669,139,867.98	682,744,597.73
Business taxes and levies	(V)41	6,180,992.33	6,376,744.50
Administrative expenses	(V)42	87,636,508.75	77,908,036.28
Financial expenses	(V)43	17,869,102.88	13,274,775.13
Impairment losses of assets	(V)44	360,407.86	(2,075,271.78)
Add: Investment income	(V)44	53,469,837.14	46,292,845.60
Including: Income from investments in associates and joint ventures	(V)45	45,680,862.14	36,875,845.60
Gains (losses) on disposal of assets	(V)46	19,702.38	293,053.57
Other income	(V)47	969,240.75	-
II. Operating profit		519,407,416.81	445,008,035.30
Add: Non-operating income	(V)48	2,902,652.25	2,326,565.47
Less: Non-operating expenses	(V)49	3,449,926.69	803,640.73
III. Gross profit		518,860,142.37	446,530,960.04
Less: Income tax expenses	(V)50	75,484,671.73	72,860,139.44
IV. Net profit		443,375,470.64	373,670,820.60
(I) Categorization by continuity of operation			
1.Net profit of continued operation		443,375,470.64	373,670,820.60
2.Net profit of discontinued operation		-	-
(II) Categorization by attribution of ownership			
1.Net profit attributable to shareholders of the parent		316,060,290.67	276,061,357.50
2.Profit or loss attributable to minority shareholder		127,315,179.97	97,609,463.10
V. Amount of Other Comprehensive Net Income After Tax:	(V)51	(585,000.00)	937,500.00
Amount of other comprehensive net income after tax attributable to equity holders of the parent		(585,000.00)	937,500.00
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		(585,000.00)	-
1.Change as a result of remeasurement of the net defined benefit plan liability or asset		-	-
2.Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss		-	-
3. Fair value changes of other investments in equity instruments that can't be reclassified to profit or loss		(585,000.00)	-
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-	937,500.00
1.Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss		-	-
2.Gains or losses on changes in fair value of available-for-sale financial assets		-	937,500.00
3.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:		442,790,470.64	374,608,320.60
Shareholders of the parent		315,475,290.67	276,998,857.50
Minority shareholders		127,315,179.97	97,609,463.10
VII. Earnings per share:			
(I) Basic earnings per share		0.490	0.428
(II) Diluted earnings per share		0.490	0.428

The accompanying notes form part of the financial statements.

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**Income Statement of the Company**

Unit: RMB

Item	Note	Amount incurred in the current period	Amount incurred in the prior period
I. Operating income	(XIV)4	119,422,977.47	120,036,337.34
Less: Operating costs	(XIV)4	66,904,086.32	61,993,764.64
Business taxes and levies		1,668,896.31	1,295,149.90
Administrative expenses		37,663,434.34	30,763,723.53
Financial expenses		11,394,012.23	(3,567,095.64)
Impairment losses of assets		-	(7,730.22)
Add: Investment income	(XIV)5	45,416,275.00	43,578,170.47
Including: Income from investments in associates and joint ventures	(XIV)5	37,627,300.00	34,161,170.47
Gains on disposal of assets		(934,006.99)	304,464.57
II. Operating profit		46,274,816.28	73,441,160.17
Add: Non-operating income		834,286.15	246,731.78
Less: Non-operating expenses		119,250.11	224,356.40
III. Gross profit		46,989,852.32	73,463,535.55
Less: Income tax expenses		395,773.33	(396,443.74)
IV. Net profit		46,594,078.99	73,859,979.29
V. Amount of Other Comprehensive Net Income After Tax:		(585,000.00)	937,500.00
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		(585,000.00)	-
(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		-	-
(iii) Fair value changes of other equity instruments that can't be reclassified to profit or loss		(585,000.00)	-
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-	937,500.00
(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		-	937,500.00
(iii) Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income attributable to:		46,009,078.99	74,797,479.29

The accompanying notes form part of the financial statements.



SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2018

Consolidated Cash Flow Statement

Unit: RMB

Item	Note	Amount incurred in the current period	Amount incurred in the prior period (restated)
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from sales of goods and rendering of services		1,079,981,614.42	1,252,629,719.76
Other cash receipts relating to operating activities	(V)53(1)	35,355,262.02	43,509,092.43
Sub-total of cash inflows		1,115,336,876.44	1,296,138,812.19
Cash payments for goods purchased and services received		371,777,653.02	367,373,420.77
Cash payments to and on behalf of employees		246,499,962.13	230,356,972.62
Payments of all types of taxes		87,459,003.05	82,664,952.95
Other cash payments relating to operating activities	(V)53(2)	60,425,384.56	41,187,933.82
Sub-total of cash outflows		766,162,002.76	721,583,280.16
Net Cash Flows from Operating Activities	(V)54(1)	349,174,873.68	574,555,532.03
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from investments income		46,350,979.83	63,156,674.42
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		1,471,757.92	2,650,703.87
Other cash receipts relating to investing activities	(V)53(3)	500,000.00	128,500,000.00
Sub-total of cash inflows		48,322,737.75	194,307,378.29
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		89,747,611.32	92,607,682.80
Net cash payment to acquire subsidiary and other operating units	(V)53(4)	149,709,800.00	-
Other cash payments relating to investing activities	(V)53(5)	203,758,566.92	180,000,000.00
Sub-total of cash outflows		443,215,978.24	272,607,682.80
Net Cash Flows from Investing Activities		(394,893,240.49)	(78,300,304.51)
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from borrowings		636,758,000.00	30,000,000.00
Cash receipts from issue of bonds		200,000,000.00	-
Sub-total of cash inflows		836,758,000.00	30,000,000.00
Cash repayments of borrowings		170,000,000.00	366,270,000.00
Cash payments for distribution of dividends or profit or interest		953,421,273.12	46,178,041.65
Including: Payments for distribution of dividends or profit to minorities		97,429,396.88	35,966,600.94
Other cash payments relating to financing activities	(V)53(6)	663,373.11	15,792.33
Sub-total of cash outflows		1,124,084,646.23	412,463,833.98
Net Cash Flows from Financing Activities		(287,326,646.23)	(382,463,833.98)
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and</b>		(16,861,140.28)	(4,935,763.98)
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>		(349,906,153.32)	108,855,629.56
Add: Opening balance of Cash and Cash Equivalents	(V)54(2)	818,193,679.32	542,079,799.39
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	(V)54(2)	468,287,526.00	650,935,428.95

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2018

**Cash Flow Statement of the Company**

Unit: RMB

Item	Note	Amount incurred in the current period	Amount incurred in the prior period
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from sales of goods and rendering of services		107,636,176.67	114,863,518.00
Other cash receipts relating to operating activities		230,346,187.55	424,203,588.78
Sub-total of cash inflows		337,982,364.22	539,067,106.78
Cash payments for goods purchased and services received		35,630,528.08	31,930,629.72
Cash payments to and on behalf of employees		68,710,981.15	61,467,607.51
Payments of all types of taxes		3,485,828.13	4,414,781.60
Other cash payments relating to operating activities		388,259,171.05	457,615,731.81
Sub-total of cash outflows		496,086,508.41	555,428,750.64
Net Cash Flows from Operating Activities		(158,104,144.19)	(16,361,643.86)
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from investments income		444,277,054.92	197,859,462.18
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		178,876.00	2,693,776.59
Sub-total of cash inflows		444,455,930.92	200,553,238.77
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		5,461,752.50	3,621,231.58
Net cash payment to acquire subsidiary and other operating units		149,709,800.00	-
Sub-total of cash outflows		155,171,552.50	3,621,231.58
Net Cash Flows from Investing Activities		289,284,378.42	196,932,007.19
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from borrowings		571,758,000.00	64,715,999.99
Cash receipts from issue of bonds		200,000,000.00	-
Sub-total of cash inflows		771,758,000.00	64,715,999.99
Cash repayments of borrowings		170,000,000.00	280,000,000.00
Cash payments for distribution of dividends or profit or interest		855,728,376.23	4,933,219.18
Other cash payments relating to financing activities		663,373.11	15,792.33
Sub-total of cash outflows		1,026,391,749.34	284,949,011.51
Net Cash Flows from Financing Activities		(254,633,749.34)	(220,233,011.52)
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and</b>		(8,716,054.32)	650,899.12
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>		(132,169,569.43)	(39,011,749.07)
Add: Opening balance of Cash and Cash Equivalents		230,039,345.73	97,401,657.09
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		97,869,776.30	58,389,908.02

The accompanying notes form part of the financial statements.

# SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2018

## Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

Item	2018									2017 (restated)								
	Attributable to shareholders of the parent								Total shareholders' equity	Attributable to shareholders of the parent								Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others	Minority interests		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others	Minority interests	
I. Closing balance of the preceding year	644,763,730.00	167,480,381.25	19,800,344.49	4,767,373.45	520,074,434.56	3,566,083,142.17	-	1,644,073,503.71	6,567,042,909.63	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
Add: Changes in accounting policies	-	-	92,613,480.00	-	-	-	-	-	92,613,480.00	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination involving enterprises	-	-	-	-	-	-	-	-	-	-	-	26,864,990.92	-	-	-	-	819,886,841.52	846,751,832.44
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	644,763,730.00	167,480,381.25	112,413,824.49	4,767,373.45	520,074,434.56	3,566,083,142.17	-	1,644,073,503.71	6,659,656,389.63	644,763,730.00	167,480,381.25	18,825,344.49	4,145,765.65	520,074,434.56	3,381,390,887.86	-	1,747,065,025.05	6,483,745,568.86
III. Changes for the year	-	-	(585,000.00)	3,547,381.43	-	(534,383,069.20)	-	(831,190,552.77)	(1,362,611,240.54)	-	-	975,000.00	621,607.80	-	184,692,254.31	-	(102,991,521.34)	83,297,340.77
(I) Total comprehensive income	-	-	(585,000.00)	-	-	316,060,290.67	-	127,315,179.97	442,790,470.64	-	-	975,000.00	-	-	504,495,064.39	-	209,363,710.68	714,833,775.07
(II) Owners' contributions and reduction in capital	-	-	-	(575,472.95)	-	-	-	(906,835,138.81)	(907,410,611.76)	-	-	-	-	-	-	-	-	-
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognized in shareholders'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	(575,472.95)	-	-	-	(906,835,138.81)	(907,410,611.76)	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	(850,443,359.87)	-	(53,593,466.00)	(904,036,825.87)	-	-	-	-	-	(319,802,810.08)	-	(312,431,865.50)	(632,234,675.58)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(850,443,359.87)	-	(53,593,466.00)	(904,036,825.87)	-	-	-	-	-	(319,802,810.08)	-	(312,431,865.50)	(632,234,675.58)
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	4,122,854.38	-	-	-	1,922,872.07	6,045,726.45	-	-	-	621,607.80	-	-	-	76,633.48	698,241.28
1. Withdrawn in the period	-	-	-	10,442,630.90	-	-	-	4,899,308.78	15,341,939.68	-	-	-	17,456,696.76	-	-	-	7,404,742.09	24,861,438.85
2. Utilized in the period	-	-	-	(6,319,776.52)	-	-	-	(2,976,436.71)	(9,296,213.23)	-	-	-	(16,835,088.96)	-	-	-	(7,328,108.61)	(24,163,197.57)
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	644,763,730.00	167,480,381.25	111,828,824.49	8,314,754.88	520,074,434.56	3,031,700,072.97	-	812,882,950.94	5,297,045,149.09	644,763,730.00	167,480,381.25	19,800,344.49	4,767,373.45	520,074,434.56	3,566,083,142.17	-	1,644,073,503.71	6,567,042,909.63

The accompanying notes form part of the financial statements.

# SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2018

## Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

Item	2018							2017						
	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	240,001,254.59	6,647,500.00	-	520,074,434.56	1,046,473,178.03	2,457,960,097.18	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
Add: Changes in accounting policies	-	-	92,613,480.00	-	-	-	92,613,480.00	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	644,763,730.00	240,001,254.59	99,260,980.00	-	520,074,434.56	1,046,473,178.03	2,550,573,577.18	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
III. Changes for the year	-	-	(585,000.00)	211,707.86	-	(803,849,280.88)	(804,222,573.02)	-	-	975,000.00	(1,027,543.25)	-	411,707,778.17	411,655,234.92
(I) Total comprehensive income	-	-	(585,000.00)	-	-	46,594,078.99	46,009,078.99	-	-	975,000.00	-	-	731,510,588.25	732,485,588.25
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognized in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	(850,443,359.87)	(850,443,359.87)	-	-	-	-	-	(319,802,810.08)	(319,802,810.08)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(850,443,359.87)	(850,443,359.87)	-	-	-	-	-	(319,802,810.08)	(319,802,810.08)
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	211,707.86	-	-	211,707.86	-	-	-	(1,027,543.25)	-	-	(1,027,543.25)
1. Withdrawn in the period	-	-	-	1,310,640.42	-	-	1,310,640.42	-	-	-	2,239,851.36	-	-	2,239,851.36
2. Utilized in the period	-	-	-	(1,098,932.56)	-	-	(1,098,932.56)	-	-	-	(3,267,394.61)	-	-	(3,267,394.61)
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	644,763,730.00	240,001,254.59	98,675,980.00	211,707.86	520,074,434.56	242,623,897.15	1,746,351,004.16	644,763,730.00	240,001,254.59	6,647,500.00	-	520,074,434.56	1,046,473,178.03	2,457,960,097.18

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 in Shenzhen City Guangdong Province on 16 January 1993.

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

The scope of consolidated financial statements in the current period involves 10 subsidiaries. See Note (VII) "Equity in other entities" for details. Changes in the scope of consolidated financial statements in the current period represent the decrease in scope of consolidation due to other reasons. See Note (VI) "Changes in the scope of consolidation" 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). 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**

*Basis of accounting and principle of measurement - continued*

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

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

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

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

*Going Concern*

The Group evaluated its going concern ability within 12 months since 30 June 2018. 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) 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 30 June 2018, and the Company's and consolidated results of operations and cash flows for the six months 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**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.

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

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

***5.1 Business combinations involving enterprises under common control***

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

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

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

***5.2 Business combinations not involving enterprises under common control and goodwill***

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

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

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

**(III) 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.

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.



**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**6. Preparation of consolidated financial statements - continued**

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.

**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 is subject to for using the equity method.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**7. Types of joint arrangements and the accounting treatment of joint operation - continued**

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 recognized 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.

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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**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. However, where the Group's initially recognized accounts receivable does not include significant financing component as defined in *Accounting Standards for Business Enterprises No.14 - Revenue (2017 revised)* or the financing component of the contract not exceeding one year is not considered according the *Accounting Standards for Business Enterprises No.14 - Revenue (2017 revised)*, it is initially measured at the transaction price as defined in the standards.

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

According the Group's business model to manage the financial assets and the characteristics of the contractual cash flows of the financial assets, the financial assets are classified into one of the following three categories:

- (1) Financial assets at amortized cost.
- (2) Financial assets at fair value through other comprehensive income ("FVOCI").
- (3) Financial assets at fair value through profit or loss ("FVTPL").

Where the financial assets are purchased or sold in regular way, the Group recognizes the assets received and corresponding liabilities, or derecognizes the assets disposed on a trade date basis, and meanwhile, recognizes the gains or losses from the disposal and the receivables from the buyer.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

***10.2 Classification, recognition and measurement of financial assets - continued***

- Financial assets at amortized cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (1) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets classified at amortized cost include accounts receivable, notes receivable, interest receivable, dividends receivable, other receivables and entrusted loans.

Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method, with gains or losses from derecognition, impairment or amortization charged to profit or loss for the period.

- Financial assets at fair value through other comprehensive income

A financial asset shall be measured classified as FVOCI if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gains or losses arising from financial assets at FVOCI, other than impairment losses or gains and exchange gains or losses, are included in other comprehensive income, until the financial asset is derecognized or reclassified. However, the interest on the financial assets calculated using effective interest method is included in profit or loss. The amount of the financial assets included in profit or loss for each period is deemed as equal to the amount included in profit or loss for each period due to amortized cost measurement. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to in profit or loss.

Upon initial recognition, the Group may designate the non-trading equity instrument as financial assets at FVOCI. Once such designation is made, it shall not be cancelled.

The non-trading equity instrument investment designated as financial assets at FVOCI is subsequently measured at fair value. Upon derecognition of such financial assets, the accumulated gains or losses previously included in other comprehensive income is transferred from other comprehensive income to retained earnings. However, the dividends income satisfying the recognition criteria is included in profit or loss for the period.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

*10.2 Classification, recognition and measurement of financial assets - continued*

- Financial assets at FVTPL

Financial assets, other than those classified as financial assets at amortized cost and financial assets at FVOCI, are classified as financial assets at FVTPL. Where the contingent consideration recognized in business combination not involving enterprises under common control forms financial assets, such financial assets are classified as financial assets at FVTPL.

Where one of the following condition is satisfied, the Group considers that such financial asset is held for trading:

- (1) the purpose for obtaining related financial assets is to sell the assets in recent period;
- (2) related financial assets are part of the financial instruments portfolio under concentration management upon initial recognition, and there is objective evidence indicating the existence of short-term profit model in recent period;
- (3) related financial assets are derivatives, but except for the derivatives satisfying the definition of financial guarantee contract and those designated as effective hedging instruments.

Upon initial recognition, the Group may designate the financial assets as financial assets at FVTPL if this may eliminate or significantly reduce the accounting mismatch. Once such designation is made, it shall not be cancelled.

The financial assets at FVTPL are subsequently measured at fair value, with related gains or losses included in profit or loss for the period.

**10.3 Transfer of financial assets**

The Group derecognises 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 recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

*10.3 Transfer of financial assets - continued*

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 recognised in other comprehensive income, is recognised 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 recognised and the part that is derecognised, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognised; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss.

*10.4 Classification, recognition and measurement of financial liabilities*

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

Upon initial recognition, financial liabilities are classified into financial liabilities at FVTPL and financial liabilities at amortized cost. Except for the following items, the Group classifies the financial liabilities into financial liabilities at amortized cost:

- (1) Financial liabilities at FVTPL.
- (2) Financial liabilities arising from the transfer of financial assets that does not satisfy the criteria of derecognition or the continuing involvement in the transferred assets.
- (3) Financial guarantee contract which is not the aforesaid circumstance (1) or (2), as well as the loan commitment to issue a loan at a rate lower than the market interest rate which is not the aforesaid circumstance (1).

*- Financial liabilities at FVTPL*

Financial liabilities at fair value through profit or loss, including held-for-trading financial liabilities (including derivatives which are financial liabilities) and the financial liabilities designated as FVTPL. In the business combination not involving enterprises under common control, the financial liabilities arising from contingent consideration recognized by the Group as the buyer are accounted for as financial liabilities at FVTPL.

Where one of the following conditions is met, the Group considers that the financial liability is held for trading:

- (1) the purpose to undertake relevant financial liabilities is mainly to repurchase in recent period;

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

*10.4 Classification, recognition and measurement of financial liabilities - continued*

*- Financial liabilities at FVTPL - continued*

- (2) the purpose to undertake relevant financial liabilities is mainly to repurchase in recent period;
- (3) the related financial liabilities upon initial recognition are part of the portfolio of the identifiable financial instruments under concentration management, and there is objective evidence of short-term profit model in recent period;
- (4) the related financial liabilities are derivatives, except for the derivatives satisfying the definition of financial guarantee contract and the derivatives designated as effective hedging instruments.

Upon initial recognition, financial liabilities may be designated as financial liabilities at FVTPL if one of the following conditions is satisfied: (1) accounting mismatch can be eliminated or significantly reduced; (2) according to the written document of the Group's risk management and investment strategies, the Group manages the portfolio of financial liabilities or portfolio of both financial assets and financial liabilities and conducts performance assessment on fair value basis, and internally report to key management on such basis. Once such designation is made, it shall not be cancelled.

Financial liabilities at FVTPL are subsequently measured at fair value, with gains or losses from changes in fair value as well as the dividends and interest expenses on such financial liabilities charged to profit or loss for the period.

Gains or losses arising from financial liabilities designated as financial liabilities at FVTPL are accounted for as follows:

- (1) the changes in fair value of financial liabilities arising from the credit risk of the Group are included in other comprehensive income;
- (2) the other fair value changes of the financial liabilities are included in profit or loss. Where the accounting of the effect of the changes in credit risk of the financial liability according to the aforesaid provisions will result in or enlarge accounting mismatch in profit or loss, the Group records all the gains or losses on such financial liability (including the effect of changes in credit risk of the Group) in profit or loss. Upon derecognition of such financial liability, the accumulated gains or losses previously included in other comprehensive income is transferred from other comprehensive income to retained earnings.

*- Financial liabilities at amortized cost*

Financial liabilities at amortized cost are subsequently measured at amortized cost, with gains or losses from derecognition or amortization included in profit or loss.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

***10.5 Derecognition of financial liabilities***

The Group derecognises a financial liability (or part of it) only 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. Where the Group makes substantial modification to the contract terms of the existing financial liability (or part of it), the existing financial liability is derecognized and a new financial liability is recognized according to the revised terms.

Where a financial liability (or part of it) is derecognized, the difference between its carrying amount and the consideration paid (including non-cash assets transferred out or liabilities undertaken) is included in profit or loss.

Where the Group repurchases part of the financial liability, the carrying amount of the overall financial liability is allocated between the part continuing to be recognized and the part derecognized according to the proportion of their respective fair value to the fair value of the overall financial liability at repurchase date.

***10.6 Impairment of financial instruments***

The Group accounts for the following items for the impairment and makes provision based on the expected credit loss:

- (1) The financial assets classified as amortized cost measurement and financial assets formed by debt instruments investment classified as FVOCI.
- (2) Lease receivables.
- (3) Contract assets.
- (4) Loan commitment other than the financial liabilities at FVTPL issued by the Group and the financial guarantee contract applicable to related provisions.

Expected credit loss is the weighted average credit loss of financial instruments with the default risk as the weight.

Credit loss represent the difference between the contractual cash flow discounted at original effective interest rate and receivable according to the contract and the cash flow expected to be received, i.e. the present value of the total cash shortfall. For the Group's purchased or originated credit-impaired financial assets, such financial assets shall be discounted at the credit-adjusted effective interest rate.



**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

***10.6 Impairment of financial instruments - continued***

***- General impairment provision***

Except for the purchased or originated credit-impaired financial assets and the financial assets applicable to simple method, the Group assesses at each balance sheet date whether the credit risk of related financial instruments has increased significantly since the initial recognition, and measures the loss allowance, recognizes expected credit loss and its changes according to the following circumstance separately:

- (1) The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Regardless whether the Group assesses the credit loss by individual financial instrument or portfolio of financial instruments, the increase in or reversal of loss allowance arising from this is accounted for as gains or losses and included in profit or loss.
- (2) If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. Regardless whether the Group assesses the credit loss by individual financial instrument or portfolio of financial instruments, the increase in or reversal of loss allowance arising from this is accounted for as gains or losses and included in profit or loss.

When making related assessment, the Group considers all reasonable and supportable information, including foreseeable information. To ensure the credit risk has increased significantly since initial recognition, i.e. recognize the lifetime expected credit loss, in some circumstances, the Group assesses whether the credit risk has increased significantly by considering on a portfolio basis.

***- Simplified method for receivables, contract assets and lease receivables***

For the following items, the Group always measures the loss allowance at an amount equal to the lifetime expected credit losses:

- (1) the receivables or contract assets arising from the transactions under the *Accounting Standards for Business Enterprises No. 14 – Revenue (2017 revised)*, which meet one of the following conditions:
  - The item does not include the significant financing component as defined in *Accounting Standards for Business Enterprises No. 14 – Revenue (2017 revised)*, or the Group does not consider the financing component in the contract not exceeding one year according to *Accounting Standards for Business Enterprises No. 14 – Revenue (2017 revised)*.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

10.6 Impairment of financial instruments - continued

*- Simplified method for receivables, contract assets and lease receivables - continued*

- The item include the significant financing component as defined in *Accounting Standards for Business Enterprises No. 14 – Revenue (2017 revised)*, and meanwhile the Group chooses the accounting policies to measure the loss allowance at an amount equal to the lifetime expected credit losses.

- (2) Lease receivables formed in the transactions under the *Accounting Standards for Business Enterprises No.21 – Lease*, meanwhile the Group chooses the accounting policies to measure the loss allowance at an amount equal to the lifetime expected credit losses.

*- Purchased or originated credit-impaired financial assets*

For purchased or originated credit-impaired financial assets, at the balance sheet date, the Group only recognizes the accumulated changes in lifetime expected credit loss since initial recognition as loss allowance. At each balance sheet date, the Group recognises in profit or loss, as an impairment gain or loss, the amount of changes in credit loss for the lifetime. Even though the lifetime expected credit loss determined at the balance sheet date is less than the expected credit loss reflected by the estimated cash flow at initial recognition, the Group recognizes the favorable change in expected credit loss as impairment gains.

10.7 Derivative instruments and embedded derivatives

Derivative financial instruments include put options etc. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value.

The embedded derivative instrument represent the derivatives embedded in the non-derivative instruments (i.e. main contract). The embedded derivative and the main contract form the hybrid contract.

Where the main contract included in hybrid contract is an asset under financial instruments standards, the Group does not separate the embedded derivatives from the hybrid contract, but apply such hybrid contract as a whole to the provisions on classification of financial assets.

Where the main contract included in the hybrid contract is not an asset under the financial instruments standards, and all the following conditions are met, the Group separate the embedded derivative from the hybrid contract and account for it as a separate derivative:

- (1) The economic characteristics and risks of embedded derivative are not closely related with that of the main contract.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

*10.7 Derivative instruments and embedded derivatives - continued*

- (2) The separate instrument with the same terms of embedded derivatives satisfies the definition of the derivative instruments.
- (3) The hybrid contract is not accounted for as FVTPL.

Where the embedded derivatives are separated from the hybrid contract, the Group accounts for the main contract of hybrid contract according to applicable accounting standards. Where the Group can't measure the fair value of embedded derivative reliably according to the terms and conditions of embedded derivative, the fair value of such derivative is determined based on the difference between the fair value of the hybrid contract and that of the main contract. Where the fair value of the embedded derivative still can't be measured separately at the acquisition date or subsequent balance sheet date using the aforesaid method, the Group will designate the hybrid contract in its entirety as financial instrument at FVTPL.

*10.8 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.

*10.9 Dividends income*

The Group recognizes the dividends income with a charge to profit or loss only when the following conditions are met:

- (1) the Group's right to receive the dividends has been established;
- (2) it is probable that the economic benefit associated with the dividends will flow into the Group;
- (3) the amount of dividends can be measured reliably.

*10.10 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) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

*10.10 Equity instruments - continued*

The following accounting policies on financial instruments are applicable to 2017.

Financial assets and financial liabilities are recognised 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 recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts.

*10.11 Effective interest method*

The effective interest method is a method of calculating the amortised 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.

*10.12 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

*10.12.1 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

*10.12.1 Financial Assets at Fair Value through Profit or Loss ("FVTPL") - continued*

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.

*10.12.2 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.

*10.12.3 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.

*10.12.4 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

*10.12 Classification, recognition and measurement of financial assets - continued*

*10.12.4 Available-for-sale financial assets - continued*

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.

*10.13 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.

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;

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

*10.13 Impairment of financial assets - continued*

- (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, i.e. at the balance sheet date, if the fair value of an equity instrument investment is in below its initial investment cost exceeding 50% (inclusive), or for a period exceeding 12 months (inclusive);
- (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.

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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

10.13 Impairment of financial assets - continued

*- Impairment of available-for-sale financial assets - continued*

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.

10.14 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.



**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

*10.14 Transfer of financial assets*

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

*10.15 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.

*10.15.1 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**10. Financial instruments - continued**

*10.15 Classification and recognition of financial liabilities - continued*

*10.15.1 Financial liabilities at fair value through profit or loss - continued*

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.

*10.15.2 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.

*10.15.3 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.

*10.16 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****10. Financial instruments - continued***10.17 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.

*10.18 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.

**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	The accounts receivables amount over RMB 5,000,000.00 are recognized 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

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****11. Receivables - continued****11.2 Receivables for which bad debt provision is collectively assessed on a credit risk portfolio basis - continued**

Portfolios that use aging analysis for bad debt provision:

Aging	Provision proportion for accounts receivable (%)	Provision proportion for other receivables (%)
Within 180 days (inclusive)	0-3	0-3
More than 181 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.

**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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**12. Inventories - continued**

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

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.

**13. Non-current assets held for sale and disposal group**

When the Group withdraw the book value of certain assets or disposal group mainly through disposal instead of continual application, the assets should be classified as held-for-sale assets.

Assets or disposal group classified as held-for-sale assets should meet following conditions: (1) The current status is available for immediate distribution according to similar transactions of this category of assets or disposal group; (2) The transaction is likely to occur, i.e. the Group has made its resolution over the distribution arrangements and acquired purchase commitment. Also the distribution is going to be fulfilled within a year.

If the holding company loses control of its subsidiary for reasons like subsidiary disposal, in regardless of whether the holding company still keeps part of equity investment, once the proposed investment disposal meets the requirements of being classified as available for sale assets in the holding company's individual statement, all assets and liabilities of the subsidiary should be classified as held-for-sale in consolidated financial statement.

The group's non-current assets and disposal group are measured at the lower of book value and the net value of fair value less costs to sell. Once the book value is higher than the net value of fair value less costs to sell, the book value should be adjusted to the net value and the excess should be recognized as impairment losses and provision for held-for-sale assets impairment should be made. A gain and a reverse in the previous provision for held-for-sale assets impairment can be recognized for any increase in fair value less costs to sell at subsequent balance sheet dates, to the extent that it is not in excess of the cumulative impairment loss that has been recognized.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**13. Non-current assets held for sale and disposal group - continued**

Non-current held-for-sale assets is not subject to depreciation and amortization. The creditor interest and other expenses of disposal group classified as held-for-sale asset should still be recognized.

Once the associate or joint venture equity investment is completely or partly classified as held-for-sale assets, the classified part of the investment is not subject to equity method measurement.

**14. Long-term equity investments**

***14.1 Basis for determining joint control and significant influence over investee***

Control is archived 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.

***14.2 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**14. Long-term equity investments - continued**

*14.2 Determination of investment cost - continued*

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.

*14.3 Subsequent measurement and recognition of profit or loss*

*14.3.1 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.

*14.3.2 A long-term equity investment accounted for using the equity method*

Except associate and joint venture investment completely or partly classified as available for sale, and 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**14. Long-term equity investments - continued**

*14.3 Subsequent measurement and recognition of profit or loss - continued*

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

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 recognize 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.

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.

*14.4 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 recognized 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 recognized 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.



**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**14. Long-term equity investments - continued**

***14.4 Disposal of long-term equity investments - continued***

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 recognized 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 recognized 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.

**15. 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.

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.

**16. Fixed assets**

***16.1 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****16. Fixed assets - continued***16.1 Recognition criteria for fixed assets - continued*

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.

*16.2 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	5-50year	10%	1.8%-18%
Container yards and buildings	5-40year	10%	2.25%-18%
Mechanical equipment	5-15year	10%	6%-18%
Motor vehicles, cargo ships and tugboats	5-20year	10%	4.5%-18%
Other equipment	5year	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.

*16.3 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.

**17. 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued****18. 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. 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.

**19. 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 (years)	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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**20. 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.

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.

**21. 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.

**22. Employee benefits**

***22.1 The accounting treatment of short-term employee benefits***

Actually occurred short-term employee benefits are recognized 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 recognized 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**22. Employee benefits - continued**

*22.1 The accounting treatment of short-term employee benefits - continued*

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 recognized 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.

*22.2 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 recognized 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.

*22.3 The accounting treatment of termination benefits*

When the Group provides termination benefits to employees, employee benefit liabilities are recognized 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.

**23. Provisions**

Provisions are recognized 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 recognized 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 recognized 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**24. Revenue**

The Group evaluates the contract on the contract commencement date, identifies each individual performance obligation included in the contract, and determines whether each individual performance obligation is performed over time or at a certain point in time. If one of the following conditions is met, the performance obligation is fulfilled over time; otherwise, it is fulfilled at a time point:

- (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (2) the customer is able to control the goods under construction in the course of the Group's performance;
- (3) the goods produced by the Group during the performance of the contract are irreplaceable and the Group has the right to charge for the accumulated part of the contract that has been performed so far during the whole contract period.

**24.1 Performance obligation performed over time**

For performance obligation performed over time, the Group recognises the revenue within a certain period of time according to the progress of the performance, except for those of which the progress of the performance cannot be reasonably determined. When determining the progress of performance of the aforesaid business, according to the nature of the business, the Group respectively adopts output and input methods to properly determine the progress of performance until the progress of performance can be reasonably determined.

**24.2 Performance obligation performed at certain point of time**

For performance obligation performance at certain point of time, the Group recognises revenue at a certain point in time when the customer obtains the "control" of the goods or services. In determining whether the customer has obtained the control over the goods, the Group considers the following indications:

- (1) The Group has the right to receive the payment for the goods, i.e the client undertakes present payment obligation for such good.
- (2) The Group has transferred the ownership of the goods to customer, i.e. the customer has obtained the ownership of the goods.
- (3) The Group has physically transferred the goods to customer, i.e. the customer has physically owned the goods.
- (4) The Group has transferred the major risks and rewards of the ownership of the goods to customer, i.e. the customer has obtained the major risks and rewards of the ownership of the goods.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**24. Revenue - continued**

*24.2 Performance obligation performed at certain point of time - continued*

(5) The customer has accepted the goods.

(6) Other indications showing the customer has obtained the control of the goods.

*The following accounting policies are applicable to 2017:*

*24.3 Revenue from sale of goods*

Revenue from sale of goods is recognised when (1) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably; (4) it is probable that the associated economic benefits will flow to the Group; and (5) the associated costs incurred or to be incurred can be measured reliably

*24.4 Revenue from rendering of services*

The Group provides port services, bonded logistics service 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.

**25. 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 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. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

*25.1 Basis for determining and method of accounting of government grants related to assets*

Included in the Group's government grants, the modern logistic projects, traffic transportation energy-saving emission reduction special funds etc. are all related to the construction and use of assets, such government grants are assets-related government grants.

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**25. Government grants - continued**

***25.2 Basis for determining and method of accounting of government grants related to income***

Included in the Group's government grant, as the 2017 enterprise R&D support funds etc. are used to compensate the related expenses or losses to be incurred in subsequent periods or incurred, they are determined as government grant relating to income.

A government grant relating to income, if used to compensate the related cost, expenses or losses to be incurred in subsequent periods, is determined as deferred income and recognized in profit or loss over the periods in which the related costs are recognized; if used to compensate the related cost, expenses or losses already incurred, is recognized immediately in profit or loss for the period.

A government grant relating to the Group's daily activities, is recognized in other income in line with the nature of economic transaction. A government grant not relating to the Group's daily activities, is recognized in non-operating income.

**26. Deferred tax assets/ deferred tax liabilities**

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

***26.1 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.

***26.2 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.



**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**26. Deferred tax assets/ deferred tax liabilities - continued**

***26.2 Deferred tax assets and deferred tax liabilities - continued***

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.

***26.3 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**27. 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.

*27.1 The accounting treatment of operating leases*

*27.1.1 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.

*27.1.2 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.

**28. 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.

**29. 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.

**(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**

**29. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates - continued**

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.

*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.

**30. Changes in Significant Accounting Policies**

The Group adopts the new financial instrument standards and new revenue standards since 1 January 2018.

*New financial instrument standards*

Before the adoption of new financial instrument standards, the Group's financial assets are classified into financial assets at FVTPL, held-to-maturity investment, loans and receivable as well as available-for-sale financial assets; the accounting of impairment of financial assets is mainly based on the incurred loss method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Changes in Significant Accounting Policies - continued

New financial instrument standards - continued

After the adoption of new financial instrument standards, according to the business model of the financial assets and the characteristics of the contractual cash flows of the financial assets, the Group classifies the financial assets into at amortized cost, financial assets at FVOCI and financial assets at FVTPL. The impairment of financial assets is accounted for using expected loss method. Meanwhile, the Group simplified the accounting of embedded derivatives and adjusted the accounting of non-trading equity instrument investment accordingly.

New revenue standards

Before adopting the new revenue standards, the Group considers the time when the major risks and rewards of the ownership of goods are transferred to the buyer as the standards for determining the point of time for revenue recognition; the Group provides port service, bonded logistics service and other labor service, and recognizes revenue from rendering of services 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

After adopting the new revenue standards, the Group distinguishes the performance obligations performed at certain point of time and over time. For performance obligation performed at certain point of time, the revenue is recognized at the point of time when the customer obtains the control of related goods (or service). For performance obligation performed over time, the Group recognizes the revenue within certain period of time according to the progress of performance, except when the progress of performance can't be reasonably determined.

(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	10%, 11%, 13%, 16% and 17% (Note 3)
	Sales revenue of waste materials and lease income from tangible movable property	3%, 16% and 17%
	Taxable income from leases of immovable property and labor	5% and 6% (Note 2)
City maintenance and construction tax	VAT paid	5% and 7% (Note 1)
Education surtax	VAT paid	3%
Regional education	VAT paid	2%

Entities using different enterprise income tax rate:

NOTES TO THE FINANCIAL STATEMENTS  
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**(IV) TAXES - continued****1. Major taxes and tax rates - continued**

Name of entity	Enterprise income
Chiwan Wharf Holdings (Hong Kong) Limited	16.50%
Chiwan Shipping (Hong Kong) Limited	16.50%
Hinwin Development Limited	16.50%
Media Port Investments Limited	0%
Shiny Fame Limited	16.50%

Note 1: The subsidiaries set up in Shenzhen are subject to a city maintenance and construction tax rate of 7%, and those set up in Dongguan are subject to a 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 11% 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.

Note 3: Pursuant to the *Notice of Adjustments to Value Added Tax Rates* issued by the Ministry of Finance and the State Administration of Taxation ("SAT") (filed as Cai Shui [2018] No. 32), tax rates for taxpayers' transactions of taxable sales or imports of good applicable to the value added taxes, which are originally subject to a tax rate of 17% and 11% respectively, shall be adjusted to 16% and 10% respectively since 1 May 2018.

Pursuant to the *Notice of Policies on the Reduction and Combination of Value Added Tax Rates* issued by the Ministry of Finance and the State Administration of Taxation ("SAT") (filed as Cai Shui [2017] No. 37), the applicable rate for taxpayers' sales of tap water has been adjusted to 11% from 13% since 1 May 2017.

**2. Tax preference**

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. 2018 is the second year that the income tax can be reduced by half for DGT (2017: half reduction of enterprise income tax).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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(IV) TAXES - continued

**2. Tax preference - continued**

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. The tax preference is expired in 2018, hence, the income tax for 2018 shall be fully paid. (2017: reduced by half).

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 2017. Hence, CCT has calculated its income tax at a rate of 15% in 2018 (2017: 15%).

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.0153 and [2015] rNo.0154 respectively), Shenzhen Mawan Port Co., Ltd., Shenzhen Mawan Terminals Co., Ltd., 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.

According to the *Notice on Preferential Policies and Preferential Catalogues of Enterprises' Income Tax in Shenzhen, Qianhai, Hong Kong - Shenzhen Modern Service Industry Cooperation Zone issued by the Ministry of Finance and State Administration of Taxation*, to facilitate the development of Hong Kong - Shenzhen modern service industry in Qianhai, the subsidiaries of the Group, Shenzhen Mawan Wharf Co., Ltd., Shenzhen Mawan Port Co, Ltd. and Shenzhen Mawan Terminals Co., Ltd., are qualified companies for the conditions of preferential tax policies and are subject to a 15% income tax rate from 1 January 2014 to 31 December 2020. The income tax rate applied for above-mentioned companies in 2018 is 15% (2017: 15%).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

## (V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Cash and bank balances

Unit: RMB

	Closing balance	Opening balance
Cash		
RMB	101.22	4,571.01
USD	469.78	472.68
HKD	7,339.77	8,463.74
Subtotal	7,910.77	13,507.43
Bank deposit		
RMB	379,899,264.20	511,080,264.02
USD	22,780,238.81	207,753,058.97
HKD	65,168,759.78	98,916,257.63
Subtotal	467,848,262.79	817,749,580.62
Other cash and bank balances (Note)		
RMB	431,352.44	430,591.27
USD	-	-
HKD	-	-
Subtotal	431,352.44	430,591.27
Total	468,287,526.00	818,193,679.32
Including: The total amount of funds deposited overseas	29,015,046.82	9,138,298.28

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

## 2. Notes receivable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance bills	-	500,000.00

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

## 3. Accounts receivable

## (1) Disclosure of accounts receivable by categories

Unit: RMB

Item	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and independently bad debt provision assessed accounts	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	8,569,429.96	2.78	-	-	8,569,429.96	6,426,396.40	2.48	-	-	6,426,396.40
Portfolio 2	299,028,365.01	97.01	550,652.22	0.18	298,477,712.79	247,603,038.77	95.84	307,965.73	0.12	247,295,073.04
Subtotal of portfolios	307,597,794.97	99.79	550,652.22	0.18	307,047,142.75	254,029,435.17	98.32	307,965.73	0.12	253,721,469.44
Individually significant and independently bad debt provision assessed accounts	638,203.00	0.21	638,203.00	100.00	-	4,332,576.39	1.68	972,084.00	22.44	3,360,492.39
Total	308,235,997.97	100.00	1,188,855.22	0.39	307,047,142.75	258,362,011.56	100.00	1,280,049.73	0.50	257,081,961.83

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 3. Accounts receivable - continued

## (1) Disclosure of accounts receivable by categories - continued

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	298,116,644.13	354,188.33	0.12	297,762,455.80	247,012,608.73	175,921.39	0.07	246,836,687.34
More than 1 year but not exceeding 2 years	893,734.00	178,746.80	20.00	714,987.20	572,447.76	114,489.55	20.00	457,958.21
More than 2 years but not exceeding 3 years	539.58	269.79	50.00	269.79	854.98	427.49	50.00	427.49
More than 3 years	17,447.30	17,447.30	100.00	-	17,127.30	17,127.30	100.00	-
Total	299,028,365.01	550,652.22	0.18	298,477,712.79	247,603,038.77	307,965.73	0.12	247,295,073.04

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

Unit: RMB

Item	Opening balance	Increase	Decrease		Closing balance
			Reversal	Write-off	
Accounts receivable	1,280,049.73	-	91,194.51	-	1,188,855.22

## (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	70,694,182.62	22.94	15,151.45
Customer B	Customer	18,845,603.78	6.11	295,085.00
Customer C	Customer	18,247,753.11	5.92	76,820.42
Customer D	Customer	15,855,178.00	5.14	-
Customer E	Customer	13,930,886.08	4.52	21,920.59
Total		137,573,603.59	44.63	408,977.46

## 4. Prepayments

## (1) Prepayments presented by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,340,151.37	98.54	4,320,070.94	99.20
More than 1 year but not exceeding 2 years	34,759.22	1.46	34,759.22	0.80
More than 2 years but not exceeding 3 years	-	-	-	-
Total	2,374,910.59	100.00	4,354,830.16	100.00



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 4. Prepayments - continued

## (2) Top five balances of prepayments classified by entities

Unit: RMB

Entities	Relationship with the Company	Closing balance	Proportion of the closing balance to the total prepayments (%)
China Pacific Property Insurance Co., Ltd Dongguan Branch	Supplier	634,708.37	26.73
The People's Insurance Company (Group) of China Limited. Shenzhen Branch	Supplier	563,647.54	23.73
China Pacific Property Insurance Co., Ltd Dongguan Shenzhen Branch	Supplier	465,170.71	19.59
Beijing Heng Xin Qi Hua Information Technology Co., Ltd.	Supplier	185,534.16	7.81
China Life Insurance Co., Ltd Shenzhen Branch	Supplier	129,434.70	5.45
Total		1,978,495.48	83.31

(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	95,277.78	1,175,305.39

(2) The Group has no significant overdue interest.

## 6. Dividends receivable

## (1) Dividends receivable

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Impairment appeared or not
COHA (Laizhou)	-	38,562,004.83	38,562,004.83	-	No
China Ocean Shipping Agency (Shenzhen) Co., Ltd ("Ocean Shipping Agency")	-	7,788,975.00	7,788,975.00	-	No
Total	-	46,350,979.83	46,350,979.83	-	

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 7. Other receivables

## (1) Disclosure of other receivables by categories:

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Other receivables for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	12,098,722.65	68.03	100,000.00	0.83	11,998,722.65	14,909,269.24	68.48	100,000.00	0.67	14,809,269.24
Portfolio 2	5,684,866.70	31.97	463,424.48	8.15	5,221,442.22	6,863,693.53	31.52	463,424.48	6.75	6,400,269.05
Subtotal of portfolios	17,783,589.35	100.00	563,424.48	3.17	17,220,164.87	21,772,962.77	100.00	563,424.48	2.59	21,209,538.29
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	17,783,589.35	100.00	563,424.48	3.17	17,220,164.87	21,772,962.77	100.00	563,424.48	2.59	21,209,538.29

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	5,221,442.22	-	-	5,221,442.22	6,400,269.05	-	-	6,400,269.05
More than 1 year but not exceeding 2 years	-	-	-	-	-	-	-	-
More than 3 years	463,424.48	463,424.48	100.00	-	463,424.48	463,424.48	100.00	-
Total	5,684,866.70	463,424.48	8.15	5,221,442.22	6,863,693.53	463,424.48	6.75	6,400,269.05

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

Unit: RMB

Item	Opening balance	Increase	Decrease		Closing balance
			Reversal	Write-off	
Other receivable	563,424.48	-	-	-	563,424.48

## (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	9,740,107.39	10,351,198.79
Deposits	4,072,364.41	5,523,098.82
Others	3,971,117.55	5,898,665.16
Total	17,783,589.35	21,772,962.77

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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

**7. Other receivables - continued**

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

Unit: RMB

Name of company	Nature of the fund	Amount	Aging	Proportion of the amount to the total accounts receivable (%)	Bad debt provision
CMBL	Temporary payments from related parties	4,747,624.49	Within 1 year and 1 to 2 years	26.70	-
Finance Department of Ministry of Transport	Deposits and guarantee	1,600,000.00	Within 1 year	9.00	-
Shenzhen Nanhai Grains Industry Co., Ltd	Temporary payments from non-related parties	1,508,116.52	More than 1 years	8.48	-
China Nanshan Development (Group) Incorporation ("Nanshan Group")	Temporary payments from related parties	1,115,590.39	Within 1 year	6.27	-
Shenzhen China Merchants Qianhaiwan Property Co., Ltd.	Temporary payments from related parties	1,088,414.30	2 to 3 years and more than 3 years	6.12	-
Total		10,059,745.70		56.57	-

**8. Inventories**

**(1) Categories of inventories**

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for decline in value of inventories	Book value	Carrying amount	Provision for decline in value of inventories	Book value
Spare parts	16,844,532.26	972,744.93	15,871,787.33	22,247,160.09	972,744.93	21,274,415.16
Fuel	619,179.50	-	619,179.50	588,064.94	-	588,064.94
Total	17,463,711.76	972,744.93	16,490,966.83	22,835,225.03	972,744.93	21,862,480.10

**(2) Provision for decline in value of inventories**

Unit: RMB

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

**9. Other current assets**

Unit: RMB

Item	Closing balance	Opening balance
Added-value tax to be certified and deducted	24,561,374.56	33,491,432.18

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 10. Available-for-sale financial assets

## (1) Available-for-sale financial assets

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Available-for-sale equity instruments	-	-	-	26,887,500.00	3,128,300.00	23,759,200.00
Measured at fair value	-	-	-	9,850,000.00	-	9,850,000.00
Measured at cost	-	-	-	17,037,500.00	3,128,300.00	13,909,200.00
Total	-	-	-	26,887,500.00	3,128,300.00	23,759,200.00

## (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	Opening balance	Increase	Transfer to other investments in equity instruments	Closing balance
Cost of equity instruments	1,120,000.00	-	1,120,000.00	-
Fair value	9,850,000.00	-	9,850,000.00	-
Accumulated amount of changes in fair value included in the other comprehensive income	8,730,000.00	-	8,730,000.00	-
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 (%)
	Opening balance	Increase	Transfer to other investments in equity instruments	Closing balance	Opening balance	Increase	Transfer to other investments in equity instruments	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
China Ocean Shipping Agency (Shenzhen) Co., Ltd("Ocean Shipping Agency")	13,510,000.00	-	13,510,000.00	-	-	-	-	-	15.00
Total	17,037,500.00	-	17,037,500.00	-	3,128,300.00	-	3,128,300.00	-	

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

## (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

Classification of available-for-sale financial assets	Available-for-sale equity instruments
Provision amount for impairment at the beginning of the year	3,128,300.00
Increase in the current period	-
Decrease in the current period	-
Transfer to other investments in equity instruments in the current period	3,128,300.00
Provision amount for impairment at the end of the year	-

## 11. Other investments in equity instruments

## (1) Other investments in equity instruments

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Investments in equity instruments at FVTOCI	149,592,140.00	3,128,300.00	146,463,840.00	-	-	-

Note: The fair value of investments in equity instruments at FVTOCI is determined based on the method as set out in Note IX to the consolidated financial statements.

## (2) Other investments in equity instruments measured at fair value at the end of the year

Unit: RMB

Investees	Cost	Changes in fair value cumulatively included in other comprehensive income	Fair value at the end of the year	Cash dividends for the period
Jiang Su Ninghu Expressway Co., Ltd.	1,120,000.00	7,950,000.00	9,070,000.00	-
China Ocean Shipping Agency (Shenzhen) Co., Ltd("Ocean Shipping Agency")	13,510,000.00	123,484,640.00	136,994,640.00	7,788,975.00
Shenzhen Petro-chemical Industry (Group) Co., Ltd	3,500,000.00	-	382,200.00	-
Guangdong Guang Jian Group Co., Ltd	27,500.00	-	17,000.00	-
Total	18,157,500.00	131,434,640.00	146,463,840.00	7,788,975.00

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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

**11. Other investments in equity instruments - continued**

**(3) Impairments of other equity instruments measured at fair value at the end of the year**

Unit: RMB

Investees	Carrying amount				Provision for impairment				Proportion of ownership interests in the investee (%)
	Opening balance	Increase	Transfer from available-for-sale financial assets in the current period	Closing balance	Opening balance	Increase	Transfer from available-for-sale financial assets in the current period	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
Total	-	-	3,527,500.00	3,527,500.00	-	-	3,128,300.00	3,128,300.00	

Note: As shares of Shenzhen Petro-chemical Industry (Group) Co., Ltd. and Guangdong Guang Jian Group Co., Ltd have been delisted and the Company has accordingly made provision for impairment, the Group considers the carrying amounts of such equity investments approximate their fair values.

# SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

#### 12. Long-term equity investments

Unit: RMB

Investees	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	Change in scope of consolidation		
I. Joint ventures													
COHA (Laizhou) (Note 1)	Equity method	749,655,300.00	783,668,303.84	-	-	26,216,000.00	-	-	(38,562,004.83)	-	-	771,322,299.01	-
Hunan Changsha Xianing Inland Port Co., Ltd.	Equity method	2,500,000.00	2,487,441.63	-	-	(245,876.96)	-	-	-	-	(2,241,564.67)	-	-
Subtotal		752,155,300.00	786,155,745.47	-	-	25,970,123.04	-	-	(38,562,004.83)	-	(2,241,564.67)	771,322,299.01	-
II. Associates													
China Merchants Holdings (International) Information Technology Co., Ltd	Equity method	1,875,000.00	16,875,997.65	-	-	1,563,300.00	-	-	-	-	-	18,439,297.65	-
CMBL	Equity method	280,000,000.00	349,588,296.85	-	-	9,848,000.00	-	-	-	-	-	359,436,296.85	-
Media Port Investments Limited ("MPIL") (Note 2)	Cost method/equity method	139,932.00	-	-	-	8,299,439.10	-	-	-	-	403,575,495.50	411,874,934.60	-
Subtotal		282,014,932.00	366,464,294.50	-	-	19,710,739.10	-	-	-	-	403,575,495.50	789,750,529.10	-
Total		1,034,030,300.00	1,152,620,039.97	-	-	45,680,862.14	-	-	(38,562,004.83)	-	401,333,930.83	1,561,072,828.11	-

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

**13. Investment properties**

## (1) Investment properties measured under cost method

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Total original carrying amount	43,579,258.14	-	-	43,579,258.14
1. Buildings	14,947,127.30	-	-	14,947,127.30
2. Land use right	28,632,130.84	-	-	28,632,130.84
II. Total accumulated depreciation and	20,758,176.45	412,916.04	-	21,171,092.49
1. Buildings	5,775,857.04	156,179.82	-	5,932,036.86
2. Land use right	14,982,319.41	256,736.22	-	15,239,055.63
III. Total net book value of investment	22,821,081.69			22,408,165.65
1. Buildings	9,171,270.26			9,015,090.44
2. Land use right	13,649,811.43			13,393,075.21
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	22,821,081.69			22,408,165.65
1. Buildings	9,171,270.26			9,015,090.44
2. Land use right	13,649,811.43			13,393,075.21

## (2) Investment properties without ownership certificates

As of 30 June 2018, 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 RMB 19,340,913.38 (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) 16, and the rest certificates of title are under the process of application.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 14. Fixed assets

## (1) Fixed assets

Unit: RMB

Item	Opening balance	Increase	Decrease	Decrease due to changes in scope of consolidation	Closing balance
I. Total original carrying amount	7,683,045,484.80	15,863,384.60	5,770,083.42	1,881,071,780.36	5,812,067,005.62
Including: Port and terminal facilities	2,843,011,382.40	3,432,770.00	701,707.15	818,117,880.43	2,027,624,564.82
Container yards and buildings	1,311,615,254.63	2,290,504.44	3,496,694.48	39,815,468.14	1,270,593,596.45
Mechanical equipment	3,047,316,001.12	6,342,822.48	-	946,609,428.49	2,107,049,395.11
Motor vehicles, cargo ships and tugboats	277,984,786.78	1,349,497.11	1,050,261.00	2,944,661.32	275,339,361.57
Other equipment	203,118,059.87	2,447,790.57	521,420.79	73,584,341.98	131,460,087.67
II. Total accumulated depreciation	3,696,270,297.24	136,543,922.18	4,393,106.49	1,152,600,786.55	2,675,820,326.38
Including: Port and terminal facilities	842,819,234.19	31,072,008.61	643,530.54	331,650,682.44	541,597,029.82
Container yards and buildings	322,930,111.48	17,922,571.13	2,358,079.86	15,867,122.47	322,627,480.28
Mechanical equipment	2,214,579,586.28	75,636,388.66	-	741,442,797.48	1,548,773,177.46
Motor vehicles, cargo ships and tugboats	161,559,015.73	7,142,399.89	1,168,530.02	2,027,110.74	165,505,774.86
Other equipment	154,382,349.56	4,770,553.89	222,966.07	61,613,073.42	97,316,863.96
III. Total net book value of fixed assets	3,986,775,187.56				3,136,246,679.24
Including: Port and terminal facilities	2,000,192,148.21				1,486,027,535.00
Container yards and buildings	988,685,143.15				947,966,116.17
Mechanical equipment	832,736,414.84				558,276,217.65
Motor vehicles, cargo ships and tugboats	116,425,771.05				109,833,586.71
Other equipment	48,735,710.31				34,143,223.71
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	3,929,355,718.60				3,078,827,210.28
Including: Port and terminal facilities	1,995,930,548.73				1,481,765,935.52
Container yards and buildings	935,527,273.67				894,808,246.69
Mechanical equipment	832,736,414.84				558,276,217.65
Motor vehicles, cargo ships and tugboats	116,425,771.05				109,833,586.71
Other equipment	48,735,710.31				34,143,223.71

Note 1: The increase of total original carrying amount for current period consists of new acquisition of RMB 2,550,223.60, and an increase of RMB 13,313,161.00 transferred from construction in progress. The decrease of total original carrying amount for current period consists of a decrease of RMB 4,455,203.42 resulting from disposal of fixed assets, and a decrease of RMB 1,314,880.00 resulting from renovation and expansion transferred into construction in progress.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 14. Fixed assets - continued

## (1) Fixed assets - continued

Note 2: The increase in accumulated depreciation for current period consists of charge for the current period of RMB 136,543,922.18. The decrease in accumulated depreciation for current period consists of a decrease of RMB 3,209,714.49 resulting from disposal of fixed assets, and a decrease of RMB 1,183,392.00 resulting from renovation and expansion transferred into construction in progress.

Note 3: As of 30 June 2018, the Group has no fixed assets that used as collateral.

Note 4: As of 30 June 2018, the certificates of title for the Group's buildings with a net book value of RMB 491,708,872.10 (total original carrying amount: RMB 631,180,877.86) have not yet been obtained. For buildings located within the scope of Chiwan watershed with net book value of RMB 27,736,980.47 (original carrying amount: RMB 118,960,638.21), the underlying reasons and management's solutions for obtaining certificates of title are set out in Note (V) 16, and the rest certificates of title are under the process of application.

## (2) Other issues

Unit: RMB

Item	Amount	Note
The original amounts of fixed assets fully depreciated but still in use at 30 June 2018	903,366,475.81	
Closing original amount of temporary idle fixed assets	-	
Fixed assets disposed or retired in the current period		
Original amount of fixed assets disposed or retired in the current period	4,019,471.44	
Net book value of fixed assets disposed or retired in the current period	955,603.10	
Gains or losses on disposal or retire of fixed assets	19,702.38	

## 15. 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
Ship-to-shore electricity project, Chiwan Port	15,629,277.18	-	15,629,277.18	13,924,096.37	-	13,924,096.37
Sea channel dredging and expansion work at the western area of Shenzhen Port	11,666,174.28	-	11,666,174.28	-	-	-
Relavant construction work of 50.86 meters coastline, Machong Port	5,604,597.87	-	5,604,597.87	5,397,252.58	-	5,397,252.58
Phase III Project of Grain Dispatch Warehouse at 2#,3# Berth at Machong Port	3,395,412.94	-	3,395,412.94	1,760,873.59	-	1,760,873.59
CCTV Digital Upgrade at Customs	1,629,355.20	-	1,629,355.20	-	-	-
RTG remote control system, Mawan Port	-	-	-	28,862,136.68	-	28,862,136.68
Others	29,749,621.17	-	29,749,621.17	36,373,307.48	-	36,373,307.48
Total	67,674,438.64	-	67,674,438.64	86,317,666.70	-	86,317,666.70

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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

**15. 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 assets/intangible assets in the current period	Decrease due to changes in scope of consolidation	Decrease in the current period	Closing balance	Proportion of accumulated construction investment in budget (%)	Construction progress (%)	Amount of accumulated capitalized interest	Including: capitalized interest for the current period	Interest capitalization rate for the current period (%)	Capital source
RTG remote control system, Mawan Port	46,562,033.00	28,862,136.68	436,194.01	-	29,298,330.69	-	-	62.92	62.92	-	-	-	Self-funding and loan
Ship-to-shore electricity project, Chiwan Port	18,860,000.00	13,924,096.37	1,705,180.81	-	-	-	15,629,277.18	82.87	82.87	-	-	-	Self-funding
Relavant construction work of 50.86 meters coastline, Machong Port	36,000,000.00	5,397,252.58	207,345.29	-	-	-	5,604,597.87	15.57	15.57	-	-	-	Self-funding
Phase III Project of Grain Dispatch Warehouse at 2#,3# Berth at Machong Port	680,000,000.00	1,760,873.59	1,634,539.35	-	-	-	3,395,412.94	0.50	0.50	-	-	-	Self-funding
Sea channel dredging and expansion work at the western area of Shenzhen Port	65,000,000.00	-	11,666,174.28	-	-	-	11,666,174.28	17.95	17.95	-	-	-	Self-funding
CCTV Digital Upgrade at Customs	5,149,100.00	-	1,629,355.20	-	-	-	1,629,355.20	31.64	31.64	-	-	-	Self-funding
Others	369,696,816.24	36,373,307.48	21,778,784.57	13,679,277.45	13,015,240.71	1,707,952.72	29,749,621.17	15.73	15.73	-	-	-	Self-funding
Total	1,221,267,949.24	86,317,666.70	39,057,573.51	13,679,277.45	42,313,571.40	1,707,952.72	67,674,438.64			-	-	-	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 16. Intangible assets

Unit: RMB

Item	Opening carrying amount	Increase	Decrease	Decrease due to changes in scope of consolidation	Closing carrying amount
I. Total original carrying amount	2,106,291,774.55	1,550,129.23 (Note1)	-	511,372,756.42	1,596,469,147.36
Land use rights - prepaid under lease (Note 3)	1,187,877,493.00	-	-	501,662,555.00	686,214,938.00
Land use rights - prepaid under investment (Note 3)	624,286,031.00	-	-	-	624,286,031.00
Land use rights - purchased	116,702,512.59	-	-	-	116,702,512.59
Computer software	45,485,587.96	1,550,129.23	-	9,710,201.42	37,325,515.77
Sea area use rights	71,940,150.00	-	-	-	71,940,150.00
Coast line use rights	60,000,000.00	-	-	-	60,000,000.00
II. Total accumulated amortization	756,066,776.01	23,478,101.11 (Note2)	-	140,160,571.63	639,384,305.49
Land use rights - prepaid under lease (Note 3)	504,266,252.86	13,854,960.28	-	-	518,121,213.14
Land use rights - prepaid under investment (Note 3)	191,493,463.36	5,649,639.91	-	131,887,768.65	65,255,334.62
Land use rights - purchased	11,248,071.16	1,193,113.08	-	-	12,441,184.24
Computer software	33,840,409.66	1,367,225.96	-	8,272,802.98	26,934,832.64
Sea area use rights	11,287,270.15	719,401.50	-	-	12,006,671.65
Coast line use rights	3,931,308.82	693,760.38	-	-	4,625,069.20
III. Total net carrying amount of intangible assets	1,350,224,998.54				957,084,841.87
Land use rights - prepaid under lease (Note 3)	683,611,240.14				168,093,724.86
Land use rights - prepaid under investment (Note 3)	432,792,567.64				559,030,696.38
Land use rights - purchased	105,454,441.43				104,261,328.35
Computer software	11,645,178.30				10,390,683.13
Sea area use rights	60,652,879.85				59,933,478.35
Coast line use rights	56,068,691.18				55,374,930.80
IV. Total provision for impairment losses	-	-	-	-	-
Land use rights - prepaid under lease (Note 3)	-	-	-	-	-
Land use rights - prepaid under investment (Note 3)	-	-	-	-	-
Land use rights - purchased	-	-	-	-	-
Computer software	-	-	-	-	-
Sea area use rights	-	-	-	-	-
Coast line use rights	-	-	-	-	-
V. Total carrying value of intangible assets	1,350,224,998.54				957,084,841.87
Land use rights - prepaid under lease (Note 3)	683,611,240.14				168,093,724.86
Land use rights - prepaid under investment (Note 3)	432,792,567.64				559,030,696.38
Land use rights - purchased	105,454,441.43				104,261,328.35
Computer software	11,645,178.30				10,390,683.13
Sea area use rights	60,652,879.85				59,933,478.35
Coast line use rights	56,068,691.18				55,374,930.80

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

**16. Intangible assets - continued**

Note 1: Purchased in the current period.

Note 2: Amortization for the current period is RMB 23,478,101.11 in amortization increased in the current period.

Note 3: The Group has obtained the land use right for berth and container yard located in Chiwan watershed area with original amount of RMB 1,400,288,984.00 from Nanshan Group. The tenure ranges between 20 - 50 years. The land with a total area of 1,049,946.00 square meters consists of an area of 2.2 square kilometers invested by Shenzhen Investment Holding Corporation, a stockholder of Nanshan Group, and a land arising from marine reclamation by Nanshan Group.

The land use rights for the plot of 270,692.00 sq. meters (original amount: RMB 122,623,476.00) 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 not 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, management of the Company believe there is no significant impairment risk in respect of the absence of land use right certificate and no significant contingent liability.

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

As of 30 June 2018, long-term lease agreements for land use rights of 162,103.00 square meters with total original carrying amount of RMB 111,997,264.16 mentioned above have expired.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

**17. Goodwill**

Unit: RMB

Investee	Opening balance	Increase	Decrease	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.

**18. Long-term prepaid expenses**

Unit: RMB

Item	Opening balance	Increase	Amortization	Other decrease	Decrease due to changes in scope of consolidation	Closing balance	Original Cost	Residual useful life
Construction expenditure of Tonggu sea-route (Note )	97,895,095.31	-	1,770,610.40	-	44,320,670.32	51,803,814.59	71,991,655.56	25 years
Golf membership	382,905.78	-	13,631.69	369,274.09	-	-	1,374,700.00	
Total	98,278,001.09	-	1,784,242.09	369,274.09	44,320,670.32	51,803,814.59	73,366,355.56	

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 borne by the investee companies while the remaining 40% borne by the government. 35% of the expenditure borne 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.

**19. 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	24,331,553.72	6,082,888.43	24,331,553.72	6,082,888.43
Organization costs	17,866,660.19	3,849,377.27	17,866,660.19	3,849,377.27
Provision for impairment losses of	1,916,678.98	367,094.08	3,769,729.29	645,051.62
Depreciation of fixed assets and amortization of intangible assets	655,737.43	158,184.38	655,737.43	158,184.38
Others	1,567,295.02	295,524.73	1,567,295.02	295,524.73
Total	46,337,925.34	10,753,068.89	48,190,975.65	11,031,026.43

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 19、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
Distributable profits of subsidiaries	-	-	168,036,856.00	8,401,842.80
Change in fair value of available-for-sale financial assets	-	-	8,730,000.00	2,182,500.00
Change in fair value of other equity investments	131,434,640.00	32,858,660.00	-	-
Total	131,434,640.00	32,858,660.00	176,766,856.00	10,584,342.80

## (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	-	10,753,068.89	-	11,031,026.43
Deferred tax liabilities	-	32,858,660.00	-	10,584,342.80

## (4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	100,527,084.72	100,527,084.72
Deductible losses	97,692,947.25	97,692,947.25
Total	198,220,031.97	198,220,031.97

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
2017	-	-	
2018	26,336,715.12	26,336,715.12	
2019	49,621,628.48	49,621,628.48	
2020	3,145,611.79	3,145,611.79	
2021	18,588,991.86	18,588,991.86	
2022	-	-	
Total	97,692,947.25	97,692,947.25	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

**20. Other non-current assets**

Unit: RMB

Item	Closing balance	Opening balance
Equity investment in Zhoushan Archipelago New Area SinoTrans & CSC RoRo Logistics Co., Ltd. (Note 1)	149,709,800.00	-
Land Use Right (Note 2)	132,334,704.86	132,334,704.86
Prepayments for construction	3,517,159.42	-
Total	285,561,664.28	132,334,704.86

Note 1: According to the resolutions of the second extraordinary session of the ninth board of directors on 26 January 2018, it was agreed that the Company increased capital injection of RMB 149,709,800 to Zhoushan Archipelago New Area SinoTrans & CSC RoRo Logistics Co., Ltd. ("Zhoushan RoRo "). The Company held 51% equity of the aforesaid company after the increase in capital contribution. As at 30 June 2018, the capital increase has been paid up, while procedures related to change in personnel including directors, supervisors and senior executives were still in the process. Therefore, the Company has not had control over Zhoushan RoRo in substance temporarily and included relevant payment for investment in the line item of "other non-current assets".

Note 2: 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 RMB 260,000,000. 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.

**21. Short-term borrowings**

Unit: RMB

Item	Closing balance	Opening balance
Credit loan	501,758,000.00	-



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

**22. Accounts payable**

## (1) Details of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Service	49,672,047.63	44,304,587.96
Material purchase	37,886,573.64	30,935,681.72
Rental	12,003,969.29	11,740,186.97
Construction	5,559,805.94	43,202,625.18
Equipment	138,863.12	1,654,783.40
Total	105,261,259.62	131,837,865.23

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

**23. Receipts in advance**

Unit: RMB

Item	Closing balance	Opening balance
Service fee receipt in advance	16,147,389.17	56,571,454.49

**24. Employee benefits payable**

## (1) Employee benefits payable

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Decrease due to changes in scope of consolidation	Closing balance
I. Short-term benefits	95,361,472.09	194,362,263.35	222,052,480.75	6,987,096.71	60,684,157.98
II. Post-employment benefits - defined contribution plans	-	23,063,359.29	23,063,359.29	-	-
III. Termination benefits	-	1,590,240.70	1,590,240.70	-	-
Total	95,361,472.09	219,015,863.34	246,706,080.74	6,987,096.71	60,684,157.98

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 24. Employee benefits payable - continued

## (2) Short-term benefits

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Decrease due to changes in scope of consolidation	Closing balance
I. Wages and salaries, bonuses, allowances and subsidies	81,201,057.95	168,477,769.50	195,899,675.14	4,780,267.00	48,998,885.31
II. Staff welfare	-	2,426,555.68	2,426,555.68	-	-
III. Social insurance charges	-	6,013,858.39	6,013,858.39	-	-
Including: Medical insurance	-	4,970,219.24	4,970,219.24	-	-
Work injury insurance	-	497,684.86	497,684.86	-	-
Maternity insurance	-	545,954.29	545,954.29	-	-
IV. Housing funds	-	12,052,031.80	12,052,031.80	-	-
V. Labor union and employee education funds	14,160,414.14	3,735,493.27	4,003,805.03	2,206,829.71	11,685,272.67
VI. Others	-	1,656,554.71	1,656,554.71	-	-
Total	95,361,472.09	194,362,263.35	222,052,480.75	6,987,096.71	60,684,157.98

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)	-	16,285,947.42	16,285,947.42	-
II. Unemployment insurance (Note 1)	-	239,717.88	239,717.88	-
III. Enterprise annuity plan (Note 2)	-	6,537,693.99	6,537,693.99	-
Total	-	23,063,359.29	23,063,359.29	-

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 staff 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 16,285,947.42 and RMB 239,717.88 respectively to the social security contributions and the unemployment insurance plan (Six months ended 30 June 2017: RMB 15,943,928.92 and RMB 252,013.04). As at 30 June 2018, the Group have no outstanding contributions to be paid to the social security contributions and the unemployment insurance plan.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

**25. Taxes payable**

Unit: RMB

Item	Closing balance	Opening balance
Enterprise income tax	39,759,910.51	25,424,119.87
Withholding tax (Note)	39,680,061.48	65,293,498.27
VAT	2,685,582.97	1,069,482.94
Others	4,758,632.14	4,666,000.58
Total	86,884,187.10	96,453,101.66

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.

**26. Interest payable**

Unit: RMB

Item	Closing balance	Opening balance
Mid-term bill interest	6,395,671.26	1,977,287.68
Short-term bonds interest	1,580,986.30	1,701,205.47
Short-term borrowings interest	1,022,087.81	-
Total	8,998,745.37	3,678,493.15

**27. Dividends payable**

Unit: RMB

Item	Closing balance	Opening balance
Ordinary share dividends	165,955,102.54	263,384,499.42
Including: Payable to Hongkong International Enterprise Co., Ltd. ("HK International")	128,552,676.45	128,552,676.45
Yihai Kerry Investment Co., Ltd. ("Yihai Kerry")	37,402,426.09	37,402,426.09
Payable to Hidoney Developments Co., Ltd. ("Hidoney")	-	97,429,396.88

**28. Other payables**

## (1) Other payables presented by the nature

Unit: RMB

Item	Closing balance	Opening balance
Amount payable for construction and quality warranty	32,854,743.14	86,447,160.37
Temporary receipts	11,159,903.56	21,982,817.14
Deposits received	8,105,797.64	6,979,760.22
Security expense payable	3,446,749.92	3,573,384.96
Others	16,936,639.00	19,029,375.43
Total	72,503,833.26	138,012,498.12

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

**29. Other current liabilities**

## (1) Short-term bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Short-term bonds payable	200,000,000.00	100,000,000.00

## (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	Discount or premium amortization	Repayment in the current period	Closing balance
17 Chiwan port SCP003	100,000,000.00	21/8/2017	270 days	100,000,000.00	100,000,000.00	-	1,805,095.90	-	100,000,000.00	-
18 Chiwan port SCP001	200,000,000.00	24/4/2018	267 days	200,000,000.00	-	200,000,000.00	1,762,410.96	-	-	200,000,000.00
Total	300,000,000.00			300,000,000.00	100,000,000.00	200,000,000.00	3,567,506.86	-	100,000,000.00	200,000,000.00

Note: According to the Notice of Registration Acceptance (filed as Zhong Shi Xie Zhu [2017] No. SCP235) issued by China's Interbank Market Dealers Association, the Dealers Association agreed the Company's registration of short-term commercial paper amounting to RMB 1.3 billion. The registered amount is valid in two years since the date of the Notice of Registration Acceptance. The Company issued the second tranche of short-term commercial paper amounting to RMB 0.2 billion as at 24 April 2018.

**30. Bonds payable**

## (1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Mid-term bills	299,229,041.07	298,931,506.83

## (2) Changes of 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 period	Discount or premium amortization	Repayment in the current period	Closing balance
Chiwan Wharf MTN001(Note)	100.00	11/10/2016	3 years	300,000,000.00	298,931,506.83	-	4,418,383.58	297,534.24	-	299,229,041.07

Note: 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. The Company is entitled to issue mid-term bills no more than RMB 800,000,000 with an effective period of 2 years.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 31. Long-term payables

Unit: RMB

Name of entity	Closing balance	Opening balance
China Merchants International (China) Investment Limited ("CMCI")	-	25,000,000.00

Note: In accordance with the agreement on the management of key construction fund for agricultural development of China (Yue [2016] 062802(Jian Guan) No. 1) entered into among Shenzhen Branch of Agricultural Development Bank of China, CMCI and the Company's subsidiary, Shenzhen Mawan Terminals Co., Ltd., Agricultural Development of China Key Construction Fund Co., Ltd. as issuer of the loan, Shenzhen Branch of Agricultural Development Bank of China as manager of the loan, released loan to CMCI amounting to RMB 25,000,000.00. The interest rate of the loan is 1.2% per annum, and the term of the loan is from 30 June 2016 to 29 June 2026. Such special borrowing is used for the smart port construction project based on the "Internet Plus". According to the management agreement, the Company's subsidiary, Shenzhen Mawan Terminals Co., Ltd. is the executor of the project, which accordingly bears interest expenses relevant to such borrowing. The Mawan Companies have not been included in the scope of the consolidated financial statements since June 2018.

## 32. Special payables

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Refunds of Harbor Construction Fee	32,563,422.41	-	4,354,314.03	28,209,108.38	Note

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

## 33. Deferred income

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Deferred income	156,048,997.49	-	2,997,497.21	153,051,500.28	
Including: Berth priority right	28,830,623.80	-	2,028,256.46	26,802,367.34	Note 1
Government grants related to assets	127,218,373.69	-	969,240.75	126,249,132.94	Note 2
Total	156,048,997.49	-	2,997,497.21	153,051,500.28	

Note 1: This item represents berth priority right with total amounts to USD 14,000,000 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.

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

## 33. Deferred income - continued

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* (Yue Jing Xin [2012] No. 883) and *Transportation of energy saving special funds Interim Measures* (Cai Jian [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), and *Announcement Released by Reform and Development Commission of Guangdong Province and the Grain Bureau of Guangdong Province about 2017 Investment & Division Plans within Budget of Grains and Modern Warehousing & Logistics Program* (GDRC[2017] No.420). 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 other income of the year	Other changes	Closing balance	Related to assets/Related to income
Special funds for modern logistics project	123,026,087.58	-	403,478.22	-	122,622,609.36	Related to assets
Reward for energy saving	845,787.43	-	26,022.60	-	819,764.83	Related to assets
Special funds for energy-saving and emission reduction of transportation	1,410,000.00	-	180,000.00	-	1,230,000.00	Related to assets
Special funds for development of modern service guide	1,305,466.60	-	250,439.61	-	1,055,026.99	Related to assets
Subsidy for electric buses	583,333.28	-	100,000.02	-	483,333.26	Related to assets
Green carbon harbor thematic projects subsidy granted by central government	47,698.80	-	9,300.30	-	38,398.50	Related to assets
Total	127,218,373.69	-	969,240.75	-	126,249,132.94	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

34. Share capital

Unit: RMB

	Opening balance	Changes for the period					Closing balance
		New issue of share	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
Six months ended 30 June 2018							
I. Restricted tradable shares							
1 State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-
3. Other domestic shares	160,106.00	-	-	-	-	-	160,106.00
4. Other foreign shares	-	-	-	-	-	-	-
Total restricted tradable shares	160,106.00	-	-	-	-	-	160,106.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	464,859,300.00	-	-	-	-	-	464,859,300.00
2. Foreign capital shares listed domestically	179,744,324.00	-	-	-	-	-	179,744,324.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	644,603,624.00	-	-	-	-	-	644,603,624.00
III. Total shares	644,763,730.00	-	-	-	-	-	644,763,730.00
2017:							
I. Restricted tradable shares							
1 State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-
3. Other domestic shares	304,538.00	-	-	-	(144,432.00)	(144,432.00)	160,106.00
4. Other foreign shares	-	-	-	-	-	-	-
Total restricted tradable shares	304,538.00	-	-	-	(144,432.00)	(144,432.00)	160,106.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	464,866,612.00	-	-	-	(7,312.00)	(7,312.00)	464,859,300.00
2. Foreign capital shares listed domestically	179,592,580.00	-	-	-	151,744.00	151,744.00	179,744,324.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	644,459,192.00	-	-	-	144,432.00	144,432.00	644,603,624.00
III. Total shares	644,763,730.00	-	-	-	-	-	644,763,730.00

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 35. Capital reserve

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
<b>Six months ended 30 June 2018</b>				
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	-	-	-	-
Capitalization of capital reserve	-	-	-	-
Other capital reserve	3,920,298.25	-	-	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	6,701,431.25	-	-	6,701,431.25
Total	167,480,381.25	-	-	167,480,381.25
<b>2017:</b>				
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	-	-	-	-
Capitalization of capital reserve	-	-	-	-
Other capital reserve	3,920,298.25	-	-	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	6,701,431.25	-	-	6,701,431.25
Total	167,480,381.25	-	-	167,480,381.25



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

36. Other comprehensive income

Unit: RMB

Item	Opening balance		Amount incurred in current period				Closing balance
		Impact of New Financial Instrument Standards	Amount before income tax incurred in current period	Less: Income tax expenses	Post-tax amount attributable to shareholders of the Company	Post-tax amount attributable to minority holders	
Six months ended 30 June 2018:							
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	-	99,160,980.00	(780,000.00)	(195,000.00)	(585,000.00)	-	98,575,980.00
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	-	99,160,980.00	(780,000.00)	(195,000.00)	(585,000.00)	-	98,575,980.00
II. Other comprehensive income that will be reclassified subsequently to profit or loss	19,800,344.49	(6,547,500.00)	-	-	-	-	13,252,844.49
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 change in fair value of available-for- sale financial assets	6,547,500.00	(6,547,500.00)	-	-	-	-	-
Gains or losses on reclassification of held-to-maturity investments to available-for-sale	-	-	-	-	-	-	-
Effective portion of gains or losses on cash flow hedges	-	-	-	-	-	-	-
Translation differences of financial statements denominated in foreign currencies	13,152,844.49	-	-	-	-	-	13,152,844.49
Total	19,800,344.49	92,613,480.00	(780,000.00)	(195,000.00)	(585,000.00)	-	111,828,824.49
2017:							
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	18,825,344.49	-	1,300,000.00	325,000.00	975,000.00	-	19,800,344.49
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 change in fair value of available-for- sale financial assets	5,572,500.00	-	1,300,000.00	325,000.00	975,000.00	-	6,547,500.00
Gains or losses on reclassification of held-to-maturity investments to available-for-sale	-	-	-	-	-	-	-
Effective portion of gains or losses on cash flow hedges	-	-	-	-	-	-	-
Translation differences of financial statements denominated in foreign currencies	13,152,844.49	-	-	-	-	-	13,152,844.49
Total	18,825,344.49	-	1,300,000.00	325,000.00	975,000.00	-	19,800,344.49

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

## 37. Special reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Decrease due to change in scope of consolidation	Closing balance
<b>Six months ended 30 June 2018 :</b>					
Production safety fee	4,767,373.45	10,442,630.90	6,319,776.52	575,472.95	8,314,754.88
<b>2017:</b>					
Production safety fee	4,145,765.65	17,456,696.76	16,835,088.96	-	4,767,373.45

## 38. Surplus reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
<b>Six months ended 30 June 2018:</b>				
Statutory surplus reserve	520,074,434.56	-	-	520,074,434.56
<b>2017:</b>				
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.

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

## 39. Unappropriated profit

Unit: RMB

Item	Amount	Proportion of appropriation or allocation
<b>Six months ended 30 June 2018:</b>		
Before adjustment: Unappropriated profit at the end of prior year	3,566,083,142.17	
Adjustment: Total unappropriated profit at the beginning of year	-	
After adjustment: Unappropriated profit at the beginning of year	3,566,083,142.17	
Add: Net profit attributable to shareholders of the Company for the year	316,060,290.67	
Less: Appropriation to statutory surplus reserve	-	
Appropriation to discretionary surplus reserve	-	Note 1
Transfer to general reserve	-	
Ordinary shares' dividends payable	850,443,359.87	Note 2
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	3,031,700,072.97	
<b>2017:</b>		
Before adjustment: Unappropriated profit at the end of prior year	3,381,390,887.86	
Adjustment: Total unappropriated profit at the beginning of year	-	
After adjustment: Unappropriated profit at the beginning of year	3,381,390,887.86	
Add: Net profit attributable to shareholders of the Company for the year	504,495,064.39	
Less: Appropriation to statutory surplus reserve	-	
Appropriation to discretionary surplus reserve	-	
Transfer to general reserve	-	
Ordinary shares' dividends payable	319,802,810.08	
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	3,566,083,142.17	

## 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.

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

Pursuant to the resolution of shareholders' meeting on 28 March 2018, on the basis of 644,763,730 issued shares for the year ended 31 December 2017, dividends of RMB 13.19 (tax included) for every 10 shares were distributed to all shareholders, which amounted to RMB 850,443,359.87.

## Note 3: Appropriation to surplus reserve made by subsidiaries

As at 30 June 2018, the balance of the Group's unappropriated profit included appropriation to surplus reserve made by subsidiaries amounting to RMB 613,003,934.55 (31 December 2017: RMB 613,003,934.55).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

**40. Operating income and operating costs**

Unit: RMB

Item	Accumulated amount for the period		Accumulated amount for the prior period (restated)	
	Income	Cost	Income	Cost
Principal operating	1,240,293,171.35	668,121,155.35	1,159,050,546.56	682,035,789.51
Other operating	5,842,344.99	1,018,712.63	17,600,471.43	708,808.22
Total	1,246,135,516.34	669,139,867.98	1,176,651,017.99	682,744,597.73

**41. Taxes and levies**

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)
Property tax	3,063,002.93	2,232,193.29
City construction and maintenance tax	720,820.04	838,052.23
Education surcharges	604,130.05	698,228.58
Others	1,793,039.31	2,608,270.40
Total	6,180,992.33	6,376,744.50

**42. Administrative expenses**

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)
Employee benefits	66,626,296.50	57,377,117.91
Depreciation expenses	1,969,563.36	1,627,889.49
Amortization of intangible assets	814,382.89	681,528.65
Others	18,226,266.00	18,221,500.23
Total	87,636,508.75	77,908,036.28

**43. Financial expenses**

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)
Interest expense	10,849,222.96	12,916,993.55
Less: Capitalized interest expenses	-	1,107,689.13
Less: Interest income	5,549,905.15	4,890,767.58
Exchange differences	11,473,011.85	6,013,506.13
Others	1,096,773.22	342,732.16
Total	17,869,102.88	13,274,775.13

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 44. Impairment losses of assets

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)
I. Bad debt losses	360,407.86	(2,075,271.78)
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	360,407.86	(2,075,271.78)

## 45. Investment Income

## (1) Details of investment income

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)
Long-term equity investments income under equity method	45,680,862.14	36,875,845.60
Dividend received from investments in other equity instruments	7,788,975.00	-
Investment income on available-for-sale financial assets	-	9,417,000.00
Total	53,469,837.14	46,292,845.60

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

Unit: RMB

Investees	Accumulated amount for the period	Accumulated amounts for the prior period (restated)	Reasons for increases or decreases in the current compared to the prior period
COHA (Laizhou)	26,216,000.00	29,155,806.47	Changes in net profit of investee
CMBL	9,848,000.00	5,476,000.01	Changes in net profit of investee
MPIL	8,299,439.10	-	Changes in accounting method for investee
China Merchants Holdings (International) Information Technology Co., Ltd	1,563,300.00	2,267,364.00	Changes in net profit of investee
Hunan Xianing Inland Port Co., Ltd.	(245,876.96)	(23,324.88)	Changes in net profit of investee
Total	45,680,862.14	36,875,845.60	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 46. Gains or losses on disposal of assets

Unit: RMB

Item	Accumulated amount for the period	Accumulated amounts for the prior period (restated)	Amount recognized as non-recurring gain and loss in the current period
Gains (losses) on disposal of non-current assets	19,702.38	293,053.57	19,702.38
Including: Gains (losses) on disposal of fixed assets	19,702.38	293,053.57	19,702.38

## 47. Other income

Unit: RMB

Item	Amount incurred during the period	Amount incurred during the prior period	Related to assets / related to income
Special funds for modern logistics project	403,478.22	-	Related to assets
Reward for energy saving	250,439.61	-	Related to assets
Special funds for energy-saving and emission reduction of transportation	180,000.00	-	Related to assets
Subsidy for electric buses	100,000.02	-	Related to assets
Special funds for development of modern service guide	26,022.60	-	Related to assets
Green carbon harbor thematic projects subsidy granted by central government	9,300.30	-	Related to assets
<b>Total</b>	<b>969,240.75</b>	<b>-</b>	

## 48. Non-operating income

## (1) Non-operating income

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)	Amount recognized as non-recurring gain and loss in the current period
Government grants	-	498,801.18	-
Others	2,902,652.25	1,827,764.29	2,902,652.25
<b>Total</b>	<b>2,902,652.25</b>	<b>2,326,565.47</b>	<b>2,902,652.25</b>

## (2) Government grants

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)	Related to assets / Related to income
Special funds for energy-saving and emission reduction of transportation	-	180,000.00	Related to assets
Reward for energy saving	-	100,000.02	Related to assets
Subsidy for electric buses	-	100,000.02	Related to assets
Special funds for modern logistics project	-	83,478.24	Related to assets
Special funds for development of modern service guide	-	26,022.60	Related to assets
Green carbon harbor thematic projects subsidy granted by central government	-	9,300.30	Related to assets
<b>Total</b>	<b>-</b>	<b>498,801.18</b>	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 49. Non-operating expenses

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)	Amount recognized as non-recurring gain and loss in the current period
Gains on retirement of non-current assets	-	741,487.52	-
Including: Gains on retirement of fixed assets	-	741,487.52	-
Amercement outlay	3,278,008.57	-	3,278,008.57
Others	171,918.12	62,153.21	171,918.12
Total	3,449,926.69	803,640.73	3,449,926.69

## 50. Income tax expenses

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)
Current tax expenses	72,972,772.66	72,810,714.44
Deferred income tax	2,511,899.07	49,425.00
Total	75,484,671.73	72,860,139.44

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

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)
Accounting profit	518,860,142.37	446,530,960.04
Income tax expenses calculated at 25% (the prior year: 25%)	129,715,035.59	111,632,740.01
Effect of expenses that are not deductible for tax purposes	661,593.56	13,943.60
Effect of tax-free income	(13,367,459.29)	(11,573,211.40)
Effect of current period deductible losses and deductible temporary differences unrecognized as deferred tax assets	(17,635.23)	(2,173,730.24)
Effect of previous deductible losses and deductible temporary differences unrecognized as deferred tax assets	-	(5,744,052.41)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(83,760.27)	(253,656.69)
Effect of tax preference policy	(29,438,865.97)	(20,998,208.60)
Withholding tax	(11,984,236.66)	1,956,315.17
Income tax expenses	75,484,671.73	72,860,139.44

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

**51. Other comprehensive income**

Please refer to Note (V) 36.

**52. Borrowing cost**

Unit: RMB

Item	Accumulated amount for the period		Accumulated amount for the prior period (restated)	
	Amount of borrowing costs capitalized during the year	Capitalization rate	Amount of borrowing costs capitalized during the year	Capitalization rate
Construction in progress	-	-	1,107,689.13	4.35%
Borrowing costs capitalized during the year	-		1,107,689.13	
Borrowing costs recognized in profit or loss during the year	10,849,222.96		11,809,304.42	
Total of borrowing costs during the year	10,849,222.96		12,916,993.55	

**53. Notes to items in the cash flow statement**

## (1) Other cash receipts relating to operating activities

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)
Interest income	6,595,671.06	4,190,266.11
Insurance indemnity	842,178.78	145,964.36
Refunds of harbor construction fee	689,371.60	361,547.93
Government grants	-	20,000.00
Refunds of river channel occupation fee	-	14,469,500.00
Others	27,228,040.58	24,321,814.03
Total	35,355,262.02	43,509,092.43

## (2) Other cash payments relating to operating activities

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)
Port expenses	14,290,841.64	4,219,993.64
Property insurance	3,851,201.02	1,683,669.16
Port administration fee	2,862,983.25	5,336,195.70
Office expenses & utilities	2,856,786.15	2,263,884.38
Consulting & auditing	1,861,565.43	1,536,333.24
Entertainment	1,213,925.43	1,175,602.09
Vehicles	945,192.43	1,295,699.65
Travel & accommodation	454,783.51	604,205.21
Others	32,088,105.70	23,072,350.75
Total	60,425,384.56	41,187,933.82



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

53. Notes to items in the cash flow statement - continued

(3) Other cash receipts relating to investing activities

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)
Repayment from Hunan Xianing (Hunan Changsha Xianing Inland Port Co., Ltd.)	500,000.00	-
Restream from CMCI cash pooling	-	128,500,000.00
Total	500,000.00	128,500,000.00

(4) Net cash payments for the acquisition of subsidiaries and other business units

Unit: RMB

Item	Accumulated amount	Accumulated amount
Capital increase in Zhoushan RoRo	149,709,800.00	-

(5) Other cash payments relating to investing activities

Unit: RMB

Item	Accumulated amount for the period	Accumulated amount for the prior period (restated)
Cash outflow due to changes in scope of consolidation	203,758,566.92	-
Payments for CMCI cash pooling	-	180,000,000.00
Total	203,758,566.92	180,000,000.00

(5) Other cash payments relating to financing activities

Unit: RMB

Item	Accumulated amount for the period	Accumulated amounts for the prior period (restated)
Debt issue costs	663,373.11	15,792.33

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

## 54. Supplementary information to the cash flow statement

## (1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Closing balance	Opening balance
<b>1. Reconciliation of net profit to cash flows from operating activities:</b>		
Net profit	443,375,470.64	373,670,820.60
Add: Provision for impairment losses of assets	360,407.86	(2,075,271.78)
Depreciation of fixed assets	136,537,426.45	135,136,560.67
Depreciation of investment property	412,916.04	412,916.04
Amortization of intangible assets	23,478,101.11	26,609,829.02
Amortization of long-term prepaid expenses	1,784,242.09	1,989,892.44
Losses (Gains) on disposal of fixed assets , intangible assets and other long-term assets	(19,702.38)	(293,053.57)
Losses on retirement of fixed assets , intangible assets and other long-term assets	-	741,487.52
Financial expenses	22,322,234.81	17,822,810.55
Losses (gains) arising from investments	(53,469,837.14)	(46,292,845.60)
Decrease (Increase) in deferred tax assets	277,957.54	49,425.00
Increase in deferred tax liabilities	(8,596,842.80)	1,800,894.96
Decrease in inventories	5,371,513.27	(4,296,500.65)
Decrease(Increase) in operating receivables	(42,415,860.32)	(78,776,214.82)
Increase in operating payables	(180,243,153.49)	148,054,781.65
Net Cash Flows from Operating Activities	349,174,873.68	574,555,532.03
<b>2. Significant investing and financing activities that do not involve cash receipts and payments:</b>		
Conversion of debt into capital	-	-
Convertible bonds due within one year	-	-
Fixed assets acquired under finance leases	-	-
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	468,287,526.00	650,935,428.95
Less: Opening balance of cash	818,193,679.32	542,079,799.39
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase (Decrease) in cash and cash equivalents	(349,906,153.32)	108,855,629.56

## (2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	468,287,562.00	818,193,679.32
Including: Cash on hand	7,910.77	13,507.43
Bank deposits	467,848,262.79	817,749,580.62
Other monetary funds	431,352.44	430,591.27
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	468,287,526.00	818,193,679.32

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

**55. Asset with restricted ownership or use right**

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

**56. Foreign currency monetary items**

Item	Closing balance of foreign currency	Exchange rate	Closing amount in RMB
Cash and bank balances			87,956,808.14
Including: HKD	77,305,301.33	0.8431	65,176,099.55
USD	3,442,962.94	6.6166	22,780,708.59
Accounts receivable			29,815,576.40
Including: HKD	29,289,494.83	0.8431	24,693,973.09
USD	774,053.64	6.6166	5,121,603.31
Other receivables			140,037.88
Including: HKD	165,988.91	0.8431	139,945.25
USD	14.00	6.6166	92.63
Short-term borrowings			151,758,000.00
Including: HKD	180,000,000.00	0.8431	151,758,000.00
Accounts payable			3,389,950.83
Including: HKD	4,020,817.02	0.8431	3,389,950.83
Other payables			(219,874.59)
Including: HKD	38,006.71	0.8431	32,043.46
USD	(38,073.64)	6.6166	(251,918.05)

## (VI) CHANGES IN SCOPE OF CONSOLIDATION

**Changes in scope of consolidation due to other reasons:**

Unit: RMB

Name of the company	Equity proportion of investor	Basis for composition of business combination under common control	No longer included in scope of consolidation	Basis for determination of exclusion from scope of consolidation
Media Port Investments Limited	50%	Note 1	8 June 2018	Note 2

Note1: The Company and CMPH, Fatten Investments Limited ("FIL") and Media Port Investments Limited ("MPIL") enter into *Supplementary Agreement of Shareholder Agreement of Media Port Investments Limited* on 23 August 2018. Pursuan to the above agreement arrangement, the Company completed appointment of directors to MPIL at the end of September 2017, and achieved control of MPIL and its subsidiary FIL, Shenzhen Mawan Wharf Co., Ltd., Shenzhen Mawan Port Co, Ltd. and Shenzhen Mawan Terminals Co., Ltd. (hereinafter collectively as "Mawan Companies") in the form and in the substance. In accordance with relevant criteria in the Accounting Standard for Business Enterprises No.33—Consolidated Financial Statements, the Company has included MPIL and its subsidiary FIL, and Mawan Companies in the scope of the consolidated financial statements since September 2017. Based on requirements of business combination involving enterprises under common control, the amount for the same period of last year in the comparative financial statements have been adjusted in the current period.

**(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued**

**Changes in scope of consolidation due to other reasons: - continued**

Note2: The Company and CMPH, FIL and MPIL enter into *Supplementary Agreement II of Shareholder Agreement of Media Port Investments Limited* on 5 February 2018. The Agreement was concluded and went into effect once signed by each party. The Company will not be capable of exerting control over MPIL and its subsidiary FIL and Mawan Companies since Shenzhen Malai Warehouse Co., Ltd. ("Malai Warehouse"), KEEN Field Enterprises Limited and Nanshan Group transferred their equity in the Company, which accounted for 66.10% in total, to CM Gangtong Development (Shenzhen) Co., Ltd. ("CM Gangtong"), subsidiary of CMG, and Broadford International Inc, its persons acting in concert. Upon date of losing control over the companies, the Company ceased to include such companies in the scope of the Group's consolidated financial statements.

The Company received Registration Confirmation for Transfer of Securities issued by CSDC Shenzhen Branch provided by CMPH and Broadford International Inc. on 11 June 2018. The registration procedure of the transfer has been completed as at 8 June 2018. Since that date, the Company no longer includes MPIL and its subsidiary FIL and Mawan Companies in the scope of the consolidated financial statements but considers them as investment in associates, which is recognised in long-term equity investment and accounted for using equity method.

Note3: From January to May 2018, income of RMB 244,882,839.36, and net profit of RMB 90,526,376.71 of MPIL were included in the scope of consolidation; in June 2018, investment income of RMB 8,299,439.10 was recognised using equity method.

# SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

### (VII) EQUITY IN OTHER ENTITIES

#### 1. Interests in subsidiaries

##### (1) Composition of the Group

Unit: RMB

Full name of the subsidiary	Principal place of business	Place of incorporation	Nature of business	Registered Capital (in ten thousand Yuan unless otherwise stated)	Actual capital contribution at the end of the period	Balance of other items substantively constituting net investments in the subsidiary	Proportion of ownership Interest (%)		Proportion of voting power (%)	Consolidated or not	Approach of acquiring
							Direct ownership interest	Indirect ownership interest			
Shenzhen Chiwan International Freight Agency 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
Dongguan Chiwan Warf Co., Ltd. ("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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**(VII) EQUITY IN OTHER ENTITIES - continued****1. Interests in subsidiaries - continued****(2) Material non-wholly-owned subsidiaries**

Unit: RMB

Name of the subsidiary	Proportion of ownership interest held by the minority shareholders	Profit or loss attributable to minority shareholders at the end of the period	Payments for dividends to minority shareholders in the current period	Closing balance of minority interest
<b>Six months ended 30 June 2018</b>				
DGW	15%	7,030,733.26	-	94,230,145.91
CCT	45%	56,414,598.58	97,429,396.88	718,652,805.03
Media Port Investments Limited(note)	50%	63,869,848.13	-	-
Total		127,315,179.97	97,429,396.88	812,882,950.94
<b>2017</b>				
DGW	15%	9,569,883.39	-	87,165,123.43
CCT	45%	92,767,094.87	-	661,365,910.74
Media Port Investments Limited	50%	107,026,732.42	39,636,273.27	895,542,469.54
Total		209,363,710.68	39,636,273.27	1,644,073,503.71

Note: Since 8 June 2018, MPIL and its subsidiary FIL and Mawan Companise are excluded from the scope of the consolidated financial statements. Reasons for the change is set out in VI Changes in scope of consolidation in detail.

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**(VII) EQUITY IN OTHER ENTITIES - continued**

**1. Interests in subsidiaries - continued**

**(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	158,548,547.87	1,087,451,242.31	1,245,999,790.18	508,132,702.90	123,902,052.88	632,034,755.78	137,772,942.26	1,112,570,229.43	1,250,343,171.69	559,146,733.45	124,331,553.70	683,478,287.15
CCT	370,062,864.14	1,496,174,822.65	1,866,237,686.79	212,468,245.42	56,763,207.96	269,231,453.38	678,711,591.05	1,522,110,310.61	2,200,821,901.66	667,684,799.02	63,435,078.77	731,119,877.79

Unit: RMB

Name of the subsidiary	Accumulated amount for the period				Accumulated amounts for the prior period			
	Operating income	Net profit	Total comprehensive	Cash flows from operating	Operating income	Net profit	Total comprehensive	Cash flows from operating
DGW	160,907,339.98	46,871,555.05	46,871,555.05	68,688,984.23	159,643,720.20	43,662,466.15	43,662,466.15	35,258,020.10
CCT	381,347,218.87	125,365,774.63	125,365,774.63	82,350,172.20	326,262,590.52	82,862,059.33	82,862,059.33	190,279,725.34

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

## (VII) EQUITY IN OTHER ENTITIES - continued

## 2. Interests in joint ventures and associates

## (1) Material joint ventures or associates

Unit: RMB

Investee	Principal place of business	Place of incorporation	Nature of business	Proportion of ownership interests held by the Group (%)		Proportion of voting power in the investee held by the Group (%)		Accounting method of investments in joint ventures and associates
				30 June 2018	31 December 2017	30 June 2018	31 December 2017	
COHA (Laizhou)	Laizhou	Laizhou	Warehousing and logistics	40.00	40.00	40.00	40.00	Equity method
Media Port Investments Limited	Shenzhen	The British Virgin Islands (B.V.I.)	Investment holding	50.00	50.00	50.00	50.00	Cost method/equity method

Note: MPIL was accounted for using cost method for January to May 2018, and has been accounted for using equity method since June 2018. Reasons for the change in accounting method is set out in VI Changes in scope of consolidation in detail.

## (2) Financial information of material joint venture

Unit: RMB

	COHA (Laizhou)	
	Closing balance/Accumulated amount for the period	Opening balance/Accumulated amounts for the prior period
Current assets	417,950,192.92	427,943,558.13
Including: cash and cash equivalent	338,632,208.81	352,242,258.50
Non-current assets	1,538,211,801.78	1,750,656,867.73
Total assets	1,956,161,994.70	2,178,600,425.86
Current liabilities	220,407,763.74	52,930,096.22
Non-current liabilities	-	168,728,000.00
Total liabilities	220,407,763.74	221,658,096.22
Minority interests	785,847.02	845,811.39
Total equity attributable to shareholders of the parent company	1,734,968,383.94	1,956,096,518.25
Net assets calculated based on the proportion of ownership interest	693,987,353.58	782,438,607.30
Adjustments		
- Goodwill	-	-
- Unrealized Profits Resulting from Intragroup Transactions	-	-
- Others	154,458,955.09	1,229,696.54
Carrying amounts of equity investments in Joint	848,446,308.67	783,668,303.84
Operating income	179,242,296.36	198,791,298.68
Financial expenses	(2,188,829.59)	(2,636,003.23)
Income tax expenses	23,489,626.81	25,348,143.97
Net profit	65,538,780.96	72,846,811.50
Other comprehensive income	-	-
Total comprehensive income	65,538,780.96	72,846,811.50
Dividends received from joint ventures in the current period	38,562,004.83	54,159,674.42



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**(VII) EQUITY IN OTHER ENTITIES - continued****2. Interests in joint ventures and associates - continued****(3) Financial information of material associate**

Unit: RMB

	MPIL
	Closing balance/Accumulated amount for the period
Current assets	278,726,537.14
Including: Cash and cash equivalent	142,865,288.69
Non-current assets	1,182,646,768.36
Total assets	1,461,373,305.50
Current liabilities	120,142,468.21
Non-current liabilities	7,173,682.40
Total liabilities	127,316,150.61
Minority interest	506,406,198.71
Attributable to shareholders of the Company	827,650,956.18
Share of net assets calculated by shareholding ratio	413,825,478.09
Adjusting events	
-Goodwill	-
- Unrealizes profit of internal transaction	-
-Others	(1,950,543.50)
Carrying amount of equity investments in joint venture	411,874,934.59
Operating income	315,088,074.30
Financial expenses	1,753,214.33
Income tax expenses	25,792,606.10
Net profit	118,541,180.92
Other comprehensive income	-
Total comprehensive income	118,541,180.92
Dividend received from joint venture for the current period	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**(VII) EQUITY IN OTHER ENTITIES - continued****2. Interests in joint ventures and associates - continued**

(4) A summary of financial information of non-material joint ventures and associates

Unit: RMB

	Closing balance/Accumulated amount for the period	Opening balance/ Accumulated amounts for the prior period
<b>Joint venture:</b>		
Total carrying amount of investments	-	2,487,441.63
Aggregate amounts of the following items based on shareholding ratio		
- Net profit	(245,876.96)	120,932.91
- Other comprehensive income		
- Total comprehensive income	(245,876.96)	120,932.91
<b>Associate:</b>		
Total carrying amount of investments	377,875,594.50	366,464,294.50
Aggregate amounts of the following items based on shareholding ratio		
- Net profit	11,411,300.00	11,937,186.82
- Other comprehensive income	-	-
- Total comprehensive income	11,411,300.00	11,937,186.82

(5) As at 30 June 2018, the long-term equity investments of the Group were not subject to restriction on disposal or remittance of return on investments.

**(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Group's major financial instruments include cash and bank balances, notes receivable, account receivables, interest receivable, other receivables, other investments in equity instruments, account payables, interest payable, dividends payable, other payables, other current liabilities, bonds payable and long-term payables. 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.

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

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

*1.1 Market risk**1.1.1 Currency risk*

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with USD and HKD. Several of the Group's subsidiaries have purchases and sales denominated in HKD while the Group's other principal activities are denominated and settled in RMB. As at 30 June 2018, 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 amount in RMB	Opening amount in RMB
Cash and bank balances	87,956,808.14	306,678,253.02
Including: HKD	65,176,099.55	98,924,721.37
USD	22,780,708.59	207,753,531.65
Accounts receivable	29,815,576.40	12,973,639.48
Including: HKD	24,693,973.09	13,657,705.66
USD	5,121,603.31	(684,066.18)
Interest receivable	-	417,580.12
Including: HKD	-	112,066.15
USD	-	305,513.97
Other receivables	140,037.88	183,405.92
Including: HKD	139,945.25	183,314.44
USD	92.63	91.48
Short-term borrowings	151,758,000.00	-
Including: HKD	151,758,000.00	-
Accounts payable	3,389,950.83	2,858,955.26
Including: HKD	3,389,950.83	2,858,955.26
Other payables	(219,874.59)	529,668.20
Including: HKD	32,043.46	778,448.98
USD	(251,918.05)	(248,780.78)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued****1. Risk management objectives and policies - continued**1.1 Market risk - continued1.1.1 Currency risk - continued

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures. 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	Closing balance		Opening balance	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
All foreign currencies	5% increase against RMB	(1,850,782.69)	(1,850,782.69)	13,043,890.14	13,043,890.14
All foreign currencies	5% decrease against RMB	1,850,782.69	1,850,782.69	(13,043,890.14)	(13,043,890.14)

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) 21. 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued****1. Risk management objectives and policies - continued**1.1 Market risk - continued1.1.2 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	Closing balance		Opening balance	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
Short-term borrowings	1% increase	5,017,580.00	5,017,580.00	1,550,000.00	1,550,000.00
Short-term borrowings	1% decrease	(5,017,580.00)	(5,017,580.00)	(1,550,000.00)	(1,550,000.00)

1.1.3 Other price risk

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

1.2 Credit risk

As at 30 June 2018, 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

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

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 1 year	1-5 years	More than 5 years
<b>The non-derivative financial assets</b>					
Cash and bank balances	468,287,526.00	468,287,526.00	468,287,526.00	-	-
Accounts receivable	307,047,142.75	307,047,142.75	307,047,142.75	-	-
Interest receivable	95,277.78	95,277.78	95,277.78	-	-
Other receivables	17,220,164.87	17,220,164.87	17,220,164.87	-	-
<b>The non-derivative financial liabilities</b>					
Short-term borrowings	501,758,000.00	501,758,000.00	501,758,000.00	-	-
Accounts payable	105,261,259.62	105,261,259.62	105,261,259.62	-	-
Interest payable	8,998,745.37	8,998,745.37	8,998,745.37	-	-
Dividends payable	165,955,102.54	165,955,102.54	165,955,102.54	-	-
Other payables	72,503,833.26	72,503,833.26	72,503,833.26	-	-
Other current liabilities	200,000,000.00	206,920,054.79	206,920,054.79	-	-
Bonds payable	299,229,041.07	311,424,328.77	8,910,000.00	302,514,328.77	-

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

Unit: RMB

Item	Closing Balance			
	Level 1	Level 2	Level 3	Total
Measurements at fair value continuously				
Other investments in equity instruments	9,070,000.00	-	137,393,840.00	146,463,840.00
Total assets measured at fair value continuously	9,070,000.00	-	137,393,840.00	146,463,840.00

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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**(IX) FAIR VALUE - continued****2. Basis for determining the market price measured at fair value at level I continuously**

The market price of assets and liabilities measured at fair value at level I continuously is determined by the Shanghai stock exchange closing price of equity instruments at 29 June 2018.

**3. Basis for determining the market price measured at fair value at level III continuously**

The fair value of unquoted equity instruments included in other equity instruments is determined by the cost method. The cost method is a valuation technique that reflects the amount needed for the replacement of relevant asset service capability.

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

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

**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS****1. Parent of the Company**

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 (%)
CM Gangtong	Parent company	Company with limited liability	Shenzhen	Deng Weidong	Equity investment	RMB 0.5 billion	57.52%	57.52%

Note: CM Gangtong Development holds 370,878,000 shares of A Share of Shenzhen Chiwan, accounting for 57.52% of Shenzhen Chiwan's issued share capital, and is entitled to 57.52% of the Company's voting power. Therefore, CM Gangtong Development becomes the parent of the Company. The Company's ultimate actual controller is China Merchant Group.

**2. Subsidiaries of the Company**

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

**3. Associates and joint ventures of the Company**

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

# SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

### (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

#### 4. Other related parties of the Company

Name of other related parties	Relationships between other related parties and the Company
Shenzhen Haiqin Engineering Management Co., Ltd. ("Haiqin Engineering")	Controlled by the same ultimate actual controller
China Merchants Port Services (Shenzhen) Co., Ltd. ("CMPS")	Controlled by the same ultimate actual controller
Shekou Container Terminals Limited ("SCT")	Controlled by the same ultimate actual controller
Shenzhen Haixing Harbor Development Co., Ltd. ("Haixing")	Controlled by the same ultimate actual controller
Shenzhen Huxing Tug Service Co., Ltd. ("Huxing Tug")	Controlled by the same ultimate actual controller
Shenzhen Lianda Tug Service Co., Ltd. ("Lianda Tug")	Controlled by the same ultimate actual controller
China Merchants Container Services Ltd. ("China Merchants Container")	Controlled by the same ultimate actual controller
CMCI	Controlled by the same ultimate actual controller
Malai Warehouse	Controlled by the same ultimate actual controller
Shantou CMPort Group Co., Ltd. ("Shantou Port")	Controlled by the same ultimate actual controller
Colombo International Container Terminals Limited ("CICT")	Controlled by the same ultimate actual controller
Guangdong Yide Port Co., Ltd. ("Yide Port")	Controlled by the same ultimate actual controller
Shenzhen China Merchants Qianhaiwan Property Co., Ltd. ("Qianhai Property")	Controlled by the same ultimate actual controller
China Merchants International Cold Chain (Shenzhen) Co., Ltd. ("CMCCL")	Controlled by the same ultimate actual controller
China Ocean Shipping Agency (Shenzhen) Co., Ltd. ("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. ("Hoi Tung Shanghai")	Controlled by the same ultimate actual controller
Hoi Tung (Shenzhen) Co., Ltd. ("Hoi Tung Shenzhen")	Controlled by the same ultimate actual controller
Shenzhen 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")	Controlled by the same ultimate actual controller
Sinoway Shipping Ltd. ("Sinoway")	Controlled by the same ultimate actual controller
China Merchants Heavy Industry Shenzhen Co., Ltd. ("CMHI")	Controlled by the same ultimate actual controller
Sinotrans Shenzhen Customs Broker Co., Ltd. ("Sinotrans Customs Broker")	Controlled by the same ultimate actual controller
Sinotrans Shenzhen Logistics Co., Ltd. ("Sinotrans Logistics")	Controlled by the same ultimate actual controller
China Merchants Group Finance Company Limited ("CMFC")	Controlled by the same ultimate actual controller
Changjiang Shipping Science Research Institute Co., Ltd. ("Changjiang Shipping")	Controlled by the same ultimate actual controller
Shenzhen Chiwan Petroleum Supply Base Co., Ltd. ("Chiwan Base ") (note)	Shared common key management personnel with its parent company
Zengcheng Xinkang Property Co., Ltd. ("Zengcheng Xinkang")(note)	Shared common key management personnel with its parent company
Shenzhen Baowan International logistics Co., Ltd. ("Baowan Logistics")(note)	Shared common key management personnel with its parent company
Shenzhen Chiwan Property Management Co., Ltd. ("Chiwan Property")(note)	Shared common key management personnel with its parent company



**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**

**4. Other related parties of the Company - continued**

Name of other related parties	Relationships between other related parties and the Company
Shenzhen Xuqin Industrial Development Co., Ltd. ("Xuqin")(note)	Shared common key management personnel with its parent company
China Development Financial Co., Ltd. ("CDFC")(note)	Shared common key management personnel with its parent company
Shenzhen Chiwan Oriental Logistics Co., Ltd. ("Chiwan Oriental Logistics")(note)	Shared common key management personnel with its parent company
COFCO-CMG (Shenzhen) Grains E-Trading Center Co., Ltd. ("COFCO-CMG")(note)	Influenced significantly by the ultimate actual controller
Nanshan Group(note)	Shared common key management personnel
Shenzhen Mawan Terminals Co., Ltd.("Shenzhen Mawan Terminals") (Note)	Controlled by the same ultimate actual controller
Shenzhen Mawan Port Co, Ltd. ("Shenzhen Mawan Port") (Note)	Controlled by the same ultimate actual controller
Shenzhen Mawan Wharf Co., Ltd. ("Shenzhen Mawan Wharf")(Note)	Controlled by the same ultimate actual controller
China Merchant Bank Co., Ltd. ("CMB")	Influenced significantly by the ultimate actual controller
HK International	Minority shareholder of the subsidiary
Hidoney	Minority shareholder of the subsidiary
Yihai Kerry	Minority shareholder of the subsidiary
Shenzhen Qianhai Bay Warehousing Service Co., Ltd. ("Qianhai Bay Warehousing")	Subsidiary of the associate

Note: As at 8 June 2018, Nanshan Group completed the registration procedure for its transfer of the Company's shares, but shared the common key management personnel who is Zhangjianguo, thus Nanshan Group and its subsidiary companies are still recognized as related parties of the Company. In addition, MPIL and its subsidiary companies are included in the scope of the consolidated financial statements as subsidiaries of the Company prior to 8 June 2018, and are considered as related parties of the Company since 8 June 2018.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions****(1) Provision and receipt of services**

Unit: RMB

Related parties	Content of related party transaction	Pricing and decision-making procedures of related party transactions	Closing balance	Opening balance
<b>Purchase of goods and Receipt of services:</b>				
SCT	Load and unload service	Negotiation	2,635,056.60	3,626,418.05
CMSA	Platform use fee	Negotiation	1,864,647.00	1,976,679.00
China Merchants Holdings (International) Information Technology Co., Ltd	Technical service fee	Negotiation	1,354,548.46	1,576,792.47
CMBL	Load and unload service	Negotiation	1,250,128.87	1,109,581.53
Hoi Tung (Shanghai) Co., Ltd.	Logistics service	Negotiation	1,102,097.01	-
Chiwan Property	Property management service	Negotiation	892,090.65	1,022,057.59
Haiqin Engineering	Engineering management	Negotiation	649,847.89	1,843,555.46
China Merchants Property	Property management service	Negotiation	226,977.15	1,437,456.47
Lianda Tug	Tugging service	Negotiation	202,182.97	203,305.19
Haixing	Load and unload service	Negotiation	437,751.86	3,196,426.77
Ocean Shipping Agency	Agency service	Negotiation	168,390.00	250,650.00
Xuqin	Landscape Engineering	Negotiation	116,416.99	422,920.75
Shenzhen Mawan Port	Load and unload service	Negotiation	4,800.00	-
Shenzhen Mawan Wharf	Load and unload service	Negotiation	2,971.70	-
Shipping Agency	Customs broker service	Negotiation	2,250.00	-
Zengcheng Xinkang	Property management service	Negotiation	-	159,666.73
Total			10,910,157.15	16,825,510.01

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued****(1) Provision and receipt of services - continued**

Unit: RMB

Related parties	Content of related party transaction	Pricing and decision-making procedures of related party transactions	Closing balance	Opening balance
<b>Rendering of services:</b>				
Ocean Shipping Agency	Tugboat service etc.	Negotiation	10,798,733.35	7,224,052.83
SCT	Load and unload service etc.	Negotiation	6,485,623.04	12,657,355.91
Shenzhen Mawan Terminals	Trailer service etc.	Negotiation	2,106,107.26	-
CMSA	Tugboat service etc.	Negotiation	1,651,640.10	1,697,221.51
Shipping Agency	Tugboat service etc.	Negotiation	1,242,808.91	1,540,547.29
Youlian Shipyard	Tugboat service	Negotiation	842,098.87	228,868.87
International Ocean Shipping	Berthing services etc.	Negotiation	614,411.35	455,734.78
Shenzhen Mawan Port	Tugboat service etc.	Negotiation	543,220.69	-
Haixing	Load and unload service	Negotiation	405,618.87	523,627.15
Lianda Tug	Tugboat service	Negotiation	398,656.67	280,898.54
COHA (Laizhou)	Labor dispatch	Negotiation	167,696.72	-
Sinoway	Load and unload service	Negotiation	94,449.53	35,252.88
China Marine Shipping Agency, Guangdong Co., Ltd.	Load and unload service	Negotiation	66,983.02	3,354.48
Sinotrans Container Liners Co., Ltd.	Others	Negotiation	61,141.51	-
CMHI	Tugboat service	Negotiation	41,037.74	16,796.23
Shenzhen South China Liquefied Gas Marine Co., Ltd.	Tugboat service	Negotiation	38,207.55	-
Sinotrans Shenzhen Logistics Co., Ltd.	Others	Negotiation	34,773.59	10,787.74
Hunan Xianing Inland Port Co., Ltd.	Interest income	Negotiation	10,208.34	12,250.00
Sinotrans Modern Logistics Co., Ltd.	Others	Negotiation	6,603.77	-
Qianhai Bay Warehousing	Port administration	Negotiation	1,028.29	-
COFCO-CMG (Shenzhen) Grains E-Trading Center Co., Ltd.	Load and unload service	Negotiation	-	627,197.62
Sinotrans Shenzhen Customs Broker Co., Ltd.	Others	Negotiation	-	7,287.74
Zengcheng Xinkang	Others	Negotiation	-	1,820.31
Total			25,611,049.17	25,323,053.88

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued****(2) Leases with related parties**

The Group as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Pricing and decision-making procedures of related party transactions	Lease income recognized in the current period	Lease income recognized in the prior period (restated)
CMBL	Crane	Negotiation	1,028,180.43	932,038.83
International Ocean Shipping	Office	Negotiation	30,285.72	-
Total			1,058,466.15	932,038.83

The Group as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Pricing and decision-making procedures of related party transactions	Lease payment recognized in the current period	Lease payment recognized in the prior period (restated)
Nanshan Group	Land, Office and packing yard	Negotiation	29,407,300.56	35,087,942.41
Malai Warehouse	Office	Negotiation	6,556,000.55	6,363,045.53
CMPS	Former Bay port lands	Negotiation	4,107,365.30	2,142,561.21
Chiwan Base	Office	Negotiation	1,584,610.03	772,310.94
CMBL	Packing yard	Negotiation	1,105,291.53	-
China Merchants Shangzhi	Building	Negotiation	475,398.88	725,718.42
Haixing	Warehouse	Negotiation	238,095.25	-
Qianhai Property	Staff dormitory	Negotiation	140,142.26	-
SCT	Crane	Negotiation	41,616.00	-
Baowan Logistics	Building	Negotiation	36,042.34	54,182.99
Total			43,691,862.70	45,145,761.50

**(4) Compensation for key management personnel**

Unit: RMB

Item	Closing balance	Opening balance
Compensation for key management personnel	9,424,126.88	7,687,958.70

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****6. Amounts due from/to related parties**

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Cash and bank balances	CMB	343,822,560.05	167,483,337.47
	CMFC	573,885.94	150,359,313.40
	CDFC	-	1,192,728.52
	Total	344,396,445.99	319,035,379.39
Accounts receivable	Ocean Shipping Agency	4,479,840.00	3,361,117.20
	Shenzhen Mawan Terminals	2,212,479.29	-
	Shenzhen Mawan Port	586,166.42	-
	SCT	545,615.00	1,062,978.75
	CMSA	426,034.00	437,479.20
	Shipping agency	253,025.00	474,274.00
	Sinoway	42,727.75	90,067.75
	CMBL	16,262.50	8,242.50
	Sinotrans Modern Logistics Co., Ltd.	7,000.00	-
	Qianhai Bay Warehousing	280.00	445.00
	International Ocean Shipping	-	13,642.00
	Haixing	-	978,150.00
	Total	8,569,429.96	6,426,396.40
Interest receivable	Hunan Xianing Inland Port Co., Ltd.	-	153,625.26
Other receivables	CMBL	4,747,624.49	7,171,552.07
	Qianhai Property	1,088,414.30	707,092.00
	China Merchants Shangzhi	375,346.11	459,776.40
	Shantou Port	69,594.33	17,333.33
	Malai Warehouse	20,052.00	74,331.70
	Nanshan Group	1,096,590.39	1,124,300.09
	SCT	-	780,160.16
	Xuqin	3,000.00	638,268.65
	Hunan Xianing Inland Port Co., Ltd.	-	500,000.00
	Chiwan Base	135,624.91	280,049.31
	CICT	-	266,888.68
	Qianhai Bay Warehousing	-	2,848.00
	Total	7,536,243.53	12,022,600.39

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Accounts payable	CMPS	1,311,295.40	-
	SCT	862,445.00	291,710.00
	CMSA	751,036.71	727,528.71
	Hoi Tung Shanghai	445,633.00	-
	Haixing	267,332.00	406,723.76
	CMBL	195,883.17	-
	Shenzhen Mawan Port	11,702.40	-
	Nanshan Group	15,398,431.16	16,968,830.09
	Xuqin	414,404.35	513,673.35
	Chiwan Base	836,400.00	139,400.00
	Hoi Tung Shanghai	-	111,383.00
	CMPH	-	99,675.65
	Haiqin Engineering	-	9,589.08
	China Merchants Holdings (International)	-	9,000.00
	Total	20,494,563.19	19,277,513.64
Interest payable	CMFC	477,630.00	-
Receipts in advance	Sinotrans Customs Broker	139,174.00	-
	Sinotrans Logistics	149.00	224.00
	CMBL	-	60,000.00
	Total	139,323.00	60,224.00
Dividends payable	Yihai Kerry	37,402,426.09	37,402,426.09
	International Enterprise Co., Ltd.	128,552,676.45	128,552,676.45
	Hidoney	-	97,429,396.88
	Total	165,955,102.54	263,384,499.42
Other payables	CMBL	1,325,136.61	3,072,676.67
	China Merchants Holdings (International)	760,400.03	426,850.00
	China Merchants Property	707,112.00	909,600.00
	China Merchants Shangzhi	565,090.53	1,410,393.60
	Haiqin Engineering	177,725.92	69,182.10
	China Marine Shipping Agency, Guangdong Co., Ltd.	10,000.00	-
	International Ocean Shipping	10,000.00	10,000.00
	CMG	8,570.12	8,570.12
	SCT	6,936.00	252,753.69
	Qianhai Property	4,242.18	-
	Xuqin	54,298.55	735,859.33
	CMPH	-	545,675.52
	Changjiang Shipping	-	250,000.00
	Nanshan Group	435,488.63	91,932.50
	Chiwan Property	209,792.42	28,848.52
	Chiwan Base	139,354.40	-
	Total	4,414,147.39	7,812,342.05
Long-term payables	CMCI	-	25,000,000.00

Note: Details are set out in Note (X) 4.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**(XI) COMMITMENTS AND CONTINGENCIES****1. Significant commitments****(1) Capital commitments**

Unit: RMB

Item	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognized in the financial statements:		
-Commitment to acquisition of long-term assets	24,007,014.03	30,484,737.52
Total	24,007,014.03	30,484,737.52

**(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:		
1 <sup>st</sup> year subsequent to the balance sheet date	69,474,611.73	65,794,063.84
2 <sup>nd</sup> year subsequent to the balance sheet date	5,408,669.85	20,203,938.24
3 <sup>rd</sup> year subsequent to the balance sheet date	2,951,656.65	4,971,789.36
More than 3 years	175,795.35	186,894.24
Total	78,010,733.58	91,156,685.68

**2. Contingencies**

No material contingencies that should be disclosed by the Group.

**(XII) EVENTS AFTER THE BALANCE SHEET****1. Events related to purchasing assets and raising matching funds by issuance of shares**

26 July 2018, the proposals related to purchasing assets and raising matching funds by issuance of shares and related parties transactions were discussed and passed in the second extraordinary general meeting of shareholders for 2018. The main content is as follows: (1) the Company proposed to acquire 1,313,541,560 shares of ordinary share of CMPH (accounting for 39.61% of its issued ordinary share) held by China Merchants Investment Development Company Limited ("CMID") by issuing A Share; (2) China Merchants Holdings (Hong Kong) Company Limited ("CMHK") and the Company enter into an Agreement on Concerted Action, agreeing that subsequent to the completion of purchase of assets by issuance of shares, CMHK's exercise of voting power via entrustment of 753,793,751 shares of ordinary share of CMPH (accounting for around 22.67% of CM Port's issued ordinary shares) shall be in agreement with the Company's voting on events for review and discussion in the general meeting of shareholders of CMPH unconditionally, and the voting is subject to the opinion of Shenzhen Chiwan; (3) the Company proposed to issue A Share to no more than 10 specific investors to raise matching funds by inquiring prices. The aggregate amount of matching funds shall not exceed RMB 400,000.00, with no more than 128,952,746 to be issued.

**(XII) EVENTS AFTER THE BALANCE SHEET - continued**

The Agreement on Concerted Action would not go into effect and raising matching funds would not be performed without purchasing assets by issuance of shares. But success of raising matching funds is not precondition of purchasing assets by issuance of shares nor the effectiveness of The Agreement on Concerted Action. The success or failure of raising matching funds has no impact on purchasing assets by issuance of shares and effectiveness or performance of The Agreement on Concerted Action.

**2. Capital increase to Zhoushan RoRo**

On 29 August 2018, Zhoushan RoRo changed its name to “CMPort (Zhoushan) RoRo Logistics Co., Ltd.” and completed the formalities for the change of its directors, supervisors and senior executives with the industrial and commercial administration. As such, Zhoushan RoRo has officially become a controlled subsidiary of the Company. From that day on, CMPort (Zhoushan) RoRo Logistics Co., Ltd. is included in the Company’s consolidated financial statements.

**(XIII) OTHER SIGNIFICANT EVENTS**

**1. Annuity plan**

On 3 June 2008, the Group participated in the enterprise annuity plan of Nanshan Group approved by Shenzhen government. Funds involved were deposited in the managed account coordinated by Nanshan Group. Staffs would be qualified to participate 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. Significant acquisition**

The first extraordinary session of the ninth Board of Directors on 11 September 2017 approved *The acquisition proposal of 51% shares of Zhongshan Ganghang Enterprise Group Co., Ltd.* The Company agreed to acquire 51% shares of Zhongshan Ganghang Enterprise Group Co., Ltd with RMB 484,500,000.00. The investment agreement has not been signed up to 30 June 2018.



**(XIII) OTHER SIGNIFICANT EVENTS - continued**

**3. 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 SIX MONTHS ENDED 30 JUNE 2018

### (XIII) OTHER SIGNIFICANT EVENTS - continued

#### 3. 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	
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
Operating income	-	-	-	-	-	-	-	-	-	-	-	-
Revenue arising from external transactions	1,177,348,851.72	1,112,426,893.42	55,275,519.87	49,878,666.71	13,511,144.75	14,345,457.86	-	-	-	-	1,246,135,516.34	1,176,651,017.99
Revenue arising from inter-segment transactions	16,000.02	-	46,168,511.73	33,158,187.84	56,700.00	-	-	-	(46,241,211.75)	(33,158,187.84)	-	-
Total segment operating income	1,177,364,851.74	1,112,426,893.42	101,444,031.60	83,036,854.55	13,567,844.75	14,345,457.86	-	-	(46,241,211.75)	(33,158,187.84)	1,246,135,516.34	1,176,651,017.99
Reconciling items:												
Operating Income in the financial statements											1,246,135,516.34	1,176,651,017.99
Operating cost	632,910,552.39	643,982,482.12	72,581,612.26	61,369,223.59	9,872,915.06	10,551,079.86	-	-	(46,225,211.73)	(33,158,187.84)	669,139,867.98	682,744,597.73
Segment operating profits	544,454,299.35	468,444,411.30	28,862,419.34	21,667,630.96	3,694,929.69	3,794,378.00	-	-	(16,000.02)	-	576,995,648.36	493,906,420.26
Reconciling items:												
Business taxes and levies	6,099,891.64	5,538,555.52	76,166.38	108,304.02	4,934.31	9,377.58	-	-	-	720,507.38	6,180,992.33	6,376,744.50
Administrative expenses	76,940,865.83	57,716,135.62	6,707,646.04	5,921,650.84	2,628,805.64	2,375,212.07	1,375,191.26	11,895,037.75	(16,000.02)	-	87,636,508.75	77,908,036.28
Financial expenses	19,767,606.32	15,926,515.86	(771,164.41)	(762,020.47)	(106,478.82)	198,656.84	(1,020,860.21)	(2,088,377.10)	-	-	17,869,102.88	13,274,775.13
Impairment losses of assets	360,407.86	(1,877,571.78)	-	(197,700.00)	-	-	-	-	-	-	360,407.86	(2,075,271.78)
Investment Income	(245,876.96)	(23,324.88)	-	-	-	-	80,372,242.68	69,509,957.45	(26,656,528.58)	(23,193,786.97)	53,469,837.14	46,292,845.60
Gains on disposal of assets	19,445.08	293,053.57	-	-	257.30	-	-	-	-	-	19,702.38	293,053.57
Other income	718,801.14	-	250,439.61	-	-	-	-	-	-	-	969,240.75	-
<b>Operating profit</b>	441,777,896.96	391,410,504.77	23,100,210.94	16,597,396.57	1,167,925.86	1,211,131.51	80,017,911.63	59,703,296.80	(26,656,528.58)	(23,914,294.35)	519,407,416.81	445,008,035.30
Non-operating income	2,902,652.25	2,215,207.16	-	111,358.31	-	-	-	-	-	-	2,902,652.25	2,326,565.47
Non-operating expenses	996,956.81	285,372.77	2,452,969.88	518,267.96	-	-	-	-	-	-	3,449,926.69	803,640.73
<b>Gross profit</b>	443,683,592.40	393,340,339.16	20,647,241.06	16,190,486.92	1,167,925.86	1,211,131.51	80,017,911.63	59,703,296.80	(26,656,528.58)	(23,914,294.35)	518,860,142.37	446,530,960.04
Income tax expenses	80,411,213.08	67,512,961.06	5,775,110.53	4,047,621.74	45,627.74	63,069.75	(10,747,279.62)	1,236,486.89	-	-	75,484,671.73	72,860,139.44
<b>Net profit</b>	363,272,379.32	325,827,378.10	14,872,130.53	12,142,865.18	1,122,298.12	1,148,061.76	90,765,191.25	58,466,809.91	(26,656,528.58)	(23,914,294.35)	443,375,470.64	373,670,820.60

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**(XIII) OTHER SIGNIFICANT EVENTS - continued**

**3. 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	
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
<b>Total segment assets</b>	8,375,089,616.74	9,456,922,743.07	224,644,743.98	214,437,576.01	25,811,105.67	23,106,697.18	1,782,061,717.39	1,902,062,576.76	(3,379,021,049.92)	(3,650,854,683.15)	7,028,586,133.86	7,945,674,909.87
Total assets in the financial statements	8,375,089,616.74	9,456,922,743.07	224,644,743.98	214,437,576.01	25,811,105.67	23,106,697.18	1,782,061,717.39	1,902,062,576.76	(3,379,021,049.92)	(3,650,854,683.15)	7,028,586,133.86	7,945,674,909.87
<b>Total segment liabilities</b>	3,399,354,178.13	2,629,864,780.38	124,778,401.72	117,431,814.55	13,504,438.44	12,669,458.57	17,525,559.98	13,157,616.00	(1,823,621,593.50)	(1,337,347,193.03)	1,731,540,984.77	1,435,776,476.47
Total liabilities in the financial statements	3,399,354,178.13	2,629,864,780.38	124,778,401.72	117,431,814.55	13,504,438.44	12,669,458.57	17,525,559.98	13,157,616.00	(1,823,621,593.50)	(1,337,347,193.03)	1,731,540,984.77	1,435,776,476.47
<b>Supplementary information</b>												
Depreciation	130,917,951.86	130,141,238.43	6,032,217.54	5,709,761.90	6,668.82	14,868.76	-	-	-	-	136,956,838.22	135,865,869.09
Amortization	25,262,343.20	26,354,570.06	-	-	-	-	-	-	-	-	25,262,343.20	26,354,570.06
Interest income	(21,439,281.37)	(18,935,134.52)	(772,040.01)	(762,901.07)	(9,393.39)	(6,467.63)	-	(110,320.50)	16,670,809.62	14,924,056.14	(5,549,905.15)	(4,890,767.58)
Interest expense	27,520,032.58	26,733,360.56	-	-	-	-	-	-	(16,670,809.62)	(14,924,056.14)	10,849,222.96	11,809,304.42
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	45,680,862.14	36,875,845.60	-	-	45,680,862.14	36,875,845.60
Long-term equity investment under equity method	-	-	-	-	-	-	1,561,072,828.11	1,134,591,093.41	-	-	1,561,072,828.11	1,134,591,093.41
Non-current assets other than long-term equity investment	4,530,269,329.00	5,538,482,819.28	106,308,261.99	117,493,640.22	37,396.16	84,470.81	153,386,000.40	154,378,000.40	(158,565,045.18)	(159,384,011.80)	4,631,435,942.37	5,651,054,918.91

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

**(XIII) OTHER SIGNIFICANT EVENTS - continued****3. Segment reporting - continued**

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

Unit: RMB

Item	Closing balance	Opening balance
Revenue from external transactions with domestic customers	1,234,732,332.50	1,164,523,661.41
Revenue from external transactions with Hong Kong	11,403,183.84	12,127,356.58
Total	1,246,135,516.34	1,176,651,017.99

Unit: RMB

Item	Closing balance	Opening balance
Non-current assets sourced from Mainland of PRC	4,387,973,511.00	5,630,189,733.15
Non-current assets sourced from Hong Kong	75.48	1,336.50
Total	4,474,219,033.48	5,630,191,069.65

- (4) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB449,200,611.10, occupying 36.05% of the Group's total operating income.

**(XIV) NOTES TO THE KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS****1. Accounts receivable**

- (1) Disclosure of accounts receivable by categories

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount		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										
Portfolio1	3,493,060.71	14.92	-	-	3,493,060.71	3,172,906.66	24.43	-	-	3,172,906.66
Portfolio2	19,925,265.42	85.08	-	-	19,925,265.42	9,814,488.18	75.57	-	-	9,814,488.18
Subtotal of portfolios	23,418,326.13	100.00	-	-	23,418,326.13	12,987,394.84	100.00	-	-	12,987,394.84
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	23,418,326.13	100.00	-	-	23,418,326.13	12,987,394.84	100.00	-	-	12,987,394.84

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

1. Accounts receivable - continued

(1) Disclosure of accounts receivable by categories - continued

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	19,925,265.42	-	-	19,925,265.42	9,814,488.18	-	-	9,814,488.18

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

Unit: RMB

Name of customer	Relationship with the Company	Closing balance	Proportion of the amount to the total accounts receivable (%)	Closing balance of provision
Customer F	Third party with transactions	8,434,034.37	36.01	-
Customer G	Third party with transactions	3,125,616.85	13.35	-
Customer H	Third party with transactions	2,850,327.01	12.17	-
Customer I	Third party with transactions	1,437,753.68	6.14	-
Customer J	Third party with transactions	1,290,839.25	5.51	-
Total		17,138,571.16	73.18	-

2. 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	412,025,217.06	99.59	-	-	412,025,217.06	582,640,769.47	99.86	-	-	582,640,769.47
Portfolio 2	1,709,870.35	0.41	383,456.60	22.43	1,326,413.75	833,646.82	0.14	383,456.60	46.00	450,190.22
Subtotal of portfolios	413,735,087.41	100.00	383,456.60	0.09	413,351,630.81	583,474,416.29	100.00	383,456.60	0.07	583,090,959.69
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	413,735,087.41	100.00	383,456.60	0.09	413,351,630.81	583,474,416.29	100.00	383,456.60	0.07	583,090,959.69

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

2. Other receivables - continued

(1) Disclosure of other receivables by categories: - continued

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	1,326,413.75	-	-	1,326,413.75	450,190.22	-	-	450,190.22
More than 1 year but not exceeding 2 years	-	-	-	-	-	-	-	-
More than 2 years but not exceeding 3 years	-	-	-	-	-	-	-	-
More than 3 years	383,456.60	383,456.60	100.00	-	383,456.60	383,456.60	100.00	-
Total	1,709,870.35	383,456.60	22.43	1,326,413.75	833,646.82	383,456.60	46.00	450,190.22

(2) Disclosure of other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance
Temporarpayments	668,146.66	4,360,323.59
Deposits	68,570.00	1,590,884.41
Others	412,998,370.75	577,523,208.29
Including: amounts due from subsidiaries	410,546,889.69	577,067,880.47
Total	413,735,087.41	583,474,416.29

(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	Loan to subsidiaries	215,500,000.00	Within 1 year	52.08	-
DGW	Loan to subsidiaries	191,013,229.40	Within 1 year	46.17	-
Chiwan Wharf Holdings (Hong Kong) Limited	Temporary payment due from subsidiaries	2,922,707.07	More than 3 years	0.71	-
Nanshan Group	Deposits	1,022,760.39	More than 3 years	0.25	-
CCT	Temporary payment due from subsidiaries	656,104.70	Within 1 year	0.16	-
Total		411,114,801.56		99.37	

# SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

#### 3. Long-term equity investments

Unit: RMB

Investees	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	-	-	N/A	N/A	N/A	N/A	-	-	5,500,000.00	-
CHCC	250,920,000.00	-	-	N/A	N/A	N/A	N/A	-	-	250,920,000.00	-
Shenzhen Chiwan Transportation Co.,Ltd	7,000,000.00	-	-	N/A	N/A	N/A	N/A	-	-	7,000,000.00	-
Chiwan Wharf Holdings (Hong Kong) Limited	1,070,000.00	-	-	N/A	N/A	N/A	N/A	-	-	1,070,000.00	-
Shenzhen Chiwan Tugboat Co.,Ltd	24,000,000.00	-	-	N/A	N/A	N/A	N/A	-	-	24,000,000.00	-
CCT	421,023,199.85	-	-	N/A	N/A	N/A	N/A	-	-	421,023,199.85	-
DGW	186,525,000.00	-	-	N/A	N/A	N/A	N/A	-	-	186,525,000.00	-
DGT	175,000,000.00	-	-	N/A	N/A	N/A	N/A	-	-	175,000,000.00	-
Chiwan Shipping (Hong Kong) Limited	1,051,789.43	-	-	N/A	N/A	N/A	N/A	-	-	1,051,789.43	-
Subtotal	1,072,089,989.28	-	-					-	-	1,072,089,989.28	-
II. Associates											-
China Merchants Holdings (International) Information Technology Co., Ltd	16,875,997.65	-	-	1,563,300.00	-	-	-	-	-	18,439,297.65	-
CMBL	343,318,551.85	-	-	9,848,000.00	-	-	-	-	-	353,166,551.85	-
Subtotal	360,194,549.50	-	-	11,411,300.00	-	-	-	-	-	371,605,849.50	-
III. Jointventures											-
COHA (Laizhou)	783,668,303.84	-	-	26,216,000.00	-	-	38,562,004.82	-	-	771,322,299.02	-
Total	2,215,952,842.62	-	-	37,627,300.00	-	-	38,562,004.82	-	-	2,215,018,137.80	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

4. Operating income and operating costs

Unit: RMB

Item	Accumulated amount for the period		Accumulated amounts for the prior period	
	Income	Cost	Income	Cost
Principal operating	106,838,899.78	66,399,384.51	103,342,484.62	61,542,231.02
Other operating	12,584,077.69	504,701.81	16,693,852.72	451,533.62
Total	119,422,977.47	66,904,086.32	120,036,337.34	61,993,764.64

5. Investment income

Details of investment income

Unit:RMB

Item	Accumulated amount for the period	Accumulated amounts for the prior period
Income from long-term equity investments under cost method	37,627,300.00	34,161,170.47
Income from long-term equity investments under equity method	7,788,975.00	-
Investment income on available-for-sale financial assets, etc.	-	9,417,000.00
Total	45,416,275.00	43,578,170.47

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	Accumulated amount for the period	Accumulated amounts for the prior period
<b>Receipt of services:</b>				
Chiwan Property	Property management service	Negotiation	134,295.36	175,675.19
Chiwan Property	Property management service	Negotiation	116,416.99	416,694.34
Haiqin Engineering	Construction management service	Negotiation	92,371.53	145,848.28
China Merchants Holdings (International) Information Technology Co., Ltd	Technical service fee	Negotiation	30,188.70	63,584.93
Chiwan Shipping (Hong Kong) Limited	Agency service	Negotiation	-	461,799.81
Haixing	Load and unload service	Negotiation	-	47,518.00
Shenzhen Chiwan International Freight Agency Co., Ltd	Agency service	Negotiation	-	13,007.98
Shenzhen Chiwan Tugboat Co., Ltd	Transportation services	Negotiation	-	12,166.04
Total			373,272.58	1,336,294.57
<b>Rendering of services:</b>				
DGW	Labor dispatch	Negotiation	4,659,859.61	5,189,549.19
DGT	Labor dispatch	Negotiation	3,792,108.97	3,953,940.28
COHA (Laizhou)	Labor dispatch	Negotiation	167,696.72	-
COFCO-CMG	Load and unload service	Negotiation	-	627,197.62
CMSA	Port administration	Negotiation	-	24,659.43
Total			8,619,665.30	9,795,346.52



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

6. Related party transactions - continued

(2) Leases with related parties

The Company as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Pricing and decision-making procedures of related party transactions	Lease payment recognized in the current period	Lease payment recognized in the previous year
Nanshan Group	Land, Office and packing yard	Negotiation	3,339,797.62	4,165,980.04
Malai Warehouse	Office	Negotiation	2,234,022.78	2,104,514.22
Chiwan Base	Office	Negotiation	803,444.01	772,310.94
China Merchants Shangzhi	Office	Negotiation	475,398.88	-
Haixing	Warehouse	Negotiation	238,095.25	-
Total			7,090,758.54	7,042,805.20

7. Amounts due from/to related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Cash and bank balances	CMFC	155,538,598.60	43,322,030.86
	CMB	573,885.94	150,359,313.40
	CDFC	-	1,192,728.52
	Total	156,112,484.54	194,874,072.78
Accounts receivable	DGW	2,074,183.33	1,937,469.76
	DGT	1,418,877.38	1,235,436.90
	Total	3,493,060.71	3,172,906.66
Other receivables	DGT	215,500,000.00	259,375,000.00
	DGW	191,013,229.40	222,692,880.47
	Chiwan Wharf Holdings (Hong Kong) Limited	2,922,707.07	2,886,525.88
	CCT	656,104.70	656,104.70
	CHCC	310,750.14	386,103.56
	China Merchants Shangzhi	167,700.40	199,779.60
	Shenzhen Chiwan Tugboat Co., Ltd	105,827.93	-
	Hinwin Development Limited	38,270.45	38,270.45
	Shenzhen Mawan Terminals Co., Ltd.	-	95,000,000.00
	Nanshan Group	1,022,760.39	1,022,760.39
	Chiwan Base	135,621.91	280,049.31
	Chiwan Property	150.00	150.00
	Total	411,873,122.39	582,537,624.36

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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

**7. Amounts due from/to related parties - continued**

Unit: RMB

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	3,302,785.56	3,784,069.48
	Xuqin	414,404.35	513,673.35
	Haixing	-	250,000.00
	Total	3,717,189.91	4,547,742.83
Interests payable	CHCC	3,268,376.71	1,542,500.00
	CMFC	2,256,345.00	-
	Shenzhen Chiwan Transportation Co., Ltd	670,853.45	445,086.19
	Shenzhen Chiwan Tugboat Co., Ltd	318,090.42	165,131.27
	CCT	-	1,855,000.00
	Shenzhen Mawan Wharf Co., Ltd.	-	323,797.50
	Total	6,513,665.58	4,331,514.96
Dividends payable	Chiwan Wharf Holdings (Hong Kong) Limited	37,608,540.65	37,608,540.65
Other payables	CHCC	230,829,408.03	268,600,179.30
	Hinwin Development Limited	154,000,000.00	154,000,000.00
	Shenzhen Chiwan Transportation Co., Ltd	39,783,255.42	47,236,691.69
	Shenzhen Chiwan Tugboat Co., Ltd	31,565,218.79	37,644,370.44
	DGW	14,686,061.65	14,073,224.80
	DGT	8,784,893.57	9,951,537.15
	CCT	5,191,748.85	212,442,335.07
	Shenzhen Chiwan International Freight Agency Co., Ltd	1,321,499.05	1,740,733.05
	Chiwan Wharf Holdings (Hong Kong) Limited	1,030,885.81	1,022,082.14
	Haiqin Engineering	97,913.82	-
	Chiwan Shipping (Hong Kong) Limited	82,851.10	538,047.40
	China Merchants Holdings (International) Information Technology Co., Ltd	6,400.00	6,400.00
	Shenzhen Mawan Wharf Co., Ltd.	-	73,800,000.00
	Shenzhen Mawan Terminals Co., Ltd.	-	672,562.50
	Xuqin	44,497.40	210,869.00
	Nanshan Group	325,275.11	77,863.00
	Chiwan Property	41,702.70	6.40
	Chiwan Base	139,354.40	-
	Total	487,930,965.70	822,016,901.94
Long-term payables	Chiwan Wharf Holdings (Hong Kong) Limited	150,386,000.00	150,098,000.00

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

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**SUPPLEMENTARY INFORMATION  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**1. BREAKDOWN OF EXTRAORDINARY GAINS AND LOSSES**

Unit: RMB

Item	Amounts	Remarks
Gains or losses on disposal of non-current assets	19,702.38	
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)	969,240.75	
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. natural disasters	-	
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 (Note)	-	
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	(547,274.44)	
Other profit or loss that meets the definition of non-recurring profit or loss	-	
Tax effects	21,177.58	
Effects of minority interest (after tax)	(1,028,463.84)	
Total	(565,617.57)	

**SHENZHEN CHIWAN WHARF HOLDINGS LIMITED**

**SUPPLEMENTARY INFORMATION  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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**2. RETURN ON NET ASSETS AND EARNINGS PERSHARE ("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 ESP	Diluted EPS
Net profit for the current period attributable to ordinary shareholders	6.786	0.490	0.490
Net profit attributable to ordinary shareholders after deducting extraordinary gains and losses	6.799	0.491	0.491

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