



CHINA MERCHANTS PORT GROUP CO., LTD.

ANNUAL REPORT 2018

Date of Disclosure: 30 March 2019

Chairman's Statement

Dear shareholders,

I hereby present to you the annual report of China Merchants Port Group Co., Ltd. and its subsidiaries (the “Company”) for the year ended 31 December 2018. On behalf of the Board, I would like to express my sincere gratitude to all of you for your long-term support to the Company.

On 26 December 2018, the Company completed the assets restructuring, the change of company name and its listing on the SZSE. Following the change of name to “China Merchants Port Group Co., Ltd.”, its strategic positioning underwent remarkable transformation and enhancement, and it evolved from a port operator in Chiwan Wharf, West Shenzhen Port Zone, to a globally leading port developer, investor and operator. As a result of the restructuring, the Company became a crucial vehicle for CMG to implement the “Belt and Road” Initiative promoted by China and the “Guangdong-Hong Kong-Macao Greater Bay Area” strategy. Serving not only as the headquarters of CMG’s port sector, the Company is also the operating and management platform for the port assets and tier one capital of CMG, hence playing a key role in the consolidation and synergistic development of CMG’s port assets.

Looking ahead, the Company aims to become a world-class integrated port service provider. With a focus on core port businesses, it will take part in international port investment, development and operation under the development model for the port ecosystem. Meanwhile, it will continue to expand along the value chain and establish an integrated port network service system that connects the world, so as to achieve scientific planning and balanced development on a global level. By offering top-notch and professional solutions, it will become customers’ partner of choice for cooperation, which will create greater value for the Company, enhance return for shareholders, support local economies and global trade, and contribute to the healthy development of the port industry.

Review for the year

Since 2018, the global economy has in general maintained its growth momentum but on a shaky ground. The economic and political conditions have been increasingly complicated. Trade frictions provoked by the United States against numerous countries and regions worldwide have impacted corporate operating environment and financial market confidence, threatening the development of global economy and trade. In view of the macroeconomic condition with growing uncertainties over the development of global economy and trade, the Company has adhered to its

strategic directives, acted under the overall operation philosophy of “enhancing core capability, insisting on both quality and efficiency, capitalising on opportunities of this era and striving to become a global leading enterprise”, focused on the “five key priorities”, namely, homebase port development, ports consolidation, overseas expansion, integration of industry and finance and business innovation, pursued various designated tasks in a comprehensive and pragmatic manner, and basically achieved its operating indicators formulated at the beginning of last year.

In 2018, the overall operating performance of the Company was satisfactory with steady growth of business. In terms of port operation, the port projects of the Company delivered a container throughput totalled 109.73 million TEUs, up 6.6% over last year. Looking into the regional performance, container throughput handled by the Group’s ports in Mainland China totaled 81.39 million TEUs, up 5.5% year-on-year. Ports in Hong Kong and Taiwan handled a combined container throughput of 7.67 million TEUs, up 2.5% year-on-year, while overseas operations delivered a container throughput of 20.66 million TEUs, up 12.9% year-on-year. Bulk cargo volume handled by the Group’s ports increased by 1.5% year-on-year to 540 million tonnes, among which the Group’s ports in Mainland China handled a total bulk cargo volume of 530 million tonnes, representing an increase of 1.6% year-on-year, while that of overseas ports decreased by 7.7% from 2017 to 4.99 million tonnes. Among the major ports, SIPG handled a container throughput of 42.01 million TEUs, representing a year-on-year increase of 4.4%, making it the largest port in the world for the ninth consecutive year. Container throughput handled in West Shenzhen Port Zone was 11.35 million TEUs, up 1.5% year-on-year. In the overseas arena, Colombo International Container Terminals Limited (“CICT”) in Sri Lanka delivered a year-on-year growth of 12.0% by handling a container throughput of 2.68 million TEUs. Lomé Container Terminal S.A. (“LCT”) in Togo handled a container throughput of 1.05 million TEUs, representing a growth of 18.3% year-on-year. Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi (“Kumport”) in Turkey handled a container throughput of 1.26 million TEUs, representing a growth of 18.3% year-on-year. Terminal Link SAS acquired the port of Thessaloniki in Greece at the beginning of this year and it handled a container throughput of 13.64 million TEUs in the year, up 8.6% year-on-year. From March to December 2018, TCP Participações S.A. (“TCP”) in Brazil, the transaction of which was completed in February 2018, handled a container throughput of 0.69 million TEUs.

In terms of key priorities, significant progress has been made in overseas expansion. The delivery of overseas port projects, including TCP in Paranaguá, Brazil and Port of Newcastle in Australia (the “Newcastle Port”), has been completed. The Djibouti International Free Trade Zone has successfully opened and garnered positive feedbacks. The consolidation of domestic ports has achieved remarkable breakthroughs. The Company has completed restructuring and is listed under a

new name. It has also been entrusted for the management of Liaoning Port Group Limited *(辽宁港口集团有限公司), which opened up for further in-depth cooperation in various aspects. The Company has been pursuing innovation development on multiple fronts as well. With regard to business innovation, the establishment of phase II of “E-port” has been completed and the commencement of various platforms integration and service building, such as the Electronic Data Interchange (“EDI”) platform system, call center , the big data platform and visualization platform, has enabled the full coverage of shipping companies, ship agents, customs brokers and tractor drivers. For technology innovation, the Company has been actively pushing forward projects, including RTG remote control, digitalized port construction and big data analysis for global containers. These projects have further improved the technological edges of the port industry. With respect to the cooperation between the industrial and financial sectors, the Company planned the establishment of the China Port Innovation Investment Fund (中国港口创新投资基金) which aimed to coordinate with the domestic influential port groups, innovate cooperation model for the industrial and financial sectors, and explore new technologies, models and mechanisms for the port ecosystem, thereby achieving collaboration and financial resource matching between various port groups and industries.

Outlook

In 2019, CMPort will commence the journey to become a world-class enterprise from a new starting point. The Company will firmly maintain a steady growth and at the same time achieve improvement with the focus on the strategic principle of “leveraging on its long-term strategy, tapping the current edges, driving through technology and embracing changes”. It will strengthen synergic cooperation externally and accelerate integrated development internally, make efforts to enhance various capabilities, improve risk prevention and control, establish quality development models and stay committed to becoming a globally leading enterprise. In 2019, the Company will focus on the following tasks:

Firstly, for the construction of homebase port, the Company will continue to strengthen its efforts in the construction of domestic and overseas homebase ports, striving to build the West Shenzhen homebase port into a world-class leading port. Furthermore, the Company will accelerate the enhancement of the hardware and software environment of its homebase port, plus the CMG’ s internal and external resources, to establish a comprehensive service platform for the Pearl River Delta, thus strengthening the construction of fully automated and intelligent port. In addition, the Company will further promote the integration of operations with a view to improving quality and efficiency effectively and enhancing cost management. In terms of overseas homebase port, the

Company will leverage the synergic advantages of CICT and Hambantota port to create a leading regional port and international shipping centre in South Asia.

Secondly, for the consolidation of domestic ports, the Company will actively incorporate national strategies in its operation, with emphasis on opportunities brought about by the “Belt and Road” initiative, the coordinated development of Beijing, Tianjin and Hebei Province, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area, the opening up of Hainan, the revitalization of Northeast China and the integrated development of the Yangtze River Delta Zone.

Thirdly, for overseas business layout, the Company will strictly comply with assessment dimensions and principles for overseas ports projects. The Company will set out clear project priorities and conduct studies on its overseas network along the “East-West route, South-North route, regions along the Belt and Road Initiative”. It will continue to put more efforts in the study of global regional market and to establish and improve the regional market development and research database for East Africa, West Africa, South Asia, Europe, Latin America and Southeast Asia. It will also tap into the growth of the “China+” industry after shifting to the “Port-Park-City” model.

Fourthly, for comprehensive port development, the Company will actively push ahead with the transformation from a terminal operator to a comprehensive port service provider. It will step up its efforts in promoting the “Port-Park-City” business model, and actively push forward the construction and development of the Djibouti International Free Trade Zone. The Company will continue to proactively explore the relevant comprehensive development cooperation projects in Togo; while for the Hambantota industrial port project, the Company will facilitate the preliminary work in relation to the introduction of investment and capital based on the improvement of the park development plan. Capitalizing development opportunities arising from of the Guangdong-Hong Kong-Macao Greater Bay Area, the Company will actively make progress on its land preparatory works in the Qianhai-Shekou Free Trade Zone by participating in the overall development thereof.

Fifthly, for technology innovation, the Company will attach further importance to the unique role and fundamental position of technology-driven and innovation-oriented development. Also, the Company will create a top-tier port innovation ecosystem. Smart upgrade of terminals of which the Company is a controlling shareholder will be gradually achieved through technological innovation, enabling the Company to formulate a proposal for implementation of “RTG Remote Control” with its own features so as to support the transformation of Shenzhen Haixing Harbor Development Co., Ltd. ("Haixing") and smart upgrade of various terminals in the future.

Sixthly, for active quality and efficiency enhancement, the Company will continuously optimize its internal procedures and mechanisms to promote management reform and process

reengineering. The Company will focus its efforts on enhancing the level of refined operation and management of terminals of which it is a controlling shareholder, increasingly benchmarking its terminal management, reducing cost and improving efficiency, and generating income by saving costs, thereby creating values for shareholders.

In 2019, the risk of declining cyclical recovery momentum of the global economy will increase. Due to trade investment policies on “reverse globalization” and macroeconomic policy adjustments such as interest rate hike and tax reduction in developed countries, the growth of global trade will be under the intensifying pressure of an overall slowdown in the future. The Company will respond positively to challenges like the downshift of growth in global container seaborne freight volume, the subdued profitability of domestic ports, the increased competition for investment between the ports in emerging countries. Moreover, it will seize the opportunities presented by the Chinese government’s support for import, accelerating consumption upgrade, the continuous promotion of policies regarding the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the free trade port, the growth in regional trade, the relocation of the “China+” industry and port consolidation. By the above means, the Company will spare no effort to enhance operating results and reward shareholders with better investment return.

Fu Gangfeng
Chairman

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of China Merchants Port Group Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Bai Jingtao, the Company’s legal representative, Wen Ling, the Company’s Chief Financial Officer, and Sun Ligan, the person-in-charge of the accounting organ hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

This Report has been approved at the 5th Meeting of the 9th Board of Directors of the Company. Due to other company affairs, Vice Chairman of the Board Deng Renjie and Director Song Dexing did not attend the meeting in person. But they have expressed their consent to this Report and authorized Director Bai Jingtao to attend the meeting on behalf of them, as well as to express opinion and sign the relevant documents.

Possible risks faced by the Company and countermeasures have been explained in “Part IV Operating Performance Discussion and Analysis” herein, which investors are kindly reminded to pay attention to. Any forward-looking statements such as future plans or development strategies mentioned herein shall not be considered as the Company’s promises to investors. And investors are reminded to exercise caution when making investment decisions.

Securities Times, *Ta Kung Pao* (HK) and www.cninfo.com.cn have been designated by the Company for information disclosure. And all information about the Company shall be subject to what’s disclosed on the aforesaid media. Investors are reminded to exercise caution when making investment decisions.

The Board has approved a final dividend plan as follows: based on the Company’s total shares of 1,793,412,378, a cash dividend of RMB1.14 (tax inclusive) per 10 shares is to be distributed to shareholders, with no bonus issue from either profit or capital reserves.

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.

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Definitions

Term	Definition
The “Company”, “CMPort” or “we”	China Merchants Port Group Co., Ltd., formerly known as “Shenzhen Chiwan Wharf Holdings Limited”
Chiwan Wharf	Shenzhen Chiwan Wharf Holdings Limited (stock name: Chiwan Wharf, Chiwan Wharf-B; stock code: 000022, 200022)
CMG	China Merchants Group Co., Limited
CMG Hong Kong	China Merchants Group (H.K.) Limited, a CMG wholly-owned subsidiary in Hong Kong
CMID	China Merchants Investment Development Company Limited
CMPort Holdings	China Merchants Port Holdings Company Limited (00144.HK)
CMU	China Merchants Union(BVI) Limited
Broadford Global	Broadford Global Limited, a wholly-owned subsidiary of CMG Hong Kong
CMGD	China Merchants Gangtong Development (Shenzhen) Co., Ltd., a Broadford Global wholly-owned subsidiary in Shenzhen
CND Group	China Nanshan Development (Group) Inc.
CMSK	China Merchants Shekou Industrial Zone Holdings Co., Ltd.
Malai Storage	Shenzhen Malai Storage Co., Ltd.
KFEL	Keen Field Enterprises Limited
Zhoushan RoRo	China Merchants Port (Zhoushan) RoRo Logistics Co., Ltd., with the name changed from “Zhoushan Archipelago New Area SinoTrans & CSC RoRo Logistics Co., Ltd.” on 29 August 2018
Xinghai Terminal	Zhoushan Archipelago New Area Xinghai RoRo Terminal Co., Ltd.
SIPG	Shanghai International Port (Group) Co., Ltd.
CCT	Chiwan Container Terminal Co., Ltd., a majority-owned subsidiary of the Company
Kumport	Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi
TCP	TCP Participações S.A.
CICT	Colombo International Container Terminals Ltd.
HIPG	Hambantota International Port Group
Haixing Harbor	Shenzhen Haixing Harbor Development Co., Ltd.
The “Assets Purchase via Share Offering” or the “Acquisition”	Chiwan Wharf’s purchase of 1,313,541,560 ordinary CMPort Holdings shares from CMID via share offering
The “Transaction” or “Restructuring”	The transaction plan includes three parts: (1) Chiwan Wharf intends to issue A-shares to CMID for the acquisition of the 1,313,541,560 CMPort Holdings ordinary shares that CMID holds (approximately 39.51% of CMPort Holdings’ outstanding ordinary shares). (2) CMG Hong Kong and Chiwan Wharf signs an Acting in Concert Agreement. According to the agreement, upon the completion of the assets purchase via share offering, CMG Hong Kong shall vote according to Chiwan Wharf’s opinion unconditionally on matters to

	be voted on at CMPort Holdings' general meetings in regard with the voting right of the 753,793,751 CMPort Holdings ordinary shares (approximately 22.67% of CMPort Holdings' outstanding ordinary shares) that CMG Hong Kong has been entrusted to exercise. (3) Chiwan Wharf intends to raise matching funds of no more than RMB4 billion from no more than 10 certain investors via an offering of no more than 128,952,746 A-shares through enquiry.
SASAC of the State Council	State-Owned Assets Supervision and Administration Commission of the State Council
CSRC	China Securities Regulation Commission
Shenzhen CSRC	Shenzhen Bureau of China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
The "Company Law"	The Company Law of the People's Republic of China
The "Securities Law"	The Securities Law of the People's Republic of China
The "Articles of Association"	The Articles of Association of China Merchants Port Group Co., Ltd.
The "Stock Listing Rules"	The Stock Listing Rules of the Shenzhen Stock Exchange
The cninfo website	www.cninfo.com.cn
RTG	Rubber Tyre Gantry
E-Port	The unified electronic customer service platform
EDI	Electronic Data Interchange
The "Reporting Period" or "Current Period"	The period from 1 January 2018 to 31 December 2018
TEU	Twenty Foot Equivalent Unit

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	CM Port Group, CM Port Group B	Stock code	001872, 201872
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	招商局港口集团股份有限公司		
Abbr.	招商港口		
Company name in English (if any)	China Merchants Port Group Co., Ltd.		
Abbr. (if any)	CMPort		
Legal representative	Bai Jingtao		
Registered address	23-25/F, China Merchants Port Plaza, 1 Gongye 3rd Road, Zhaoshang Street, Nanshan, Shenzhen, PRC		
Zip code	518067		
Office address	23-25/F, China Merchants Port Plaza, 1 Gongye 3rd Road, Zhaoshang Street, Nanshan, Shenzhen, PRC		
Zip code	518067		
Company website	http://www.cmp1872.com		
Email address	Cmpir@cmhk.com		

II Contact Information

	Board Secretary	Securities Representative
Name	Huang Chuanjing	Hu Jingjing and Chen Dan
Address	24/F, China Merchants Port Plaza, 1 Gongye 3rd Road, Zhaoshang Street, Nanshan, Shenzhen, PRC	
Tel.	+86 755 26828888	+86 755 26828888
Fax	+86 755 26886666	+86 755 26886666
Email address	Cmpir@cmhk.com	Cmpir@cmhk.com

III Media for Information Disclosure and Place where this Report Is Lodged

Newspapers designated by the Company for information disclosure	<i>Securities Times, Ta Kung Pao</i>
Website designated by CSRC for publication of this Report	http://www.cninfo.com.cn
Place where this Report is lodged	Board Office

IV Change to Company Registered Information

Unified social credit code	91440300618832968J
Change to principal activity of the Company since going public (if any)	<p>On 14 December 2018, the Company changed its business scope registered with the industrial and commercial administration. The new business scope includes: construction, management and operation of ports and wharves; bonded warehousing of various goods for import and export; development, construction and operation of supporting parks in ports; loading, unloading, transshipment, warehousing and transportation of international and domestic goods and processing of goods; devanning and LCL operations, cleaning, repair, manufacturing and leasing of containers; international freight forwarding; vehicle and ship leasing; the provision of ship and port services including the provision of fuels, supplies and daily necessities for ships; ship towing (no operation using foreign ships); leasing and repair services of port facilities, equipment and machinery; import and export of various goods and technologies on a self-operation or agency basis, excluding the goods and technologies restricted or forbidden for import and export by the state; port logistics and port information technology consulting services; technical development and services in respect of modern logistics information systems; supply chain management and related services; design of logistics plans; engineering project management; development, research and consulting services in respect of port engineering technologies. (In respect of any operations that require approval according to law, the approval must be obtained before operation).</p>
Every change of controlling shareholder since incorporation (if any)	<p>1. On 8 June 2018, as the ownership of 209,687,067 Chiwan Wharf shares formerly held by CND Group and 161,190,933 Chiwan Wharf shares formerly held by Malai Storage was officially transferred to CMGD, CMGD, holding 57.52% of the Company's outstanding share capital, became the controlling shareholder of the Company. Meanwhile, CMG remains the actual controller of the Company.</p> <p>2. On 26 December 2018, the Company issued RMB-denominated ordinary shares (A-shares) at RMB21.46/share to CMID for the acquisition of the 1,313,541,560 CMPort Holdings ordinary shares that it held. Upon the Acquisition, the Company's total share capital has become 1,793,412,378 shares. Meanwhile, as Broadford Global controls an 87.81% aggregated voting right in the Company (direct interests and interests through CMID and CMGD), it is the direct controlling shareholder of the Company. Meanwhile, CMG remains the actual controller of the Company.</p>

V Other Information

The independent audit firm hired by the Company:

Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Office address	30/F, 222 Yan An Road East, Huangpu District, Shanghai, P.R.C.
Accountants writing signatures	Huang Yue and Jiang Qishen

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Name	CITIC Securities Co., Ltd.
Office address	19/F, CITIC Securities Tower, 8 Zhongxin 3 rd Road, Futian District, Shenzhen, China
Participant representative	Chen Jianjian, Yang Jun and Huang Zihua
Period of supervision	From 26 December 2018 to 31 December 2019

VI Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

The retrospective restatements in the table below are caused by changes to the accounting policies and a business combination under common control. For further information, please refer to “VI YoY Changes to Accounting Policies, Estimates and Methods” and “VIII YoY Changes to the Scope of the Consolidated Financial Statements” under “Part V Significant Events” in this Report.

	2018		2017		2018-over-2017 change	2016	
	Original	Restated	Original	Restated	Restated	Original	Restated
Operating revenue (RMB)	2, 274, 934, 530. 82	9, 703, 394, 622. 58	2, 456, 218, 834. 63	7, 544, 635, 284. 96	28. 61%	2, 381, 483, 399. 94	6, 828, 528, 929. 02
Net profit attributable to the listed company's shareholders (RMB)	403, 711, 043. 83	1, 090, 418, 910. 77	504, 495, 064. 39	2, 365, 214, 907. 45	-53. 90%	532, 376, 492. 97	2, 041, 683, 125. 35

Net profit attributable to the listed company's shareholders before exceptional items (RMB)	510,911,565.95	516,155,803.81	497,361,340.01	498,373,377.67	3.57%	529,198,593.98	526,660,998.71
Net cash generated from/used in operating activities (RMB)	737,784,730.57	4,288,575,424.84	1,162,281,754.31	3,475,037,036.28	23.41%	1,121,032,625.07	3,049,363,117.24
Basic earnings per share (RMB/share)	0.63	0.61	0.782	1.32	-53.79%	0.826	1.14
Diluted earnings per share (RMB/share)	0.63	0.61	0.782	1.32	-53.79%	0.826	1.14
Weighted average return on equity (%)	8.82%	3.88%	10.45%	10.24%	-6.36%	11.57%	9.21%
	31 December 2018		31 December 2017		Change of 31 December 2018 over 31 December 2017	31 December 2016	
	Original	Restated	Original	Restated	Restated	Original	Restated
Total assets (RMB)	8,036,053,848.17	128,018,084,415.68	7,975,470,563.32	109,135,164,260.01	17.30%	7,792,570,272.01	91,437,459,066.10
Equity attributable to the listed company's shareholders (RMB)	4,831,911,547.56	30,760,475,412.93	4,922,969,405.92	28,474,748,165.25	8.03%	4,736,680,543.81	22,680,840,458.42

The total share capital at the end of the last trading session before the disclosure of this Report:

Total share capital at the end of the last trading session before the disclosure of this Report (share)	1,793,412,378
Fully diluted earnings per share based on the latest total share capital above (RMB/share)	0.608

Indicate by tick mark whether there are corporate bonds.

Yes No

Indicate by tick mark whether the past two years have both seen a deficit.

Yes No

VII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity under CAS and IFRS

No difference for the Reporting Period.

2. Net Profit and Equity under CAS and Foreign Accounting Standards

No difference for the Reporting Period.

3. Reasons for Accounting Data Differences Above

Applicable Not applicable

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	2,172,750,441.44	2,499,587,599.28	2,589,330,353.39	2,441,726,228.47
Net profit attributable to the listed company's shareholders	381,903,088.64	238,135,317.01	276,846,536.50	193,533,968.62
Net profit attributable to the listed company's shareholders before exceptional items	129,600,674.09	187,764,097.52	135,978,133.47	62,812,898.73
Net cash generated from/used in operating activities	488,161,711.35	1,312,573,007.36	1,315,345,336.41	1,172,495,369.72

The quarterly financial data in the table above or their summations differ from what have been disclosed in the Company's Q1, interim and Q3 reports, primarily because the financial data in those reports have been restated due to a business combination under common control.

IX Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2018	2017	2016	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	6,512,480.64	324,387.87	-123,667.77	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	14,050,544.16	1,843,431.75	1,046,444.12	

Current profit or loss on subsidiaries obtained in business combinations involving enterprises under common control from the period-beginning to combination dates, net	2,685,592,888.44	4,928,289,403.49	4,127,265,578.70	Effect of a business combination under common control
Reversed portion of impairment allowance for accounts receivable which are tested individually for impairment		4,238,993.78		
Non-operating income and expense other than the above	-3,767,817.73	1,002,589.66	1,487,253.84	
Other gains and losses that meet the definition of exceptional gain/loss	-121,311,211.59			Restructuring costs in the Current Period
Less: Income tax effects	3,010,149.89	802,116.53	595,892.67	--
Non-controlling interests effects (net of tax)	2,003,803,627.07	3,068,055,160.24	2,614,057,589.58	
Total	574,263,106.96	1,866,841,529.78	1,515,022,126.64	--

For the Reporting Period, the Company does not reclassify as recurrent any exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items.

Part III. Business Highlights

I. Main business of the Company during the reporting period

1. Main business scope and business models

The Company is principally engaged in the handling, warehousing and transportation of containers and bulk cargoes, as well as the provision of other ancillary services. It principally operates 24 container berths and 15 bulk cargo berths in the ports in West Shenzhen, 9 multi-purpose berths, 2 container berths, 2 bulk cargo berths and a berth for roll-on-roll-off vessels in Shantou Port, 4 multi-purpose berths in Shunde Port, 2 container berths and 6 bulk cargo berths in Zhangzhou Port, Xiamen, 3 container berths in Port of Colombo, Sri Lanka, 4 multi-purpose berths, 2 oil berths and 4 container berths in Hambantota Port, 3 container berths in Port of Lomé, Togo, and 3 container berths in Paranaguá Port, Brazil. Moreover, the Company invests in container hubs in Shanghai and Ningbo and expands its layout to ports in South Asia, Africa, Europe, South America and Oceania.

The major business segments of China Merchants Port Group Co., Ltd. are as follows:

Business segments	Applications
Cargo handling and warehousing	<p>Container handling and warehousing: the Company provides ship berthing, loading and unloading services to ship companies, offers container storage service to ship companies and cargo owners and provides overhead box services to tractor companies. The Company also engages in the businesses of division or merger of cargoes in containers, container leasing and container maintenance;</p> <p>Bulk cargo handling and warehousing: the Company is engaged in bulk cargo handling and transportation in port zones, as well as storage services in yards. The major types of cargoes handled include food, steel, woods and sandstones.</p>
Ancillary port-related services	<p>The ancillary port-related services of the Company mainly include tugboat berthing assistance and barge services at the arrival of ships to the ports, tallying in the course of cargo handling, and supply of shore power and freshwater for vessels.</p>

Bonded logistics operations	The Company provides various services for clients (including logistics companies, trading companies or cargo owners), for example, warehouse/yard leasing, loading and unloading in warehouses/yards, customs clearance and division or merger of cargoes at terminals. It also provides documentation services for tractors arriving or leaving the bonded logistics parks.
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2. Development stage and cyclical characteristic of the industry in which the Company operates and its industry position during the reporting period

The port industry is a crucial cornerstone for national economic and social progress, and is closely linked to global economic and trade development. In 2018, the global economy maintained its growth in general. Nonetheless, the Company faced challenges arising from the divergence in recovery between various countries, trade frictions aggravated by trade protectionism, restructuring of global trade pattern, the slowdown in growth of global container shipping, the downshift of domestic port business, intensifying market competition, severe competition for investment in emerging markets overseas, technology advancement in the port and shipping industry and evolving business models.

In light of the increasing uncertainty in the global economic and trade environment, the growth of global container throughput slowed down in 2018. According to the statistics of Clarkson Research Services Limited, a maritime consulting firm, the global container throughput for coastal ports amounted to 201 million TEUs in 2018, representing a year-on-year increase of 4.46%, which was down 0.66 percentage points as compared with 2017. Growing uncertainties in global trade development and rising fuel costs in general reduced the profitability of shipping companies. The performance of different shipping routes varied. The shipping volume of Asia-Europe routes decreased slightly due to the sluggish economies in the United Kingdom and other European countries. The Sino-US trade friction resulted in cargo delivery before schedule and supported the rapid growth of shipping volume of Trans-Pacific routes at 5.88%. Driven by booming economic development in emerging Asian economies, the shipping volume of routes in the region maintained a relatively remarkable year-on-year increase of 6.45%. With concentrated delivery of large vessels, the average scale of single ship expanded continuously. While Asia-Europe routes were dominated by the three largest shipping alliances, the container feeder market saw development opportunities.

The growth rate of global port container throughput declined in 2018. According to the

statistics of Drewry Shipping Consultants Ltd., a maritime consulting firm, the global container port throughput amounted to 7.86 billion TEUs in 2018, up 5.3% year-on-year, while the growth rate decreased by 1.2percentage points as compared with 2017. In terms of market share by container throughput, the top 3 regions in order are China (including Hong Kong), Europe and Southeast Asia, and the top 3 fastest growing regions in order are South Asia, Southeast Asia and Oceania. The growth rate of PRC container port throughput decreased and the development of different ports varied. According to the statistics from National Bureau of Statistics of China, the container throughput handled by PRC ports of significant scale was 249.55 million TEUs in 2018, representing a growth of 5.2% compared with the same period last year , growing slower than the same period in 2017.

The Company is the largest global leading port developer, investor and operator in the PRC, with a comprehensive port network at major hub locations along coastal China. It has also established presence in South Asia, Africa, Europe, Mediterranean, Oceania and South America. By its proactive, sound and efficient operating style, the Company capitalises on its global port portfolio, professional management experience, the self-developed state-of-the-art terminal operation system and integrated logistics management platform for exports and imports, thereby providing its customers with timely and efficient port and maritime logistics services along with comprehensive and modern integrated logistics solutions. In addition, the Company also invests in bonded logistics operation and launches integrated park development business for the extension of the port value chain, which allows it to create greater value through the synergies of the existing terminal network.

II Significant Changes in Major Assets

1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Equity assets	<p>1. On 26 January 2018, the Second Extraordinary 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”), China Merchants Port (Zhoushan) 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 the Agreement on Capital Increase to 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 registered capital of Zhoushan RoRo increased from RMB60 million to RMB173.0786 million, and Zhoushan RoRo owned 100% stake of Xinghai Terminal, which made Xinghai Terminal a wholly owned subsidiary of Zhoushan RoRo. In May 2018, the Company paid all the increased capital to Zhoushan RoRo. On 29 August 2018, Zhoushan RoRo completed the formalities for the change of its directors, supervisors and senior management with the industrial and commercial administration. As such, Zhoushan RoRo has officially become a majority-owned subsidiary of the Company. For further information, see the Announcement on an External Investment & Related-Party Transaction (Announcement No.: 2018-007) published on the <i>Securities Times</i>, <i>Ta Kun Pao</i> (HK) and www.cninfo.com.cn on 27 January 2018.</p> <p>2. On 5 February 2018, the Proposal on Signing the Supplementary Agreement II to the Media Port Investments Limited Shareholder Agreement was approved at the 3rd Extraordinary Meeting of the Company’s 9th Board of Directors of 2018. On the same day, the Supplementary Agreement II was signed by Chiwan Wharf, CMPort Holdings, 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 Chiwan Wharf 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-party transactions arising from the signed Supplementary Agreement II has been disclosed on <i>Securities Times</i>, <i>Ta Kung Pao</i></p>

	<p>and www.cninfo.com.cn on 7 February 2018.</p> <p>3. On 6 February 2018, CMPort Holdings, China Merchants Union (BVI) Limited (“CMU”, a major shareholder of CMPort Holdings and the liaison of CMG) and Gold Newcastle Property Pty Holding Limited (“Gold Newcastle”, a wholly-owned subsidiary of CMU) entered into an acquisition agreement. According to the agreement, CMU and Gold Newcastle agreed to sell, for the total consideration of AUD607.5 million (approximately HK\$3.809 billion), their aggregate interests of 50% in the Port of Newcastle (including shareholder loans of AUD162.5 million) to CMPort Holdings or its wholly-owned subsidiary. And the remaining 50% interest in the Port of Newcastle would be held by a third-party, TIF Investment Trust.</p> <p>4. On 13 December 2018, the Proposal on the Incorporation of China Merchants Hainan Development & Investment Co., Ltd. together with Related Parties was approved at the Second Extraordinary General Meeting of 2018. Chiwan Wharf Holdings (Hong Kong) Limited (a wholly-owned subsidiary of the Company), together with related parties of China Merchants Holdings (Hong Kong) Company Limited, Jumbo Pacific Holdings Limited, China Merchants Expressway Network Technology Holdings Co., Ltd., China Merchants Industry Investment Limited and SinoTrans (HK) Logistics Limited, incorporated China Merchants Hainan Development & Investment Co., Ltd. as an important investment platform in the Hainan Province for all the parties. The new joint venture has a registered capital of RMB3.5 billion, of which Chiwan Wharf Holdings (Hong Kong) Limited subscribes for RMB525 million, representing a stake of 15%.</p> <p>5. On 24 December 2018, the Company disclosed the Report on the Implementation Progress of the Assets Purchase via Share Offering and the Matching Fund Raising & the Related-Party Transaction & the Listing of the New Shares. The Company issued A-shares to CMID for the acquisition of the 1,313,541,560 ordinary CMPort Holdings shares that it held (accounting for approximately 39.45% of CMPort Holdings’ outstanding ordinary shares), with the transaction price being RMB24.65 billion. According to the offering price of RMB21.46/share, the Company issued a total of 1,148,648,648 A-shares to CMID. On 26 December, the Company held the Restructuring & Name Change Ceremony at the Shenzhen Stock Exchange, changing its stock name from “Chiwan Wharf, Chiwan Wharf-B” to “CM Port Group, CM Port Group B”, its stock code from “000022, 200022” to “001872, 201872”.</p>
Construction in progress	<p>Construction in progress amounted to RMB5.499 billion as at 31 December 2018, up by RMB3.191 billion from the beginning amount of RMB2.308 billion, primarily driven by the adding of new subsidiaries to the consolidated financial statements and a higher expense on wharf projects. To be specific, the HIPG wharf construction project contributed an increase of RMB1.334 billion, the TCP berth expansion project contributed RMB0.59 billion and the Shantou Port Guangdong-Macau Phase II project RMB0.524 billion.</p>
Entrusted	<p>1. On 23 August 2017, the Proposal on Signing The Agreement on Equity Management</p>

assets	<p>Entrustment with China Merchants Port Holdings Company Limited (CMPort Holdings) was approved at the 2nd Meeting of the 9th Board of Chiwan Wharf. On the same day, the agreement was signed to let Chiwan Wharf manage, in CMPort Holdings' 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 Holdings. As CMPort Holdings has ceased its control over Chiwan Wharf from 8 June 2018, as per the aforesaid entrustment agreement, Chiwan Wharf'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 <i>Securities Times</i>, <i>Ta Kung Pao</i> and www.cninfo.com.cn on 25 August 2017.</p> <p>2. On 13 December 2018, the Proposal on the Company and China Merchants (Liaoning) Port Development Co., Ltd. Signing the Custody Agreement Regarding Equity Interests in Liaoning Port Group Co., Ltd. was approved at the 10th Extraordinary Meeting of the 9th Board of Directors of 2018 of the Company. As such, the Company was agreed to sign the said agreement with China Merchants (Liaoning) Port Development Co., Ltd., an indirectly wholly-owned subsidiary of CMG. According to the agreement, the Company will manage, in the trust of China Merchants (Liaoning) Port Development Co., Ltd., the 49.9% interest in Liaoning Port Group Co., Ltd. that China Merchants (Liaoning) Port Development Co., Ltd. is currently holding.</p>
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2. Major Assets Overseas

Asset	Source	Asset value (RMB'0,000)	Location	Management model	Control measures to protect asset safety	Return generated (RMB'0,000)	As % of the Company's equity	Material impairment risk (yes/no)
Equity assets	Acquired via share offering	12,236,421.18	Hong Kong	Majority-owned by the Company	Appointing directors, supervisors and senior management	650,649.71	93.16%	No
Other information	N/A							

III. Core competitiveness analysis

1. Active implementation of the key “Belt and Road” initiative with leverage on its global port network

As an important carrier for domestic and overseas port investment and operation of CMG, the Company seized the policy opportunities of the key development Co., Ltd., an indirectly or actively build a global port network and make investments in global resources. In recent years, through mergers, acquisitions and restructuring, along with the renovation of old ports and construction of new ports, the Company has become a modern port chain with global coverage and actively pushed forward the establishment of the “Silk Road Economic Belt” and “21st-Century Maritime Silk Road”.

After years of overseas development, CMPort has developed the port industries across Southeast Asia, South Asia, Africa, Europe, Oceania, etc. Among which, its port network spreads over 18 countries with most ports locating in important port areas of countries along the “Belt and Road” initiative.

The Company aims at “development of the port industry across five continents”. As both the shipping and port sectors gradually shifted to forming alliances, the Company actively integrated its domestic and overseas port assets and capitalised on its relatively complete global port network to provide customers with comprehensive port logistics service solutions, which created its unique competitive strength. At the same time, the diversified investment and operation of port assets have also effectively enhanced its capabilities to resist risks of industry fluctuations and trade frictions.

2. Sound shareholder background

CMG is a key state-owned enterprise under the direct administration of the PRC central government. Headquartered in Hong Kong, it is an integrated enterprise with diversified businesses and one of the four major Chinese enterprises in Hong Kong. Currently, CMG is mainly engaged in three core industries namely transportation, finance and real estate, while focusing on four key sectors including infrastructure and equipment manufacturing, logistics and shipping, integrated finance and comprehensive development of cities and parks. CMG has been rated as a Grade A enterprise in

the Operating Results Assessment of the State-owned Assets Supervision and Administration Commission of the State Council for 14 consecutive years and is a central state-owned enterprise that owns two Fortune 500 companies.

Being a crucial player and facilitator of the national State-owned Assets Supervision and Administration Commission of the State Council for 14 consecutive years actively complete network of overseas port, logistics, finance and park business. The sound shareholder background and ample domestic and overseas resources of CMG have provided strong support to CMPort for creating a global port cooperation platform with international vision and global expansion capabilities.

3. Innovative business development model

Taking port business as the core and leveraging the synergy of different port zones as well as city-industry integration, the Company is actively exploring and facilitating the comprehensive port development model of “Port-Park-City”. Based on the traditional loading and unloading and ancillary services for ports, the Company further expanded various value-added port services to the ports and port cities in which it operates. By gathering talents, information, funds and commodities, the Company continued to expand its business development and regional coverage, thereby driving urban upgrade and development.

Currently, the Company has participated in and pushed forward integrated regional development and construction in various overseas regions under the port-oriented approach, where it has made some progress with initial achievements. The innovative business development model helps foster new profit growth points for the Company.

4. Extensive experience in professional port management with sound and efficient operating style

The Company always adheres to the proactive, sound and efficient operating style. Capitalising on its global portfolio for port asset and resource allocation, it is committed to providing customers with timely and efficient port and maritime logistics services and thus becoming an important gateway for the country’s foreign trade. At the same time, the Company also made an extensive investment in bonded logistics business to expand its port value chain. Taking advantages of the synergies of its existing terminal network, the Company created values for both its customers and

shareholders.

The Company has earned itself good reputation across the industry by leveraging the professional management experience accumulated for years, its self-developed global leading port operating system and integrated logistics management platform for import and export, its extensive maritime logistics support system and all-rounded modern integrated logistics solutions, its high-quality engineering management and reliable service offerings.

PART IV Performance Discussion and Analysis

I. Summary

1. External Environment Analysis

In 2018, the global economy continued to grow at a moderate pace. However, the growth rates of major economies have almost peaked while certain emerging markets and countries were facing financial instability, demonstrating intensified uneven growth trend among different economies. Currently, with the setback in multilateral trading system, the landscape of international trade is restructuring, which has facilitated rapid development of regional trade agreements. According to the latest “atrest , the global economy continued to grow at a mornational Monetary Fund (“IMF” MFest , the global economy continued to grow at a mornational Monetary Fund (“growth rates of major economies have almost peaked while certain emerging markets and countries were facing f, down by 0.1 percentage point as compared to that of 2017, while emerging markets and developing economies grew at 4.6%, respectively, down by 0.1 percentage point as compared to that of 2017. Total global trade volume (including goods and services) grew by 4.0%, representing a decrease of 1.3 percentage points as compared to that of 2017.

In 2018, China’ s economic growth was 6.6%, representing a decrease of 0.2 percentage point over 2017. Despite the complicated international environment, China insisted on pursuing progress while maintaining stability and the overall economic development remained stable within a reasonable range. While strenuously promoting the supply-side structural reform, the PRC government continued to innovate and improve its macroeconomic control policies, striving to cultivate and develop innovative industries. The Chinese economy has shifted from the rapid growth phase to quality development phase with the driving force of innovation further increased and the upgrade and development of consumption and industry structures progressed at a faster pace. Amid the overall global trade growth, according to the statistics of the General Administration of Customs, China’ s total foreign trade import and export value amounted to RMB30.51 trillion in 2018, representing a year-on-year increase of 9.7%, among which the total export value was RMB16.42 trillion, indicating a 7.1% year-on-year increase, while total import value was RMB14.09 trillion, reflecting a year-on-year increase of 12.9%. In particular, the potential of trade cooperation between China and those countries along the “Belt and Road” initiative is unleashing, leading to an increase in import and export value of 13.3%, which is higher than the overall growth rate.

Driven by the growth in global economy and trade, the global port business generally showed moderate growth in 2018; and the growth rate of port business in China remained steady since the first quarter. According to the data published by National Bureau of Statistics of China, the container throughput handled by Chinese ports of significant scale totalled 250 million TEUs in 2018, representing an increase of 5.2% year-on-year.

2. Port Business Review

In 2018, the Company's ports handled a total container throughput of 109.73 million TEUs, up by 6.6% year-on-year, among which the ports in Mainland China contributed container throughput of 81.39 million TEUs, indicating an increase of 5.5% year-on-year, which was mainly driven by steady recovery of the Mainland China's economy and improvement of import and export trade. The Company's operations in Hong Kong and Taiwan contributed an aggregate container throughput of 7.67 million TEUs, representing a growth of 2.5% as compared with the same period last year. Benefited from the rapid growth of the ports operation of CICT in Sri Lanka, LCT in Togo and Kumport in Turkey, a total container throughput handled by the Company's overseas ports grew by 12.9% year-on-year to 20.66 million TEUs. Bulk cargo volume handled by the Group's ports increased by 1.5% year-on-year to 504 million tonnes, of which the Group's ports in Mainland China handled a total bulk cargo volume of 530 million tonnes, representing an increase of 1.6% year-on-year.

Pearl River Delta region

In the Pearl River Delta region, the Group's terminals in West Shenzhen Port Zone handled a container throughput of 11.35 million TEUs, up by 1.5% year-on-year. Chu Kong River Trade Terminal Co., Ltd. handled a total container throughput of 1.17 million TEUs, down by 13.3% year-on-year. Bulk cargo volume handled by the West Shenzhen Port Zone amounted to 18.03 million tonnes, down by 17.3% year-on-year, mainly due to the decrease in business volume as a result of the upgrade and renovation project of Haixing Port. With further release of production capacity, Dongguan Machong Terminal handled bulk cargo volume of 13.23 million tonnes during the period, representing an increase of 3.4% year-on-year.

Yangtze River Delta region

Shanghai International Port (Group) Co., Ltd. (eSIPG" IPGghai International Port (Group) Co., Ltd. (eon TEUs, up by 4.4% year-on-year, which was mainly driven by the increase in number of shipping routes due to reorganisation of shipping companies' alliances, and the release of production capacity from the commencement of operation of phase IV of SIPG's fully automated port in Yangshan since December 2017. Bulk cargo volume handled during the year decreased by

8.3% year-on-year to 150 million tonnes, mainly attributed to the decrease in coal unloaded amount after adjustments made against the structure of bulk cargo source by SIPG. Ningbo Daxie China Merchants International Terminals Co., Ltd. handled a container throughput of 3.16 million TEUs, representing an increase of 5.1% year-on-year, which was mainly benefited from the adjustment of certain shipping routes.

Bohai Rim region

Dalian Port (PDA) Company Limited handled a container throughput of 11.11 million TEUs and bulk cargo volume of 135 million tonnes, representing an increase of 3.3% and 4.3% year-on-year respectively. Qingdao Qianwan United Container Terminal Co., Ltd. handled a container throughput of 6.93 million TEUs, representing an increase of 11.1% year-on-year. Qingdao Qianwan West Port United Terminal Co., Ltd. handled bulk cargo volume of 15.54 million tonnes, representing an increase of 18.4% year-on-year. Qingdao Port Dongjiakou Ore Terminal Co., Ltd. handled bulk cargo volume of 57.36 million tonnes, indicating an increase of 3.6% year-on-year. Laizhou Harbour Affairs (莱州港务) handled bulk cargo volume of 22.75 million TEUs, representing an increase of 4.7% year-on-year. Tianjin Five Continents International Container Terminals Co., Ltd. handled a total container throughput of 2.72 million TEUs, representing an increase of 3.4% year-on-year.

South-East region of Mainland China

Zhangzhou China Merchants Port Co., Ltd. (“ZCMP”), located in Xiamen Bay Economic Zone, handled a container throughput of 0.457 million TEUs, increased by 13.9% year-on-year, which was mainly benefited from the increase in domestic shipping routes. With the recovery of the production capacity of wood processing and iron ore fines industries in the hinterland of ZCMP, bulk cargo volume handled by ZCMP amounted to 14.32 million tonnes, up by 37.4% year-on-year. Shantou China Merchants Port Group Co., Ltd., which was acquired in August 2017, handled a container throughput of 1.29 million TEUs and bulk cargo volume of 9.23 million tonnes.

South-West region of Mainland China

Zhanjiang Port (Group) Co., Ltd. handled a container throughput of 0.98 million TEUs, up by 9.7% year-on-year; and a bulk cargo volume of 91.87 million tonnes, up by 1.8% year-on-year.

Hong Kong and Taiwan

The total container throughput handled by ports in Hong Kong dropped by 5.7% year-on-year, of which the container throughput handled by the ports in Kwai Tsing area decreased by 4.7% year-on-year. Modern Terminals Limited and China Merchants Container Services Limited delivered an aggregate container throughput of 5.93 million TEUs, up by 2.5% year-on-year, which

outperformed the overall market of Hong Kong. Kao Ming Container Terminal Corporation in Kaohsiung handled a total container throughput of 1.75 million TEUs, representing an increase of 2.8% year-on-year.

Overseas operation

In 2018, a total container throughput handled by the Company's overseas operations increased by 12.9% year-on-year to 20.66 million TEUs, among which container throughput handled by CICT in Sri Lanka rose by 12.0% year-on-year to 2.68 million TEUs. Container throughput handled by LCT in Togo increased by 18.3% year-on-year to 1.05 million TEUs. Container throughput handled by Tin-Can Island Container Terminal Limited (referred to as TICT) in Nigeria was 0.48 million TEUs, representing an increase of 2.4% year-on-year. Container throughput handled by Port de Djibouti S.A. (referred to as PDSA) in Djibouti amounted to 0.86 million TEUs, down by 7.5% year-on-year, mainly attributed to the decrease in transshipment volume to Ethiopia. Terminal Link SAS, which acquired the port of Thessaloniki in Greece at the beginning of the year, handled container throughput of 13.64 million TEUs, representing an increase of 8.6% year-on-year. Container throughput handled by Kumport in Turkey increased by 18.3% year-on-year to 1.26 million TEUs. In February 2018, the acquisition of TCP in Brazil was officially completed. TCP handled a container throughput of 0.69 million TEUs from March to December.

3. Implementation of business plan during the reporting period

During the reporting period, adhering to the working principles of “farsighted and down-to-earth” and “establishing integrated systems and building core competitiveness”, the Company continued to maintain its strategic strength and remained committed to the strategic focus of domestic and overseas development and innovation and achieved major breakthroughs in five aspects, namely the development of homebase port, port consolidation, overseas expansion, comprehensive development and business innovation. Over the past year, the Company actively implemented its key tasks and maintained a steady growth in the core business and operating results of the Company's ports.

Regarding the development of its homebase ports, Tonggu Channel project in West Shenzhen Port Zone was completed which enabled 200,000-tonnes mega vessels to call. Moreover, the renovation project of Haixing Port progressed as scheduled while the construction proposal of “Smart Port” has been proved and already entered into the implementation stage. In accordance with the concept of “strong synergy for high throughput”, the Group has facilitated the cooperation between West Shenzhen Port Zone and river terminals in the Pearl River Delta and achieved

preliminary results.

In terms of port consolidation, the Company has established a strategic layout with a focus on one was completed which enang Kong-Macao Bay Area, connecting regions along Belt and Road Initiatives with a broad global network coverage” through strategic reconstruction, which has become the platform for managing the CMG’ s port business and capital operation. In Bohai Rim, the entrusted management arrangement of Liaoning Port Group was completed.

As for overseas expansion, by seizing the opportunities arising from the major initiative of “Belt and Road” and the transfer of international production, the Company actively grasped the investment opportunities in ports, logistics and related infrastructure. The Company completed the acquisitions of TCP Terminal in Brazil, South America and Port of Newcastle in Australia, Oceania in 2018, realising its full coverage in six continents and further optimising its global port network.

In terms of comprehensive development, the Company actively explored and promoted the “Port-Park-City” comprehensive development model and achieved milestone progress. Djibouti International Free Trade Zone was officially opened in July 2018 and received good response. The comprehensive development project of Hambantota Port in Sri Lanka has completed the initial overall conceptual planning and has been actively developing the wheeled and bulk cargo business, demonstrating a sound business development trend.

With regard to innovative development, the Group actively pushed forward the “digitalised strategy” through the philosophy of “bringing influence through technology innovation, facilitating expansion by business innovation, enhancing quality and efficiency by integration innovation, and planning future by mechanism innovation” in exploring the construction of the port ecosystem. In 2018, the Company completed the E-Port project, RTG Remote Control project and Pearl River Delta (“PRD”) NETWORK project in West Shenzhen Port Zone with the utilisation of digital port technology, automated terminal technology, artificial intelligence application and big data analysis application. In terms of integrated cooperation model of industry with elements of finance, the Company planned for the establishment of the China Port Innovation Investment Fund (中国港口创新投资基金) which aimed to coordinate with the domestic influential port groups, innovate integrated cooperation model of industry with elements of finance, and explore new technologies, models and mechanisms for the port ecosystem, thereby achieving collaboration and resource matching between various port groups and the invested industries.

II Core Business Analysis

1. Overview

Changes in key financial indicators in the Reporting Period are as follows:

Unit: RMB

Item	2018	2017	Change (%)	Reason for the change
Operating revenue	9,703,394,622.58	7,544,635,284.96	28.61%	The adding of CMPort Holdings to the consolidated financial statements for the current year
Cost of sales	5,739,241,395.87	4,710,312,660.51	21.84%	The adding of CMPort Holdings to the consolidated financial statements for the current year
Administrative expense	1,251,865,675.45	853,900,889.90	46.61%	The restructuring costs and the adding of CMPort Holdings to the consolidated financial statements for the current year
Finance costs	1,643,418,102.95	955,406,648.46	72.01%	A higher interest expense as a result of more interest-bearing debt, as well as a greater exchange loss, net caused by exchange rate fluctuations
Net cash generated from/used in operating activities	4,288,575,424.84	3,475,037,036.28	23.41%	-

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2018		2017		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	9,703,394,622.58	100%	7,544,635,284.96	100%	28.61%
By operating division					
Port operations	9,184,527,309.09	94.65%	7,105,017,045.51	94.17%	29.27%
Bonded logistics service	386,269,027.02	3.98%	355,133,637.25	4.71%	8.77%
Other	132,598,286.47	1.37%	84,484,602.20	1.12%	56.95%
By operating segment					
Mainland China, Hong Kong and Taiwan	6,635,924,788.34	68.39%	6,036,330,920.53	80.01%	9.93%
Other countries and regions	3,067,469,834.24	31.61%	1,508,304,364.43	19.99%	103.37%

(2) Operating Division, Product Category or Operating Segment Contributing over 10% of Operating Revenue or Operating Profit

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						

Port operations	9,184,527,309.09	5,303,286,893.31	42.26%	29.27%	23.38%	5.81%
By operating segment						
Mainland China, Hong Kong and Taiwan	6,635,924,788.34	4,216,939,216.81	36.45%	9.93%	6.56%	2.90%
Other countries and regions	3,067,469,834.24	1,522,302,179.06	50.37%	103.37%	102.15%	0.30%

(3) Whether Revenue from Physical Sales Is Higher than Service Revenue

Yes No

(4) Execution Progress of Major Signed Sales Contracts in the Reporting Period

Applicable Not applicable

(5) Breakdown of Cost of Sales

Unit: RMB

Operating division	Item	2018		2017		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Port operations	Loading and unloading services	5,303,286,893.31	92.40%	4,298,197,269.65	91.25%	23.38%
Bonded logistics service	Logistics service	214,495,776.55	3.74%	201,919,562.78	4.29%	6.23%
Other	Properties	221,458,726.01	3.86%	210,195,828.08	4.46%	5.36%
Total		5,739,241,395.87	100.00%	4,710,312,660.51	100.00%	21.84%

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

Yes No

China Merchants Port (Zhoushan) RoRo Logistics Co., Ltd. has been added to the consolidated financial statements of the Reporting Period due to an asset purchase via capital increase; China Merchants Port Holdings Company Limited (“CMPort Holdings”) has been added as a result of a business combination under common control involving the Company; TCP has been added due to a business combination not under common control involving CMPort Holdings, a subsidiary of the Company; and Shenzhen Haixing Onoda Logistics Development Co., Ltd. has been added due to an asset purchase of CMPort Holdings.

(7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	2,771,538,285.20
Total sales to top five customers as % of total sales of the Reporting Period (%)	28.56%
Total sales to related parties among top five customers as % of total sales	0%

of the Reporting Period (%)	
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Top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Customer A	1,185,119,294.05	12.21%
2	Customer B	468,009,461.45	4.82%
3	Customer C	454,654,929.72	4.69%
4	Customer D	362,165,543.53	3.73%
5	Customer E	301,589,056.45	3.11%
Total	--	2,771,538,285.20	28.56%

Other information about major customers:

Applicable Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	969,354,243.89
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	21.47%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	0%

Top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier A	345,775,896.27	7.66%
2	Supplier B	338,102,927.61	7.49%
3	Supplier C	113,117,715.82	2.51%
4	Supplier D	88,859,558.97	1.97%
5	Supplier E	83,498,145.22	1.85%
Total	--	969,354,243.89	21.47%

Other information about major suppliers:

Applicable Not applicable

3. Expense

Unit: RMB

	2018	2017	Change (%)	Reason for any significant change
Administrative expense	1,251,865,675.45	853,900,889.90	46.61%	The restructuring costs and the adding of CMPort Holdings to the consolidated financial statements for the current year
Finance costs	1,643,418,102.95	955,406,648.46	72.01%	A higher interest expense as a result of more interest-bearing debt, as well as a greater exchange loss, net caused by exchange rate fluctuations
R&D expense	121,989,097.82	95,247,274.67	28.08%	Higher expenses on various R&D projects

4. R&D Expense

In 2018, adhering to the strategic principle of “Have a Long-Term Vision and Grasp Current Opportunities”, the Company made great efforts to promote standardization, digitization and automation in port operations, which has produced certain results and laid a solid foundation for the building of intelligent ports with China Merchants’ characteristics.

The progress of the Company’s major R&D projects in the Reporting Period is as follows: The E-Port system has started running upon the completion of construction and acceptance; the Shenzhen Western Ports Command and Control Center has been upgraded comprehensively; the Mawan Wharf has successfully completed the remote control modification of all the 36 RTG, with the handling volume exceeding 1 million TEU; and the global container AI project, the AI-based port decision-making system and the intra-port driverless vehicle project have been launched and on track.

Details about R&D expense:

	2018	2017	Change (%)
Number of R&D personnel	428	425	0.71%
R&D personnel as % of total employees	4.47%	5.29%	-0.82%
R&D expense (RMB)	121,989,097.82	95,247,274.67	28.08%
R&D expense as % of operating revenue	1.26%	1.26%	0.00%
Capitalized R&D expense (RMB)	-	-	
Capitalized R&D expense as % of total R&D expense	0.00%	0.00%	

Reasons for any significant YoY change in the percentage of R&D expense in operating revenue:

Applicable Not applicable

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

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2018	2017	Change (%)
Subtotal of cash generated from operating activities	10,551,620,379.77	8,121,339,982.14	29.92%
Subtotal of cash used in operating activities	6,263,044,954.93	4,646,302,945.86	34.80%
Net cash generated from/used in operating activities	4,288,575,424.84	3,475,037,036.28	23.41%
Subtotal of cash generated from investing activities	1,989,829,350.62	9,831,224,130.57	-79.76%
Subtotal of cash used in investing activities	17,138,391,838.98	7,747,352,982.62	121.22%
Net cash generated from/used in investing activities	-15,148,562,488.36	2,083,871,147.95	-826.94%
Subtotal of cash generated from financing activities	36,557,170,707.26	10,486,329,575.00	248.62%
Subtotal of cash used in financing activities	27,681,971,449.91	11,274,819,013.90	145.52%
Net cash generated from/used in financing activities	8,875,199,257.35	-788,489,438.90	1225.60%
Effect of exchange rate fluctuations on cash	-371,390,771.83	-294,425,747.23	26.14%
Net increase in cash and cash equivalents	-2,356,178,578.00	4,475,992,998.10	-152.64%

Explanation of why any of the data above varies significantly on a year-on-year basis:

Subtotal of cash generated from operating activities rose 29.92% year-on-year, primarily driven by higher proceeds from sale of commodities and rendering of services.

Subtotal of cash used in operating activities rose 34.80% year-on-year, primarily driven by more payments for commodities and services and more cash used in other operating activities.

Subtotal of cash generated from investing activities declined 79.76% year-on-year, primarily driven by a smaller amount of net proceeds from disposal of subsidiaries or other business units.

Subtotal of cash used in investing activities rose 121.22% year-on-year, primarily driven by a higher amount of net payments for acquisition of subsidiaries and other business units.

Net cash generated from investing activities declined 826.94% year-on-year, primarily driven by

less cash generated from and more cash used in investing activities.

Subtotal of cash generated from financing activities rose 248.62% year-on-year, primarily driven by a higher amount of borrowings obtained.

Subtotal of cash used in financing activities rose 145.52% year-on-year, primarily driven by a higher amount of repayments of borrowings.

Net cash generated from financing activities rose 1225.60% year-on-year, primarily driven by a higher amount of net inflow calculated by borrowings obtained minus repayments of borrowings.

Explanation of why net cash generated from/used in operating activities varies significantly from net profit of the Reporting Period:

✓ Applicable Not applicable

For the Reporting Period, net cash generated from operating activities was RMB4,288,575,424.84, while net profit was RMB2,885,914,753.96. The gap was primarily caused by the changes in the fair value of financial assets as a result of the adoption of the new accounting standards governing financial instruments for the current year.

III Analysis of Non-Core Businesses

The non-core business operations with a significant impact on the Company's profit are as follows:

Unit: RMB

	Amount	As % of total profit	Main source/reason	Exceptional or recurrent
Investment income	3,967,828,149.48	109.78%	Share of the profit of joint ventures and associates, mainly Shanghai Port	Recurrent
Gain/loss on changes in fair value	-1,074,406,837.68	-29.73%	Loss on changes in the fair value of trading financial assets	Exceptional

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2018		1 January 2018		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary capital	7,070,308,704.75	5.52%	7,729,460,082.75	7.08%	-1.56%	-
Accounts	1,109,230,503.08	0.87%	892,415,771.49	0.82%	0.05%	-

receivable						
Inventory	108,567,270.02	0.08%	82,789,282.22	0.08%	0.00%	The adding of new subsidiaries to the consolidated financial statements
Investment property	5,890,146,989.51	4.60%	6,060,625,982.13	5.55%	-0.95%	-
Long-term equity investments	50,176,577,263.40	39.19%	43,160,849,807.48	39.55%	-0.36%	-
Fixed assets	22,994,190,880.43	17.96%	23,167,393,454.86	21.23%	-3.27%	-
Construction in progress	5,499,426,090.06	4.30%	2,308,007,330.50	2.11%	2.19%	The adding of new subsidiaries to the consolidated financial statements and a higher wharf construction expense
Short-term borrowings	3,425,291,312.62	2.68%	2,580,000,000.00	2.36%	0.32%	-
Long-term borrowings	6,971,479,842.18	5.45%	7,670,516,491.15	7.03%	-1.58%	-

2. Assets and Liabilities at Fair Value

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Ending amount
Financial assets							
Financial assets at fair value through profit or loss (exclusive of derivative financial assets) (note)	2,982,466,950.23	-948,440,538.45	-	-	-	-	2,087,872,081.94
Investments in other equity instruments (note)	233,483,968.79	-	10,304,221.16	-	-	-	247,848,314.30

Subtotal of financial assets	3,215,950,919.02	-948,440,538.45	10,304,221.16	-	-	-	2,335,720,396.24
Total of the above	3,215,950,919.02	-948,440,538.45	10,304,221.16	-	-	-	2,335,720,396.24
Financial liabilities	-	-	-	-	-	-	-

Note: The Company adopts the new accounting standards governing financial instruments starting from 1 January 2018, transferring certain equity instrument investments recorded in available-for-sale financial assets at the end of last year to financial assets at fair value through profit or loss.

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes No

3. Restricted Asset Rights as at the Period-End

There are structured deposits at the carrying amount of RMB1,697,027,200.00 that are kept overseas with restricted repatriation and are not withdrawable on demand; fixed assets in financial leases at the carrying amount of RMB5,516,393,451.13 and fixed assets as bank loan mortgages at the carrying amount of RMB308,813,888.44; construction in progress as bank loan mortgages at the carrying amount of RMB43,352,104.92; intangible assets as bank loan mortgages at the carrying amount of RMB161,408,030.71; and equities and interests as bank loan mortgages at the carrying amount of RMB2,293,573,691.13.

V Investments Made

1. Total Investment Amount

Applicable Not applicable

	Amount in 2018 (RMB)	Amount in 2017 (RMB)	Change (%)
Equity investments	13,015,203,804.01	4,177,797,893.03	211.53%
Non-equity investments	2,437,080,643.74	2,511,160,012.03	-2.95%

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

Unit: RMB'0,000

Investee	Principal activity	Way of investment	Investment amount	The Company's interest	Funding source	Joint investor	Term of investment	Type of products	Investment progress as at the balance sheet date	Return on investment in the Reporting Period	Any legal matter involved	Disclosure date	Index to disclosed information
CMPort (Zhoushan) RoRo	Operation of freight station	Capital increase	14,970.98	51%	Self-owned funds	Zhoushan Lanhai Investment	Permanent	Equity	Equity has been	-212.42	Not	27 January 2018	Refer to http://www.cninfo.com.cn for details

Logistics Co., Ltd.	(yard) (freight forwarding and storage and tallying)					nt Co., Ltd., CSC RoRo Logistics Company Limited, Zhoushan Archipelago New Area SinoTran s & CSC RoRo Logistics Co., Ltd. and Zhoushan Archipelago New Area Xinghai RoRo Terminal Co., Ltd.			transferr ed				of relevant announcement on resolutions (announcement No. 2018-007)
China Merchant s Port Holdings Company Limited	Port operations	Acquisit ion	2,465,000.00	39.45%	Additio nal shares	China Merchant s Investme nt Develop ment Company Limited	Perman ent	Equit y	Equity has been transferr ed	256,681.31	Not	21 June 2018	Refer to http://www.cninfo.com.cn for details of relevant announcement on resolutions (announcement No. 2018-062)
China Merchant s Hainan Develop ment & Investme nt Co., Ltd.	Land developm ent, operation of parks and properties , constructi on and	New set up	52,500.00	15%	Self-ow ned funds	China Merchant s Group (H.K.) Limited, Jumbo Pacific Holdings Limited, China	Perman ent	Equit y	Establis hed		- Not	1 Decem ber 2018	Refer to http://www.cninfo.com.cn for details of relevant announcement on resolutions (announcement No. 2018-108)

	investment of municipal infrastructure, water and power supply for parks, urban renewal, investment and management of projects, etc.					Merchant Expressway Network & Technology Holdings Co., Ltd., China Merchants Industrial Investment Co., Ltd. and Sinotrans (HK) Logistics Limited							
Total	--	--	2,532,470.98	--	--	--	--	--	--	233,071.89	--	--	--

3. Major Non-Equity Investments Ongoing in the Reporting Period

Unit: RMB'0,000

Item	Way of investment	Fixed assets investment or not	Industry involved	Input amount in the Reporting Period	Accumulative actual input amount as of the period-end	Capital resources	Progress	Estimated return on investment	Accumulative realized revenues as of the period-end
Machong III silo	Self-build	Yes	Support activities of water transportation	4,200	4,231	Self-owned funds and loans	The civil work completed 30%, the purchase and installment of equipment completed the bid.	10.5%	Not carry over
Building of Shantou Port's headquarters	Self-build	Yes	Support activities of water transpo	5	5	Self-owned funds	Not yet start and is working out the construction plan with China Merchants Shekou	10.0%	Not carry over

			rtation				Industrial Zone Holdings Co., Ltd.		
Bulk grain vertical silo in Machong Terminal	Self-build	Yes	Support activities of water transportation	3,163	24,096	Self-owned funds and loans	Has been completed and put into operation in June 2018	8.0%	Not carry over
Project of berth in Xiamen Port Houshi Port	Self-build	Yes	Support activities of water transportation	11,459	99,083	Self-owned funds and loans	The physical construction of the project has been basically completed	8.0%	Not carry over
Building project of Legeshan terminal in shunde, Foshan	Self-build	Yes	Support activities of water transportation	4,743	51,889	Self-owned funds and loans	The physical construction of the project has been basically completed and currently in the settlement process of each item of the project	8.1%	Not carry over
Transformation project of Mawan Smart Port of Haixing Harbor	Self-build	Yes	Support activities of water transportation	18,642	71,286	Self-owned funds and loans	Construction of the hydraulic channel reactor completed 41.1%. The supporting equipment will be landed in late 2019 and early 2020. It is expected to be completed by June 2020	8.4%	Not carry over
Shantou Port Guangao Port Phase II project	Self-build	Yes	Support activities of water transportation	71,904	150,228	Self-owned funds and loans	Expected to be completed and put into operation on 30 June 2019	8.8%	Not carry over
Djibouti international Free Trade Zone Phase I Warehouse	Self-build	Yes	Support activities of water transportation	33,714	34,514	Self-owned funds	Has been completed and currently in the process of handling the certificate of land	14.2%	Not carry over
Machong Project II	Self-build	Yes	Support activities of water transportation	378	90,901	Self-owned funds	At the present stage, the main construction content of the project is 50.86 meters of shoreline and rear construction, and 85% of the wharf has been backfilled.	22.8%	Not carry over
TCP	Self-b	Yes	Support	91,993	91,993	Self-owne	The overall project was	10.0%	Not carry

expansion project	uild		t activities of water transportation			d funds	completed 66% ahead of schedule, with equipment 36% completed		over
Total	--	--	--	240,201	618,226	--	--	--	--

4. Financial Investments

(1) Securities Investments

√ Applicable □ Not applicable

Unit: RMB

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Beginning carrying value	Gain/loss on fair value changes in the Reporting Period	Cumulative fair value changes recorded into equity	Purchased in the Reporting Period	Sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying value	Accounting item	Capital resources
Stock	601018	Ningbo Port	592,183,095.14	Fair value method	2,164,404,449.06	-873,891,271.63	0	0	0	32,107,779.07	1,361,414,474.58	Trading financial assets	Self-owned
Stock	06198	Qingdao Port	124,405,138.80	Fair value method	180,609,703.14	1,043,921.18	0	0	0	0	190,401,046.01	Trading financial assets	Self-owned
Stock	600377	Jiangsu Expressway	1,120,000.00	Fair value method	9,850,000.00	0	-50,000.00	0	0	440,000.00	9,800,000.00	Other equity instrument investment	Self-owned
Stock	400032	Petrochemical A1	3,500,000.00	Fair value method	382,200.00	0	0	0	0	0	382,200.00	Other equity instrument investment	Self-owned
Stock	400009	Guang Jian 1	27,500.00	Fair value method	17,000.00	0	0	0	0	0	17,000.00	Other equity instrument investment	Self-owned

Total	721,235,733.94	--	2,355,263,352.20	-872,847,350.45	-50,000.00	0	0	32,547,779.07	1,562,014,720.59	--	--
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(2) Investments in Derivative Financial Instruments

No such cases in the Reporting Period.

5. Use of Funds Raised

No such cases in the Reporting Period

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

On 5 February 2018, China Merchants Gangtong Development (Shenzhen) Co., Ltd., the subsidiary of China Merchants Group Co., Limited, and its persons acting in concert Broadford Global Limited, Shenzhen Malai Storage Co., Ltd. and Keen Field Enterprises Limited (all wholly-owned subsidiaries of China Merchants Port Holdings Company Limited) and China Nanshan Development (Group) Inc. signed the share transfer agreement. China Merchants Gangtong Development (Shenzhen) Co., Ltd. would receive 209,687,067 Chiwan Wharf A-shares held by China Nanshan Development (Group) Inc. by agreement at RMB25.47 per share and 161,190,933 Chiwan Wharf A-shares held by China Merchants Port Holdings Company Limited via Shenzhen Malai Storage Co., Ltd., for which all shares involved totaled 370,878,000, accounting for 57.52% of the total outstanding shares of Shenzhen Chiwan Wharf Holdings Limited with total amount involved of RMB9,446,262,660. Broadford Global Limited would receive 55,314,208 Chiwan Wharf-B shares held by China Merchants Port Holdings Company Limited via Keen Field Enterprises Limited, accounting for a stake of 8.58%, at HKD13.35 per share by agreement with total amount involved of HKD738,444,676.80. The transfer procedure for above-mentioned shares has been completed on 8 June 2018.

VII Major Subsidiaries

Major fully/majority-owned subsidiaries and those minority-owned subsidiaries with an over 10% effect on the Company's net profit

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
China Merchants Port Holdings Company Limited	Subsidiary	Port business, bonded logistics and property investment	HKD39,070,126,258.00	122,364,211,826.33	76,860,856,823.59	8,573,857,384.94	7,652,557,348.82	6,506,497,086.15
Shanghai International Port (Group) Co., Ltd.	Joint stock company	Business related to port, container and terminal	RMB23,173,674,650.00	144,367,034,015.90	82,350,314,450.25	38,042,544,621.37	14,261,140,583.93	11,472,021,103.16
China Nanshan Development (Group) Inc.	Joint stock company	Holding via investment	RMB900,000,000.00	45,189,124,267.24	15,431,558,364.91	13,783,861,995.28	4,441,542,814.51	2,853,690,744.34
Dalian Port (PDA) Company Limited	Joint stock company	port and logistics	RMB12,894,535,999.00	35,315,583,172.89	20,860,237,206.45	6,754,444,902.38	859,395,678.83	681,981,351.02

Subsidiaries obtained or disposed in the Reporting Period

Subsidiary	How subsidiary was obtained or disposed in the Reporting Period	Effects on overall operations and operating performance
China Merchants Port Holdings Company Limited	Business combination under the same control	Business integration
Shenzhen Haixing Onoda Logistics Development Co., Ltd.	Obtained by other method	Cooperate with berth transformation of the wharf
TCP Participações S.A.	Business combination not under the same control	Container terminal newly added
CMPort (Zhoushan) RoRo Logistics Co., Ltd.	Obtained by other method	Newly added services of loading and unloading at ro-ro terminal and warehousing

There is no information on major holding companies and joint stock companies for the Company to disclose during the Reporting Period.

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX. Outlook of the Company led by the Company

1. Outlook and trends of the industry

Looking forward to 2019, after the strong recovery in the last two years, the global economy will face the risk of slower growth. Trade protectionism will lead to more friction in the circulation of key elements and geopolitical issues will continue to dampen global recovery. With the weakening marginal utility of the stimulation policies, coupled with the effect of continuous interest rate hike, the United States will be facing increased debt and financial pressure; while the European economies will continue to recover at a slow pace with the prevailing uncertainties associated with political risks. Meanwhile, as affected by capital outflow, currency depreciation and geopolitical issues, the emerging and developing economies demonstrated diverging growth trends. According to IMF, it is expected that the global economy will grow at a lower rate of 3.5% in 2019, down 0.2 percentage point as compared to that of 2018, among which, developed economies are expected to grow by 2.0%, down 0.3 percentage point as compared to that of 2018; emerging and developing economies will grow by 4.5%, down 0.1 percentage point as compared to that of 2018, and the total global trade volume (including goods and services) will grow by 4.0%, flat with 2018.

China forward to 2019, after the strong recovery in the last two years, the global economy will face the risk of slower growth. Trade protectionism will lead to gradually stabilise under more vigorous fiscal expansion whilst income tax reform will help to stabilise consumption. The constant promulgation of supportive policies for private enterprises will restore the confidence of the enterprises. Fiscal and monetary policies aiming to stabilise overall demand will be more relaxed, and a more moderate and flexible approach will be adopted in addressing complicated international issues such as Sino-US trade friction. All of the above will be conducive to economic and trade growth. According to the IMF, China's economy is projected to grow by 6.2% in 2019, down 0.4 percentage point over 2018.

Affected by the trade investment policy of 2019, down 0.4 percentage point over 2018. economy will face the risk of slower growth rate hike and tax reduction of developed countries, the risk of declining cyclical recovery momentum of the global economy will increase. In 2019, the global container transportation market will be under recovery and adjustment with the pressure of overcapacity. Under the influence of the Sino-US trade friction, the centralized export in 2018 by certain cargo owners of Trans-Pacific shipping routes will have a certain impact on their seaborne volume in 2019; while the shipping price of Asia-Europe shipping routes is under pressure as affected by the economic slowdown in Europe. However, the industrial transfer will bring more

rooms for the development of shipping routes in Southeast Asia. Meanwhile, under the influence of trade friction and industrial transfer, the port investment of emerging economies will be facing intensified competition. The port price of developed countries continued to rise, creating great pressure for the acquisition and expansion strategy of port operators.

The current policies in China encouraging imports and acceleration of consumption upgrade will drive the growth of domestic import. Through measures such as organizing Import Expo, the Chinese government has been vigorously driving consumption. In the future, the government will focus on both export and import in China and the consumption import market will certainly provide great support for the port operation in China. The continued implementation of Guangdong-Hong Kong-Macao Greater Bay Area and free-trade port policy is expected to promote port development. With enhancing trading activities in the region, there will be opportunities for the development of regional shipping hubs. The integration of domestic regional ports has also brought opportunities to tap into major coastal cities and realise comprehensive development. Under the new development trend of domestic and overseas economy and trade as well as ports and the shipping industry, the Company will be playing an increasingly important role as a major player among global comprehensive port service providers.

2. Development strategy of the Company

The Company is striving to become a world imports and acceleration of consumption upgrade will drive the growth of domestic import. Through measures such as organizing Import Expo,ology-driven and flexible” and the goal of quality development to accelerate the technology-powered innovation, thereby realizing a scientific global layout with balanced development, providing first-class professional solutions and seeking more returns for shareholders, which will in turn support the development of local economy and industries and promote positive development of the port industry.

Firstly, in respect of domestic strategies, the Company will, by seizing the opportunity arising from the supply-side reform and based on “regional consolidation and enhancement of synergy”, seek for opportunities for consolidation and cooperation on an ongoing basis across the five main coastal regions with a view to further expanding and improving the ports network layout within China. The Group will lead a new direction for the consolidation of regional ports with a key focus on constantly improving the quality of port development with its best efforts. Secondly, in respect of overseas strategies, the Company will continue to capitalize on the opportunities arising from the “Belt and Road” initiative promoted by China and the international industrial transfers, at the same time adapting to the trend of deploying mega-vessels and forming shipping alliances. Emphasis will be placed on the development of global major hub ports and gateway ports as well as areas with

high market potential, fast-growing economy and promising development prospect. The Company will grasp opportunities in port, logistics and related infrastructures investment for the on-going enhancement of its global port network.

Thirdly, in respect of innovation strategies, the Company will adhere to the strategy of innovation strategies, logistics and related infrastructures on the opportunities innovation and holding the technology high ground. By means of technological innovation and innovative management, it will significantly enhance the efficiency and effectiveness of port operation and become a leading enterprise in the automation transformation of traditional ports. It will also enrich the comprehensive port services through business model innovation.

3. Business plans for 2019

In 2019, under the strategic principle of being del innovation.ted infrastructuresze on the opportunitiesnnovatioCompany will strengthen synergic cooperation externally and accelerate integrated development internally, make efforts to enhance various capabilities, improve risk prevention and control, establish quality development models and be committed to the vision of being a “will strengthen synergic cooperation externally and.

Regarding the development of homebase port, the Company will promote the West Shenzhen Port Zone as a world-class leading port by pushing forward the dredging project of West Shenzhen Port Zone and the completion and acceptance of the Tonggu Channel project as soon as possible and thus offering protection to the mega vessels to call at West Shenzhen Port Zone. Meanwhile, the Company will strengthen the construction of smart ports, facilitate the construction of “PRD NETWORK” platform, expand the network scope and resource docking depth of the Pearl River Delta, enhance the transformation of the smart safety monitoring and on-shore smart container identification system of CCT Port Zone by the use of various technologies such as LBS system, Internet of Things, big data, etc. and therefore contributing to the construction of smart ports. In addition, accelerating the promotion of innovative applications, implementation of innovative projects including ngsystem for safety protection and operation support in RTGs” and “RTG Remote Control” will improve operational efficiency, reduce operating costs, strengthen trade facilitation and improve the overall competitiveness of the homebase port. In terms of overseas homebase port, the Company will leverage the synergic advantages of CICT and Hambantota port to create a leading regional port and international shipping centre in South Asia.

Regarding overseas expansion, the Company will further improve its global ports network, focus on gateway ports and conduct in-depth research regarding its overseas layout. Also, the Company will identify priorities in strict compliance with assessment dimensions and principles for overseas ports projects. The Group will conduct studies on its overseas network along the “East-West route,

South-North route, regions along the Belt and Road Initiatives”. Furthermore, the Company will continue to put more efforts in the study of global regional market to establish and improve the regional market development and research database for the East Africa, West Africa, South Asia, Europe, Latin America and Southeast Asia.

In terms of comprehensive development, leveraging the opportunities brought by the shift towards the regional market development will step up its efforts in promoting the “Port-Park-City” business model, and actively push forward the construction and development of the Djibouti Free Trade Zone for the comprehensive development project in Djibouti. For the comprehensive development project in Togo, the Group will continue to proactively promote the relevant comprehensive development cooperation projects; while for the Hambantota Port project, the Group will facilitate the preliminary work in relation to introduction of investment and capital based on the improvement of the park development plan. Capitalizing development opportunities arising from the Guangdong-Hong Kong-Macao Greater Bay Area, the Company will actively make progress on its land preparatory works in the Qianhai-Shekou Free Trade Zone by participating in the overall development thereof.

Regarding operation management, the Company will continuously optimise internal procedures and mechanisms to promote management reform and process reengineering. The Company will focus its efforts on enhancing the level of refined operation and management of terminals for which it is a controlling shareholder, benchmarking its terminal management, reducing cost and improving efficiency, and generating income by saving costs so as to establish a governance structure of globalised operation and management headquarter, optimise overall management system and enable operating mechanism to be in line with project operation. The Company will also enhance its investment management and amend and improve relevant systems and procedures.

In terms of M&A integration, the Company will actively incorporate national strategies in its operation, with a focus on the policy opportunities arising from the Belt and Road Initiative, coordinated development of Beijing, Tianjin and Hebei Province, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area, the opening-up of Hainan trade zone, the revitalisation of Northeast China and the integrated development of the Yangtze River Delta Zone. The Company will also form a set of effective operational procedures to develop world-class M&A integration capability. Moreover, when the Company manages the assets of Liaoning Port, it will explore the potential for integration, focus on its core business and implement the integration of operational models through optimising the port zone layout, thereby creating business synergies.

Regarding innovative development, the Company will continue to enhance informatisation, upgrade and promote its core IT products, i.e. “TOS” series. Taking “E-Port” as a pivot, the Company will

set up the establishment of top-tier port platform for providing excellent customer services. On the one hand, the Company will attach further importance to the unique role and fundamental position of technology-driven and innovation-oriented development. Also, the Company will create a top-tier port innovation ecosystem. Smart upgrade of controlling terminals of the Company will be gradually achieved through technological innovation. The Company will learn from the experience of implementing to enhance informatisation, upgrade and promote its core IT products, i.e. “TOS” series. Taking “E-Port” as a pivot, the Company will set up the establishment of top-tier port platform for providing various terminals in the future.

Capital needs and use plan

In 2019, the Company will formulate capital expenditure plans according to business development needs. Key investment projects include Haixing Harbor upgrading and reconstruction project, Machong Port bulk grain project, Zhanjiang Port Xiashan Port General Terminal Project, Shantou Port Guangao Port Phase II project and TCP terminal expansion project, etc.

4. Possible risks and counter measures

(1) External risks

The external risks mainly come from the combined impact of international political environment and consolidation of domestic port groups. As for international political risks, the rise of populism around the globe has led to challenges in the globalization trend. The change in geopolitical and economy trade landscape, as highlighted by Sino-US trade friction, has caused changes in global trade structure and resulted in certain impacts on global economy trade and port shipping sector. Shipping routes in various regions across the globe may be affected and changed accordingly, causing adverse impacts on containers and bulk cargo businesses of the Company. As for consolidation of domestic port groups, with an ever-deepening consolidation of various regions in China, the port competition landscape will change correspondingly, causing uncertainty to the business and operation earnings of the Company.

By enhancing the build-up of risk identification, warning and mitigation ability, the Company has prevented, controlled and reduced external risks. The Company has continued to pay attention to changes in external policies and market environment specific to international political environment risk, especially Sino-US trade friction. On one hand, the Company can improve risk warning and monitoring measures and ensure proper work on customer credit status so as to reduce the risk of accounts receivable. On the other hand, the Company can notice the changes in the trade market structure and flow of resources, formulate and adjust strategies for business development in time so as to enhance collaboration and close connection between ports at home and abroad, improve service quality and related services, and stabilize import and export business and customer base.

(2) Internal risks

The internal risks mainly come from the risks of shortage of outsourced labour, increased cost and legal compliance of overseas investment projects. In the context of economic transformation and upgrade in Shenzhen, wharf operation as a traditional industry faced significant labour shortage for the outsourced business due to the current working conditions and remuneration packages. Remarkable trends such as staff turnover and aging staff will affect production efficiency and posed safety risks. When the Company expands its overseas business, the requirement on compliance with legal policies in invested countries will pose the risk of uncertainty on the investment and operation of the Company.

The Company has proactively studied the outsourced staffing policy and formulated corresponding responsive strategies to diminish the impacts of outsourced staffing risk on the business of the Company, including enhancing the working environment of outsourced staff and improving their remuneration packages by increasing labor productivity, accelerating technological upgrade and innovation of techniques to raise the level of mechanization, reduce manual labor input and lower the use of manpower. Regarding the legal compliance risk of overseas investment projects, the Company will step up its efforts in establishing and enforcing compliance management system and ensure proper work on management and control throughout the process, i.e. before, during, and after overseas investment project investment and operation, so as to strictly prevent legal compliance risks.

X Communications with the Investment Community such as Researches, Inquiries and Interviews

1. During the Reporting Period

Date	Way of communication	Type of communication party	Index to main information communicated
4 January 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 (http://irm.cninfo.com.cn/ssessgs/S001872/index.html)
6 February 2018	One-on-one meeting	Institution	
12 March 2018	One-on-one meeting	Institution	
10 May 2018	One-on-one meeting	Institution	
25 May 2018	One-on-one meeting	Institution	
13 November 2018	One-on-one meeting	Institution	
1 January 2018-31 December 2018	By phone or written inquiry (EasyIR platform of SZSE)	Individual	
Times of communications			195
Number of institutions communicated with			7

Number of individuals communicated with	188
Number of other communication parties	0
Tip-offs or leakages of substantial supposedly-confidential information during communications	No

2. Period-end to Disclosure Date

Date	Way of communication	Type of communication party	Index to main information communicated
1 January 2019-30 March 2019	By phone or written inquiry (EasyIR platform of SZSE)	Individual	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ssessgs/S001872/index.html)
Times of communications			55
Number of institutions communicated with			0
Number of individuals communicated with			55
Number of other communication parties			0
Tip-offs or leakages of substantial supposedly-confidential information during communications			No

Part V Significant Events

I Profit Distributions to Ordinary Shareholders (in the Form of Cash and/or Stock)

Formulation, execution or adjustments of profit distribution policy for ordinary shareholders, especially cash dividend policy, in Reporting Period

Pursuant to the CSRC Guideline for Listed Companies No.3-Cash Dividends of Listed Companies and the Notice of CSRC on Further Implementing Matters Related to Cash Dividends of Listed Companies, the Articles of Association clarifies the specific profit distribution policy, decision-making procedures and mechanism, adjustment of profit distribution policy, implementation of profit distribution plan and profit distribution for foreign shares. During the Reporting Period, the Company executed the profit distribution policy in strict compliance with the Articles of Association.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	Yes

The profit distributions to ordinary shareholders, either in the form of cash or stock, in the past three years (including the Reporting Period) are summarized as follows:

1. Dividend Payout Plan for 2016

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company as the parent for 2016 stood at RMB195,474,231.11, and the cumulative distributable profit at RMB634,765,399.86.

(1) According to the Company Law and the Articles of Association of the Company, the Company may stop making statutory surplus reserve when its accumulative amount reaches 50% of the registered capital. The accumulative statutory surplus reserve of the Company as the parent stood at RMB520,074,434.56 for 2016, equal to 80.66% of the registered capital. Therefore, the Company did not plan to draw surplus reserve from retained earnings for 2016;

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

The Board of Directors of the Company published the implementation announcement on dividend payout for 2016 on Securities Times and Ta Kung Pao (HK) dated 25 July 2017, and completed the dividend payout for the A-share and B-share holders on 1 August 2017 and 3 August 2017 respectively.

2. Dividend Payout Plan for 2017

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company as the parent for 2017 stood at RMB731,510,588.25 and the cumulative distributable profit at RMB1,046,473,178.03.

(1) According to the Company Law and the Articles of Association of the Company, the Company may stop making statutory surplus reserve when its accumulative amount reaches 50% of the registered capital. The accumulative statutory surplus reserve of the Company as the parent stood at RMB520,074,434.56 for 2017, equal to 80.66% of the registered capital. Therefore, the Company intends not to draw surplus reserve from retained earnings for 2017.

(2) Based on the total 644,763,730 shares as at the end of 2017, a cash dividend of RMB13.19 (tax included) was to be distributed for every 10 shares, with a total of RMB850,443,359.87 being distributed.

The Board of Directors of the Company published the implementation announcement on dividend payout for 2017 on Securities Times and Ta Kung Pao (HK) dated 16 May 2018, and completed the dividend payout for the A-share and B-share holders on 23 May 2018 and 25 May 2018 respectively.

3. Dividend Payout Plan for 2018

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the consolidated net profit attributable to the Company as the parent for 2018 stood at RMB1,090,418,910.77 and the net profit of the Company as the parent at RMB71,014,741.10.

(1) According to the Company Law and the Articles of Association of the Company, the Company withdrew RMB7,101,474.11 of profit as statutory reserve. The accumulative distributable profit of

the Company as the parent at the end of 2018 was RMB259,943,085.16.

(2) Base on the total 1,793,412,378 shares as at the end of 2018, a cash dividend of RMB1.14 (tax included) is to be distributed for every 10 shares, totaling RMB204,449,011.09.

After the above-mentioned distribution, the retained earnings of the Company as the parent will be RMB55,494,074.07.

The above profit distribution plan still needs to be submitted to the 2018 Annual General Meeting for approval.

Cash dividend for ordinary shareholders in the past three years (including the Reporting Period)

Unit: RMB

Year	Cash dividends (tax inclusive) (A)	Net profit attributable to ordinary shareholders of the listed company in consolidated statements for the year (B)	A as % of B (%)	Cash dividends in other forms (such as share repurchase) (C)	C as % of B (%)
2018	204,449,011.09	1,090,418,910.77	18.75%	0	0%
2017	850,443,359.87	504,495,064.39	168.57%	0	0%
2016	319,802,810.08	532,376,492.97	60.07%	0	0%

The net profit attributable to the ordinary shareholders of the listed company in the 2018 consolidated statement is the data of the Company after the retrospective adjustment for business combination under the same control. The net profit attributable to the ordinary shareholders of the listed company in the 2016 and 2017 consolidated statements is the data of the Company before the retrospective adjustment for business combination under the same control.

II Final Dividend Plan for the Reporting Period

Cash dividend/10 shares (RMB) (tax inclusive)	1.14
Bonus issue from capital reserves (share/10 shares)	0
Share base (share)	1,793,412,378
Total cash dividends (RMB) (tax inclusive)	204,449,011.09
Distributable profits (RMB)	259,943,085.16
Cash dividends as % of total profits to be distributed (%)	100%
Details about the final dividend plan	

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the consolidated net profit attributable to the Company as the parent for 2018 stood at RMB1,090,418,910.77 and the net profit of the Company as the parent at RMB71,014,741.10.

1. According to the Company Law and the Articles of Association of the Company, the Company withdrew RMB7,101,474.11 of profit as statutory reserve. The accumulative distributable profit at the end of 2018 was RMB259,943,085.16.

2. Base on the total 1,793,412,378 shares as at the end of 2018, a cash dividend of RMB1.14 (tax included) is to be distributed for every 10 shares, totaling RMB204,449,011.09.

After the above-mentioned distribution, the retained earnings of the Company as the parent will be RMB55,494,074.07.

The above profit distribution plan still needs to be submitted to the 2018 Annual General Meeting for approval.

III Fulfillment of Commitments

1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and other Entities

Fulfilled in the Reporting Period or Ongoing at the Period-end

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in share reform	China Nanshan Development (Group) Inc.	Other commitment	In order to enhance the shareholding confidence of tradable shareholders, and encourage the core management and key personnel so that the interests of the management and all the shareholders can coincide, CND Group 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 April 2006	Effective until no-longer to be the shareholder of the Company	Fulfilled On 8 June 2018, China Nanshan Development (Group) Inc. transferred 209,687,067 shares of Chiwan Wharf held by it to CMGD. For relevant details, please refer to the <i>Announcement on Completion of Share Transfer of Shareholders and Changes in Controlling Shareholders</i> (announcement No.: 2018-060) disclosed on cninfo.com.cn on 12 June 2018. The above commitment is effective until China Nanshan Development (Group) Inc. no longer holds shares of the Company.
Commitments made in acquisition	CMPort Holdings	Commitments on horizontal	1. Commitment on share custody 2. Commitment on safeguarding independence of CMPort 3. Commitment on horizontal competition	17 September 2012	Effective until 16 September 2020 for	Fulfilled On 5 February 2018, China Nanshan Development (Group)

documents or shareholding alteration documents	competition, related-party transaction and capital occupation	4. Commitment on regulating related-party transactions		<p>commitment on horizontal competition and CMPort is the controlling shareholder of the Company; effective in the share custody term for other three commitments</p> <p>Inc. signed the <i>Termination Agreement on the Share Custody Agreement of Shenzhen Chiwan Wharf Holdings Limited</i> with CMPort Holdings; the aforesaid termination agreement of share custody agreement was approved on the general meeting of CMPort Holdings on 19 March 2018. So far, CMPort Holdings would no longer be entrusted to manage shares of Chiwan Wharf held by China Nanshan Development (Group) Inc. For more details, please refer to the relevant announcement disclosed by the Company on 3 May 2018. On 8 June 2018, Malai Storage and KFEL transferred their shares of Chiwan Wharf respectively to CMGD and Broadford Global. For more details, please refer to the <i>Announcement on Completion of Share Transfer of Shareholders and Changes in Controlling Shareholders</i> (announcement No.:2018-060) disclosed on cninfo.com.cn by the Company on 12 June 2018.</p>
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						So far, CMPort Holdings was no longer the controlling shareholder of the Company and the terms of above commitments were ended.
Commitments made in acquisition documents or shareholding alteration documents	Malai Storage	Commitments on horizontal competition, related-party transaction and capital occupation	<ol style="list-style-type: none"> 1. Commitment on safeguarding independence of CMPort 2. Commitment on horizontal competition 3. Commitment on regulating related-party transactions 	27 December 2012	Effective until no-longer to be the shareholder of the Company	<p>Fulfilled</p> <p>On 8 June 2018, Malai Storage transferred 161,190,933 shares of Chiwan Wharf held by it to CMGD. For relevant details, please refer to the <i>Announcement on Completion of Share Transfer of Shareholders and Changes in Controlling Shareholders</i> (announcement No.: 2018-060) disclosed on cninfo.com.cn on 12 June 2018. The above commitment is effective until Malai Storage no longer holds shares of the Company.</p>
Commitments made in acquisition documents or shareholding alteration documents	CMGD and Broadford Global	Commitments on horizontal competition, related-party transaction and capital	Commitment on safeguarding independence of CMPort made by CMGD and its person acting in concert Broadford Global: to safeguard the independence of finance, institutions, business and personnel of CMPort as well as independence and integrity of assets of CMPort	15 March 2018	The commitment on safeguarding independence of CMPort is effective for a long time; the commitment	Ongoing

		occupation			on regulating related-party transactions is effective during the period when CMGD and its persons acting in concert possess control power over the Company	
Commitments made in acquisition documents or shareholding alteration documents	CMGD and Broadford Global	Commitments on horizontal competition, related-party transaction and capital occupation	<p>Commitment on regulating related-party transaction made by CMGD and corresponding persons acting in concert- Broadford Global:</p> <p>1. CMGD/Broadford Global will make a great effort to reduce related-party transaction between CMGD/Broadford Global and its related parties as well as CMPort. Inevitable business dealings or transactions shall be conducted as per marketization principle and fair price and the obligation of information disclosure shall be fulfilled pursuant to provisions;</p> <p>2. CMGD/Broadford Global and its related parties ensure they will strictly observe related stipulations of laws, regulations, normative documents and Articles of Association of CMPort and equally execute shareholders' rights and fulfill shareholders' obligations together with other shareholders in line with legal program as well as won't seek improper interest with actual controller's status or damage legitimate interest of CMPort and other shareholders;</p> <p>3. The above commitment is continuously effective during the period</p>	15 March 2018	The commitment on safeguarding independence of CMPort is effective for a long time; the commitment on regulating related-party transactions is effective during the period when CMGD and	Ongoing

			when CMGD/Broadford Global has the right to control CMPort. In case of losses incurred by CMGD/Broadford Global failing to fulfill the above commitment to CMPort, CMGD will bear corresponding compensation responsibility.		its persons acting in concert possess control power over the Company	
Commitments made in acquisition documents or shareholding alteration documents	CMG	Commitments on horizontal competition, related-party transaction and capital occupation	<p>Commitment on regulating related-party transaction:</p> <p>1. China Merchants Group will try its best to reduce related-party transaction between it and its related parties and CMPort. Inevitable business dealings or transactions shall be conducted as per marketization principle and fair price and the obligation of information disclosure shall be fulfilled pursuant to provisions;</p> <p>2. China Merchants Group ensure they will strictly observe related stipulations of laws, regulations, normative documents and Articles of Association of CMPort and equally execute shareholders' rights and fulfill shareholders' obligations together with other shareholders in line with legal program as well as won't seek improper interest with actual controller's status or damage legitimate interest of CMPort and other shareholders;</p> <p>3. The above commitment is continuously effective during the period when China Merchants Group has the right to control CMPort. In case of losses incurred by China Merchants Group failing to fulfill the above commitment to CMPort, China Merchants Group will bear corresponding compensation responsibility.</p>	15 March 2018	Effective until no-longer to be the actual controller of the Company	Ongoing
Commitments made in acquisition documents or	CMG	Commitments on horizontal competition,	<p>Commitment on horizontal competition:</p> <p>1. On account of horizontal competition in the aspect of port business between China Merchants Group and CMPort, China Merchants Group promises to completely solve horizontal competition problem by asset restructuring before 16 September 2020;</p>	15 March 2018	16 September 2020	Fulfilled On 26 December 2018, the Company purchased 1,313,541,560 ordinary shares of CMPort Holdings held by CMID

shareholding alteration documents		related-party transaction and capital occupation	<p>2. China Merchants Group confirms the commitment letter is aimed at guaranteeing rights and interests of all the shareholders of CMPort as well as such clauses and commitments are reasonable. China Merchants Group won't carry out operation activities damaging benefits of CMPort and all the shareholders from China Merchants Group based on its control against CMPort.</p> <p>3. Each commitment carried in his commitment letter shall be independently executed by China Merchants Group confirmed. It shall not influence the effectiveness of the other commitments in case any commitment is deemed invalid or terminated;</p> <p>4. Provision, explanation, fulfillment and execution of the commitment letter apply to provisions of related laws and regulations of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan for the purpose of the commitment letter);</p> <p>5. The commitment letter takes effect as of the date of official signature by China Merchants Group;</p> <p>6. Above-mentioned various promises are continuously effective during the period when China Merchants Group controls CMPort.</p>			and CMPort Holdings starts to be involved into the combination financial statements of the Company. The commitment was fulfilled.
Commitments made in time of asset restructuring	CMID	Commitment on restriction on share trading	<p>1. CMPort shares obtained by purchasing assets with shares issued this time are forbidden to be transferred or transacted in the market before the latter one between the date arising 36 months after the date when CMPort shares gained by CMID based on this transaction are registered under the name of CMID and the date when fulfillment of compensation obligations set forth in the <i>Impairment Compensation Agreement for Issuing Shares To Purchase Assets</i> signed by and between CMID and CMPort, separately and its supplementary agreement (if any) is over (except for repurchasing or presenting shares pursuant to <i>Impairment Compensation Agreement for Issuing Shares To Purchase Assets</i> and its supplementary agreement (if any));</p>	26 December 2018	25 June 2022	Ongoing

			<p>2. In case of closing price of CMPort stocks being lower than issue price for consecutive 20 transaction days within 6 months after completion of the transaction or such closing price being lower than issue price at the end of the 6th month after completion of the transaction, the lockup period of CMPort stocks held by CMID will be automatically lengthened for at least 6 months;</p> <p>3. CMPort shares which derive from consideration shares obtained by CMID based on the transaction during the lockup period due to CMPort distributing stock dividend and capital reserve converted into increased capital shall be subject to the commitment regarding the above restricted stock trade period;</p> <p>4. In case that the transaction is placed on file for investigation and prosecution by judiciary authorities as well as registered and investigated by CSRC because false record, misleading statement or important omission happens to provided or disclosed information, CMID won't transfer its shares with rights and interests at CMPort before case investigation conclusion is drawn;</p> <p>5. In case that lockup period set forth in the commitment is inconsistent with regulatory opinions from securities market supervision department or lockup period required by related provisions, CMID shall adjust the above lockup period pursuant to regulatory opinions from relevant securities market supervision department and related provisions.</p> <p>6. After the above lockup period expires, CMID Port shall observe provisions of laws and regulations, related rules of Shenzhen Stock Exchange as well as Articles of Association of CMPort in case of reducing shares held by it.</p>			
Commitments made in time of asset	CMGD and Broadfo	Commitment on restriction	1. Before completion of the transaction, CMPort shares held by CMGD and Broadford Global (include increased shares because allotment of shares, giving bonus and capital reserve converted into	26 December 2018	25 December 2019	Ongoing

restructuring	rd Global	on share trading	<p>increased capital occurs to CMPort) shall not be transferred within 12 months as of the date when the transaction is over (the registration date of new shares by purchasing assets with shares issued this time);</p> <p>2. In case that lockup period set forth in the commitment is inconsistent with regulatory opinions from securities market supervision department or lockup period required by related provisions, CMGD shall adjust the above lockup period pursuant to regulatory opinions from relevant securities market supervision department and related provisions.</p> <p>3. In case that the transaction is placed on file for investigation and prosecution by judiciary authorities as well as registered and investigated by CSRC because false record, misleading statement or important omission happens to provided or disclosed information, CMGD and Bradford Global won't transfer its shares with rights and interests at CMPort before case investigation conclusion is drawn.</p> <p>In case of losses incurred by CMGD and Bradford Global violate fulfill the above promise to CMPort, CMGD will bear corresponding compensation responsibility.</p>			
Commitments made in time of asset restructuring	CMGD and Bradford Global	Commitment on shareholding reduction	<p>Share reduction plan during the period from the date of resumption of trading of CMPort to the date of completing reorganization;</p> <p>1. CMGD and Bradford Global have no share reduction plan during the period from the date of resumption of trading of the transaction to the date of completing the transaction;</p> <p>2. Above-mentioned shares include original CMPort shares held by CMGD and Bradford Global as well as shares deriving from original shares held during the above period due to participation in profit and presenting shares by CMPort as well as capital reserve converted into increased capital.</p>	26 July 2018	Effective until completion of the asset restructuring	Fulfilled
Commitments made in	CMID	Commitments on	<p>Commitment on avoiding horizontal competition:</p> <p>1. CMID and other enterprise controlled by CMID fail to engage in or</p>	26 July 2018	Effective until no-longer to	Ongoing

time of asset restructuring	horizontal competition, related-party transaction and capital occupation	<p>participate in business or activity which is similar with and constitutes or likely constitutes competitive relation with main business conducted by CMPort and the enterprise controlled by it now;</p> <p>2. CMID will try its best to promote CMID and other enterprise controlled by CMID not to directly or indirectly engage in or participate in or assist to engage in or participate in any business or activity which constitutes or likely constitutes competitive relation with main business conducted by CMPort and the enterprise controlled by it now and in the future independently or together with others;</p> <p>3. In case of discovering any new business opportunity which constitutes or likely constitutes direct or indirect competitive relation with main business of CMPort or the enterprise controlled by it, CMID or CMID and other enterprise controlled by it will immediately notify CMPort in written as well as make a great effort to promote such business opportunity to be provided to CMPort or the enterprise controlled by it firstly according to reasonable and fair terms and conditions;</p> <p>4. In case of CMPort or the enterprise controlled by it waiving such competitive new business opportunity and CMID or/and other enterprise controlled by it engaging in such competitive business, CMPort or the enterprise controlled by it will have the right to purchase any stock rights, assets or other rights and interests in the above competitive business from CMID or/and other enterprise controlled by it once or several times at any moment, or CMPort will select entrusted operation, leasing or contract operation of assets or businesses of CMID or/and other enterprise controlled by it in the above competitive business as per the mode permitted by national laws and regulations;</p>		be the largest shareholder of the Company	
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			<p>5. When CMID and other enterprise controlled by it plans to transfer, sell, rent out, conduct licensed use of or transfer or allow to use assets and businesses which constitutes or likely constitutes direct or indirect competitive relationship with main business of CMPort or the enterprise controlled by it in other way, CMID and other enterprise controlled by it will provide the right of priority assignment to CMPort or the enterprise controlled by it and promise to make a great effort to promote other enterprise controlled by CMID provide CMPort or the enterprise controlled by it with the right of priority assignment under the above situation;</p> <p>6. As of the date when the commitment letter is provided, CMID promises to compensate all actual losses, damages and expenses arising from violation of any clause in the commitment letter by CMID or the enterprise controlled by it to CMPort or the enterprise controlled by it.</p>			
Commitments made in time of asset restructuring	CMID	Commitments on horizontal competition, related-party transaction and capital occupation	<p>Commitment on regulating related-party transaction:</p> <p>1. CMID and other enterprise controlled by it will make a great effort to avoid and reduce related-party transaction between CMPort and economic entity controlled by it;</p> <p>2. CMID and other enterprise controlled by it will exercise stockholder's rights in accordance with related provisions of relevant laws and regulations as well as Articles of Association of CMPort and fulfill the obligation of vote avoidance at the moment of voting for related-party transactions involved by CMID and other enterprise controlled by it at the stockholders' meeting;</p> <p>3. As for related-party transaction which is inevitable or occurs due to reasonable reason, CMID will carry out transaction pursuant to the principle of openness, fairness and justice for market transaction and based on fair and reasonable market price, perform related-party transaction decision-making process and legally fulfill information</p>	26 July 2018	Effective until no-longer to be the largest shareholder of the Company	Ongoing

			<p>disclosure obligation to safeguard benefits of CMPort and other shareholders of CMPort in line with provisions of laws, regulations, normative documents and Articles of Association of CMPort;</p> <p>4. It's ensured that no legitimate interest of CMPort and other shareholders of CMPort is damaged by related-party transaction based on status and influence of CMPort;</p> <p>5. CMID will promote other enterprise controlled by it to observe the commitment of Subparagraph 1-4;</p> <p>6. In case of CMID and other enterprise controlled by it violating the above commitment, causing rights and interests of CMPort and its shareholders are damaged, CMID will take corresponding compensation responsibility according to law.</p>			
Commitments made in time of asset restructuring	CMID	<p>Commitments on horizontal competition, related-party transaction and capital occupation</p>	<p>Commitment about keeping independence of CMPort:</p> <p>1. After the transaction is completed, CMID will strictly observe related provisions regarding independence of listed Companies from CSRC and won't violate standard operating procedures of CMPort based on the first majority shareholder, conduct excessive intervention of operation and management activities of CMPort and its subsidiary, embezzle benefits of CMPort and its subsidiary or damage legitimate interest of CMPort and other shareholders;</p> <p>2. CMID will ensure CMPort is independent from CMID and related parties in the aspects of business, asset, finance, personnel and institution;</p> <p>3. CMID ensures independence of CMPort, CMID and other enterprise controlled by it fail to occupy capitals and resources of CMPort based on violation in any way and will strictly observe provisions of rules and regulations for avoiding occupation of related party funds from CMPort as well as related laws, regulations and normative documents;</p> <p>4. The commitment letter takes effect as of the signature date of</p>	26 July 2018	Effective until no-longer to be the largest shareholder of the Company	Ongoing

			CMID as well as is legally binding upon CMID. CMID ensures it will strictly fulfill various commitments in the commitment letter and will take corresponding legal responsibility for losses incurred to CMPort due to violation of related commitment.			
Commitments made in time of asset restructuring	CMG	Commitments on horizontal competition, related-party transaction and capital occupation	<p>Commitment on avoiding horizontal competition:</p> <ol style="list-style-type: none"> 1. China Merchants Group and the enterprise controlled by it (excluding CMPort Holdings and the enterprise controlled it) fail to engage in or participate in any business or activity which is similar with and constitutes or likely constitute direct or indirect competitive relationship with main business conducted by CMPort and the enterprise controlled by it now; 2. China Merchants Group will try its best to promote enterprises controlled by it(except for CMPort and the enterprise controlled by it) not to directly or indirectly engage in or participate in or assist to engage in or participate in any business or activity which constitutes or likely constitutes competitive relation with main business conducted by CMPort and the enterprise controlled by it now and in the future independently or together with others; 3. In case of discovering any new business opportunity which constitutes and likely constitutes direct or indirect competitive relation with main business of CMPort or the enterprise controlled by it, China Merchants Group or enterprise controlled by it(except for CMPort and the enterprise controlled by it) will immediately notify CMPort in written as well as make a great effort to promote such business opportunity to be provided to CMPort or the enterprise controlled by it firstly according to reasonable and fair terms and conditions; 4. In case of CMPort or the enterprise controlled by it waives such competitive new business opportunity and China Merchants Group or the enterprise controlled by it (except for CMPort and the enterprise 	26 July 2018	Effective until no-longer to be the actual controller of the Company	Ongoing

			<p>controlled by it) engaging in such competitive business, CMPort or the enterprise controlled by it will be entitled to purchase any equities, assets and other rights and interests in the above competitive business from China Merchants Group or the enterprise controlled by it (except for CMPort and the enterprise controlled by it) once or several times at any moment or CMPort will select entrusted operation, leasing or contract operation of assets or businesses of China Merchants Group or the enterprise controlled by it (except for CMPort and the enterprise controlled by it) in the above competitive business according to the mode permitted by national laws and regulations;</p> <p>5. When China Merchants Group and the enterprise controlled by it (except for CMPort and the enterprise controlled by it) plans to transfer, sell, lease, allow to use or transfer or allow to use asset and business which constitutes or likely constitutes direct or indirect competitive relationship with main business of CMPort or the enterprise controlled by it in other way, China Merchants Group and the enterprise controlled by it (except for CMPort and the enterprise controlled by it) will provide the right of priority assignment for CMPort or the enterprise controlled by it and promise to make a great effort to promote the enterprise controlled by China Merchants Group to provide the of priority assignment for CMPort or the enterprise controlled by it under the above situation;</p> <p>6. As of the date when the commitment letter is provided, China Merchants Group promises to compensate all actual losses, damages and expenses arising from violation of any clause in the commitment letter by China Merchants Group or the enterprise controlled by it to CMPort or the enterprise controlled by it.</p>			
Commitments made in	CMG	Commitments on	<p>Commitment on regulating related-party transaction:</p> <p>1. China Merchants Group and other enterprise controlled by it will</p>	26 July 2018	Effective until no-longer to	Ongoing

time of asset restructuring		horizontal competition, related-party transaction and capital occupation	<p>make a great effort to avoid and reduce related-party transaction between CMPort and economic entity controlled by it;</p> <p>2. China Merchants Group and other enterprise controlled by it will exercise stockholder's rights in accordance with related provisions of relevant laws and regulations as well as Articles of Association of CMPort and fulfill the obligation of vote avoidance at the moment of voting for related-party transactions involved by CMID and other enterprise controlled by it at the stockholders' meeting;</p> <p>3. As for related transaction which is inevitable or occurs due to reasonable reason, China Merchants Group will carry out transaction pursuant to the principle of openness, fairness and justice for market transaction and based on fair and reasonable market price, perform related-party transaction decision-making process and legally fulfill information disclosure obligation to safeguard benefits of CMPort and other shareholders of CMPort in line with provisions of laws, regulations, normative documents and Articles of Association of CMPort;</p> <p>4. It's ensured that no legitimate interest of CMPort and other shareholders of CMPort is damaged by related-party transaction based on status and influence of CMPort;</p> <p>5. China Merchants Group promotes other enterprise controlled by it to observe the commitment set forth in Subparagraph 1-4 above;</p> <p>6. In case of China Merchants Group and other enterprise controlled by it violating the above commitment, causing rights and interests of CMPort and its shareholders are damaged, China Merchants Group will take corresponding compensation responsibility according to law.</p>		be the actual controller of the Company	
Commitments made in time of asset	CMG	Commitments on horizontal	<p>Commitment about keeping independence of CMPort:</p> <p>1. After the transaction is completed, China Merchants Group will strictly observe related provisions regarding independence of listed</p>	26 July 2018	Effective until no-longer to be the actual	Ongoing

restructuring		competition, related-party transaction and capital occupation	<p>companies from CSRC and won't violate standard operating procedures of CMPort based on actual controller's status, conduct excessive intervention of operation and management activities of CMPort and its subsidiary, embezzle benefits of CMPort and its subsidiary or damage legitimate interest of CMPort and other shareholders;</p> <p>2. China Merchants Group will ensure CMPort is independent from China Merchants Group and related parties in the aspects of business, asset, finance, personnel and institution;</p> <p>3. China Merchants Group ensures independence of CMPort, China Merchants Group and other enterprise controlled by it fail to occupy capitals and resources of CMPort based on violation in any way and will strictly observe provisions of rules and regulations for avoiding occupation of related party funds from CMPort as well as related laws, regulations and normative documents;</p> <p>4. The commitment letter takes effect as of the signature date of China Merchants Group as well is legally binding upon China Merchants Group. China Merchants Group ensures it will strictly fulfill various commitments in the commitment letter and will take corresponding legal responsibility for losses incurred to listed Company due to violation of related commitment.</p>		controller of the Company	
Commitments made in time of asset restructuring	CMG	Commitments on lock-up of shares and shareholding reduction plan	<p>1. Before completion of the transaction, CMPort shares held by or indirectly controlled by China Merchants Group (include increased shares because allotment of shares, giving bonus and capital reserve converted into increased capital occurs to CMPort) shall not be transferred within 12 months as of the date when the transaction is over (the registration date of new shares by purchasing assets with shares issued this time);</p> <p>2. In case that lockup period set forth in the commitment is inconsistent with regulatory opinions from securities market</p>	26 2018	July 25 December 2019	Ongoing

			<p>supervision department or lockup period required by related provisions, China Merchants Group shall adjust the above lockup period pursuant to regulatory opinions from relevant securities market supervision department and related provisions.</p> <p>3. In case that the transaction is placed on file for investigation and prosecution by judiciary authorities as well as registered and investigated by CSRC because false record, misleading statement or important omission happens to provided or disclosed information, China Merchants Group won't transfer its shares with rights and interests at listed Company before case investigation conclusion is drawn;</p> <p>4. During the period from the date of resumption of trading of the transaction to the date when the transaction is over, China Merchants Group has no share reduction plan. The above shares include original CMPort shares directly held or indirectly controlled by China Merchants Group as well as derivative shares of original shares directly held or indirectly controlled during the above period due to participation in profit and presenting shares by CMPort as well as capital reserve converted into increased capital.</p>			
Commitments made in time of asset restructuring	CMG	Other commitment	<p>Commitment letter about perfecting the property ownership certificate for land and house property of CMPort Holdings and the enterprise subordinate to it:</p> <p>1. China Merchants Group will spare no effort to assist, promote and drive CMPort Holdings and the enterprise subordinate to it to standardize, perfect and solve ownership defects of properties such as land and house property;</p> <p>2. The following situations happen to CMPort Holdings and the enterprise subordinate to it before completion of the transaction: (1) Land use right of ownership certificate which is being handled, the house property failing to be timely handled (except for results</p>	26 July 2018	Effective until no-longer to be the actual controller of the Company	Ongoing

			incurred by force majeure, law, policy, government administration behavior and change in planned use of the land instead of CMPort Holdings and the enterprise subordinate to it); Or (2) Land use right of ownership certificate, the property ownership certificate failing to be handled (except for results incurred by force majeure, law, policy, government administration behavior and change in planned use of the land of CMPort Holdings and the enterprise subordinate to it); Or (3) In case of nonstandard other land use right and house property (except for results incurred by force majeure, law, policy, government administration behavior and change in planned use of the land instead of CMPort Holdings and the enterprise subordinate to it) and encountering actual losses (including but not limited to compensation, fine, expenditure and benefit lost), China Merchants Group will timely and fully compensate CMPort.			
Commitments made in time of asset restructuring	CMG	Other commitment	<p>Commitment letter about real estate leased by CMPort Holdings and the enterprise subordinate to it:</p> <p>In case of nonstandard situation of the leased property significantly influencing use of CMPort Holdings and the Company subordinate to it to engage in operation of normal business, China Merchants Group will actively take effective measures (including but not limited to arranging to provide the property with identical or similar conditions to be used for operation of related Company) to promote business operation of related Company to be conducted normally and alleviate or eliminate adverse effect; In case of nonstandard of the leased property causing CMPort Holdings and the enterprise subordinate to it produce actual additional expenditures or losses (such as third-party compensation), China Merchants Group will actively coordinate and negotiate with other related party to support normal operation of CMPort Holdings and the enterprise subordinate to it to the great extent and avoid or control continuous enlargement of the damage; At</p>	26 2018	July	<p>Effective until no-longer to be the actual controller of the Company</p> <p>Ongoing</p>

			the same time, China Merchants Group agrees compensate CMPort Holdings and the enterprise subordinate to it in cash for actual losses incurred to CMPort Holdings and the enterprise subordinate to it for this reason to relieve or eliminate adverse effect.			
Commitments made in time of asset restructuring	CMG	Other commitment	<p>Commitment letter about allotted land of the enterprise subordinate to China Merchants Port Holdings Company Limited from China Merchants Group:</p> <p>In case that the above allotted land is withdrawn or needs to be translated into assignment land due to policy adjustment in the future after the transaction is completed, China Merchants Group will actively coordinate with CMPort and related companies such as China Merchants Group International Port (Qingdao) Co., Ltd. and Shantou CMPort Group Co., Ltd. to handle the transfer procedure or take other feasible countermeasures. In case of any actual loss (excluding land-transferring fees or rent, fees paid for taking rural land, ownership registration fees, taxes and dues and other related expenses to be paid by Chiwan Wharf or above-mentioned related companies according to provisions of laws and regulations) incurred to CMPort or above-mentioned related companies for this reason, China Merchants Group will timely and fully compensate actual loss incurred to CMPort or above-mentioned related companies.</p>	26 July 2018	Effective until no-longer to be the actual controller of the Company	Ongoing
Commitments made in time of asset restructuring	CMG	Other commitment	<p>Commitment letter about undertaking the accreditation fees of property ownership certificate for the perfection of the land and house property of CMPort Holdings and the enterprise subordinate to it:</p> <p>In case of defective land use right and house property involved by the Company subordinate to CMPort Holdings on account of operation (namely land use right and house property of the Company subordinate to CMPort Holdings without complete ownership certificate existing before the transaction is completed), incurring</p>	14 September 2018	Effective until no-longer to be the actual controller of the Company	Ongoing

			registration fees such as taxes and dues, compensation and fine in the process of perfecting legal procedures of defective land use right and house property by the subordinate to CMPort Holdings, China Merchants Group will timely and fully compensate to the Company subordinate to CMPort Holdings for undertaking.			
Commitments made in time of asset restructuring	CMG	Other commitment	<p>Commitment letter about related matters of CMPort after the transaction is completed:</p> <p>After the transaction is completed, Chiwan Wharf will become port business asset management headquarters and domestic capital operation platform of China Merchants Group, deeply participate in integration of domestic regional port assets and enlarge the scale of domestic listed assets to make net profit of CMPort Holdings (00144.HK) enjoyed as per the rights and interests in the consolidated statement of listed Company in recent one fiscal year fail to exceed 50% net profit of consolidated statement of the listed Company and net asset of CMPort Holdings (00144.HK) enjoyed in light of rights and interests in the consolidated statement of listed Company in recent one fiscal year fail to exceed 30% net asset in the consolidated statement of the listed Company within 3-5 years after the transaction is completed.</p>	30 September 2018	Three to five years and CMG is the actual controller of the Company	Ongoing
Commitments made in time of asset restructuring	CMG	Other commitment	<p>China Merchants Group and all its directors, supervisors and administrative officers ensure the transaction report, its abstract, other information provided for the transaction and application document are true, accurate and complete without false record, misleading statement or important omission as well as take individual and joint legal liability for false record, misleading statement or important omission.</p> <p>If the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the</p>	26 July 2018	Effective continuously	Ongoing

			China Securities Regulatory Commission (CSRC), the directors, supervisors or senior managers of China Merchants Group do not transfer the shares that have interests in listed Company, and submit the written application and stock account of the suspension of the transfer to the Board of Directors of the CMPort within two trading days after receiving the filing inspection notice, and the Board of Directors shall apply for lock-up on behalf of the CMG Hong Kong to the Stock Exchange and Registration and Settlement Company. In case of failing to file a locking application within two transaction days and after the Board of Directors is authorized for verification, identity information and account information on directors, supervisors or administrative officers of China Merchants Group will be directly submitted to Stock Exchange and Registration and Settlement Company with locking applied; In case of Board of Directors failing to submit identity information and account information on directors, supervisors or administrative officers of China Merchants Group to Stock Exchange and Registration and Settlement Company, Stock Exchange and Registration and Settlement Company will be authorized to directly lock related shares. In case that the situation of violating laws and rules is found upon investigation conclusion, directors, supervisors or administrative officers of China Merchants Group promise locked shares are voluntarily used for compensating related investors.			
Commitments made in time of asset restructuring	CMG Hong Kong	Commitment on shareholding reduction	Share reduction plan during the period from the date of resumption of trading of CMPort to the date of completing reorganization; 1. CMG Hong Kong and Broadford Global have no share reduction plan during the period from the date of resumption of trading of the transaction to the date of completing the transaction; 2. Above-mentioned shares include original CMPort shares held by CMG Hong Kong as well as shares deriving from original shares held	26 July 2018	Effective until completion of the asset restructuring	Fulfilled

			during the above period due to participation in profit and presenting shares by CMPort as well as capital reserve converted into increased capital.				
Commitments made in time of asset restructuring	CMG Hong Kong	Other commitment	<p>1. CMG Hong Kong ensures related information provided for the transaction is true, accurate and complete without false record, misleading statement or important omission;</p> <p>2. CMG Hong Kong ensures the data provided to CMPort and all intermediary organs participating in the transaction is true, accurate and complete original written data or data copy. Data copy is consistent with original data and signature and seal of all the documents are true. The signatory of such documents is legally authorized and effectively signs such documents without any false record, misleading statement or important omission;</p> <p>3. CMG Hong Kong ensures descriptions and confirmations issued for the transaction is true, accurate and complete without false record, misleading statement or important omission;</p> <p>4. CMG Hong Kong ensures that statutory disclosure and report obligation has been performed, and no contracts, agreements, arrangements or miscellaneous that should have been disclosed exists;</p> <p>5. The CMG Hong Kong made the commitment that if the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the China Securities Regulatory Commission (CSRC), it does not transfer the shares that have interests in listed Company, and submit the written application and stock account of the suspension of the transfer to the Board of Directors of the CMPort within two trading days after receiving the filing inspection notice, and the Board of Directors shall apply for lock-up on behalf of the CMG Hong Kong to the Stock</p>	26 2018	July	Effective continuously	Ongoing

			<p>Exchange and Registration and Settlement Company. In case of failing to file a locking application within two transaction days and after the Board of Directors is authorized for verification, identity information and account information on CMG Hong Kong will be directly submitted to Stock Exchange and Registration and Settlement Company with locking applied; In case of Board of Directors failing to submit identity information and account information on CMG Hong Kong to Stock Exchange and Registration and Settlement Company, Stock Exchange and Registration and Settlement Company will be authorized to directly lock related shares. If the investigation finds that there is a violation of the law, CMG Hong Kong committed to lock the shares voluntarily for the relevant investor compensation;</p> <p>6. If CMG Hong Kong promises to related document, data and information provided in the reorganization process aren't true, accurate or complete or are with false record, misleading statement or important omission, CMG Hong Kong is willing to legally bear corresponding legal responsibility;</p> <p>7. In case of CMG Hong Kong violating the above promise, incurring losses to CMPort, CMG Hong Kong will take corresponding compensation responsibility.</p>			
Commitments made in time of asset restructuring	CMID	Other commitment	<p>1. CMID ensures related information provided for the transaction is true, accurate and complete without false record, misleading statement or important omission;</p> <p>2. CMID ensures the data provided to CMPort and all intermediary organs participating in the transaction is true, accurate and complete original written data or data copy. Data copy is consistent with original data and signature and seal of all the documents are true. The signatory of such documents is legally authorized and effectively signs such documents without any false record, misleading statement</p>	26 July 2018	Effective continuously	Ongoing

		<p>or important omission;</p> <p>3. CMID ensures description and confirmation provided for the transaction are true, accurate and complete without any false record, misleading statement or important omission;</p> <p>4. CMID ensures that statutory disclosure and report obligation has been performed, and no contracts, agreements, arrangements or miscellaneous that should have been disclosed exists;</p> <p>5. The CMID made the commitment that if the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the China Securities Regulatory Commission (CSRC), it does not transfer the shares that have interests in CMPort, and submit the written application and stock account of the suspension of the transfer to the Board of Directors of the CMPort within two trading days after receiving the filing inspection notice, and the Board of Directors shall apply for lock-up on behalf of the CMG Hong Kong to the Stock Exchange and Registration and Settlement Company. If the application for lock-up is not submitted within two transaction days, the Board of Directors is authorized to verify and submit the identity information and account information of CMID directly to the Stock Exchange and Registration and Settlement Company and apply for lock-up; If the Board of Directors fails to submit the identity information and account information of the CMID to the Stock Exchange and Registration and Settlement Company, then the Stock Exchange and Registration and Settlement Company shall be authorized to directly lock the relevant shares. If the investigation finds that there is a violation of the law, CMID committed to lock the shares voluntarily for the relevant investor compensation;</p> <p>6. If CMID promises to related document, data and information</p>			
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			<p>provided in the reorganization process aren't true, accurate or complete or are with false record, misleading statement or important omission, CMID is willing to legally bear corresponding legal responsibility;</p> <p>7. In case of CMID violating the above commitment, incurring losses to CMPort, CMID will take corresponding compensation responsibility.</p>			
Commitments made in time of asset restructuring	CMPort Holdings	Other commitment	<p>1. CMID ensures related information provided for the transaction is true, accurate and complete without false record, misleading statement or important omission;</p> <p>2. CMID ensures the data provided to CMPort and all intermediary organs participating in the transaction is true, accurate and complete original written data or data copy. Data copy is consistent with original data and signature and seal of all the documents are true. The signatory of such documents is legally authorized and effectively signs such documents without any false record, misleading statement or important omission;</p> <p>3. CMID ensures description and confirmation provided for the transaction are true, accurate and complete without any false record, misleading statement or important omission;</p> <p>4. CMID ensures that statutory disclosure and report obligation has been performed, and no contracts, agreements, arrangements or miscellaneous that should have been disclosed exists;</p> <p>5. The CMID made the commitment that if the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the China Securities Regulatory Commission (CSRC), it does not transfer the shares that have interests in CMPort, and submit the written application and stock account of the suspension of the transfer to the Board of Directors of</p>	26 July 2018	Effective continuously	Ongoing

			<p>the CMPort within two trading days after receiving the filing inspection notice, and the Board of Directors shall apply for lock-up on behalf of the CMG Hong Kong to the Stock Exchange and Registration and Settlement Company. If the application for lock-up is not submitted within two transaction days, the Board of Directors is authorized to verify and submit the identity information and account information of CMID directly to the Stock Exchange and Registration and Settlement Company and apply for lock-up; If the Board of Directors fails to submit the identity information and account information of the CMID to the Stock Exchange and Registration and Settlement Company, then the Stock Exchange and Registration and Settlement Company shall be authorized to directly lock the relevant shares. If the investigation finds that there is a violation of the law, CMID committed to lock the shares voluntarily for the relevant investor compensation;</p> <p>6. If CMID promises to related document, data and information provided in the reorganization process aren't true, accurate or complete or are with false record, misleading statement or important omission, CMID is willing to legally bear corresponding legal responsibility;</p> <p>7. In case of CMID violating the above commitment, incurring losses to CMPort, CMID will take corresponding compensation responsibility.</p>				
Commitments made in time of asset restructuring	CMG	Other commitment	<p>1. China Merchants Group ensures related information provided for the transaction is true, accurate and complete without false record, misleading statement or important omission;</p> <p>2. China Merchants Group ensures the data provided to CMPort and all intermediary organs participating in the transaction is true, accurate and complete original written data or data copy. Data copy is consistent with original data and signature and seal of all the</p>	26 2018	July	Effective continuously	Ongoing

		<p>documents are true. The signatory of such documents is legally authorized and effectively signs such documents without any false record, misleading statement or important omission;</p> <p>3. China Merchants Group ensures descriptions and confirmations issued for the transaction is true, accurate and complete without false record, misleading statement or important omission;</p> <p>4. China Merchants Group ensures that statutory disclosure and report obligation has been performed, and no contracts, agreements, arrangements or miscellaneous that should have been disclosed exists;</p> <p>5. China Merchants Group made the commitment that if the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the China Securities Regulatory Commission (CSRC), it does not transfer the shares that have interests in CMPort, and submit the written application and stock account of the suspension of the transfer to the Board of Directors of the CMPort within two trading days after receiving the filing inspection notice, and the Board of Directors shall apply for lock-up on behalf of the CMG Hong Kong to the Stock Exchange and Registration and Settlement Company. In case of failing to file a locking application within two transaction days and after the Board of Directors is authorized for verification, identity information and account information of China Merchants Group will be directly submitted to Stock Exchange and Registration and Settlement Company with locking applied; In case of Board of Directors failing to submit identity information and account information of China Merchants Group to Stock Exchange and Registration and Settlement Company, Stock Exchange and Registration and Settlement Company will be authorized to directly</p>			
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			<p>lock related shares. If the investigation finds that there is a violation of the law, China Merchants Group committed to lock the shares voluntarily for the relevant investor compensation;</p> <p>6. If China Merchants Group promises to related document, data and information provided in the reorganization process aren't true, accurate or complete or are with false record, misleading statement or important omission, China Merchants Group is willing to legally bear corresponding legal responsibility;</p> <p>In case of China Merchants Group violating the above promise, incurring losses to CMPort, China Merchants Group will take corresponding compensation responsibility.</p>			
Commitments made in time of asset restructuring	Chiwan Wharf and all directors, supervisors and senior management	Other commitment	<p>Chiwan Wharf and all its directors, supervisors and administrative officers ensure the transaction report, its abstract, other information provided for the transaction and application document are true, accurate and complete without false record, misleading statement or important omission as well as take individual and joint legal liability for false record, misleading statement or important omission.</p> <p>If the information provided or disclosed by this transaction is suspected of false records, misleading statements or major omissions, and is investigated by the judicial authorities or investigated by the China Securities Regulatory Commission (CSRC), the directors, supervisors, or senior managers of Chiwan Wharf do not transfer the shares that have interests in listed Company, and submit the written application and stock account of the suspension of the transfer to the Board of Directors of the CMPort within two trading days after receiving the filing inspection notice, and the Board of Directors shall apply for lock-up on behalf of the CMG Hong Kong to the Stock Exchange and Registration and Settlement Company. In case of failing to file a locking application within two transaction days and after the Board of Directors is authorized for verification, identity</p>	26 2018	July	Effective continuously Ongoing

			information and account information on directors, supervisors or administrative officers of Chiwan Wharf will be directly submitted to Stock Exchange and Registration and Settlement Company with locking applied; In case of Board of Directors failing to submit identity information and account information on directors, supervisors or administrative officers of Chiwan Wharf to Stock Exchange and Registration and Settlement Company, Stock Exchange and Registration and Settlement Company will be authorized to directly lock related shares. In case that the situation of violating laws and rules is found upon investigation conclusion, directors, supervisors or administrative officers of Chiwan Wharf promise locked shares are voluntarily used for compensating related investors			
Commitments made in time of asset restructuring	Chiwan Wharf and all directors, supervisors and senior management	Commitment on shareholding reduction	Share reduction plan during the period from the date of resumption of trading of CMPort to the date of completing reorganization; 1. I have no share reduction plan during the period from the date of resumption of trading of the transaction to the date when the transaction is over. 2. Above-mentioned shares include original shares of listed Company held by me as well as derivative shares of original shares caused by participation in profit and presenting shares by listed Company as well as capital reserve converted into increased capital during the above period.	26 July 2018	Effective until completion of the asset restructuring	Fulfilled
Other commitments made to minority shareholders	China Nanshan Development (Group) Inc.	Other commitment	China Nanshan Development(group) Incorporation will irrevocably and unconditionally agrees it will ensure transferee of such land use right and its successor and assignee will be fully exempted from responsibility for the above matters in case of CMPort encountering losses, needing to bear expenses and liabilities, undergoing claim for compensation or needing to file a lawsuit due to any actual or potential illegal and unenforceable issues incurred by land use	20 March 2001, 18 June 2003, 29 September 2004	Effective continuously	Ongoing

			agreement and relevant documents signed and to be signed by it.			
Specific reasons for failing to fulfill commitments on time and plans for next step (if any)	N/A					

2. Where there Had Been an Earnings Forecast for an Asset or Project and the Reporting Period Was still within the Forecast Period, Explain why the Forecast Has Been Reached for the Reporting Period.

Applicable Not applicable

IV Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes

During the Reporting Period, the controlling shareholder or its related parties did not occupy capital for non-operating purposes or repay such capital. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued the “Special Report on Capital Occupation by the Controlling Shareholder and Other Related Parties of China Merchants Port Group Co., Ltd. For the detailed report, see the website www.cninfo.com.cn.

V Explanations Given by the Board of Directors, the Supervisory Board and the Independent Directors (if any) Regarding the Independent Auditor's “Modified Opinion” on the Financial Statements of the Reporting Period

Applicable Not applicable

VI YoY Changes to Accounting Policies, Estimates and Methods

The changes in accounting policies of the Company are as follows: on 31 March 2017, the Ministry of Finance issued *Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments* (hereinafter referred to as “Revised Standards No.22”), *Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets* (hereinafter referred to as “Revised Standards No.23”), *Accounting Standards for Business Enterprises No.24-Hedge Accounting* (hereinafter referred to as “Revised Standards No.24”); on 2 May 2017, the Ministry of Finance issued *Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments* (hereinafter referred to as “Revised Standards No.37”); on 5 July 2017, the Ministry of Finance issued *Accounting Standards for Business Enterprises No.14-Income* (hereinafter referred to as “Revised Standards No.14”). The Company starts to implement the Revised Standards No.22, No.23, No.24, No.37 and No.14 in accordance with requirements stipulated in documents of the Ministry of Finance since 1 January 2018. For more details, please refer to the *Announcement on Changes in Accounting Policies* (announcement No.: 2018-025) disclosed on cninfo.com.cn by the Company on 7 March 2018.

On 27 November 2018, the Company held the 8th Extraordinary Meeting of the 9th Directors of the

Board in 2018 and the 5th Extraordinary Meeting of the 9th Supervisory Committee in 2018, on which the *Proposal on Changes in Accounting Estimate of Fixed Assets* was reviewed and approved. In line with the *Accounting Standards for Business Enterprises No.4-Fixed Assets* and relevant regulations of the Company, the Company rechecked the estimated useful life and expected net residual value of fixed assets based on the current performance and service condition of fixed assets and decided to adjust the depreciation life of partial fixed assets and net residual value of total fixed assets so as to make it more reasonable and reflect the Company's financial condition and operating results more objectively and fairly. For more details, please refer to the *Announcement on Changes in Accounting Estimate of Fixed Assets* (announcement No.: 2018-104) disclosed on cninfo.com.cn by the Company on 28 November 2018.

For further information, please refer to (III) Changes in Main Accounting Policies and Estimates in Part XI Financial Statements for details.

VII Retrospective Restatements due to Correction of Material Accounting Errors in the Reporting Period

No such cases in the Reporting Period.

VIII YoY Changes to the Scope of the Consolidated Financial Statements

During the year under review, the Company acquired a 51% interest in China Merchants Port (Zhoushan) RoRo Logistics Co., Ltd. ("Zhoushan RoRo"). Zhoushan RoRo changed its directors, supervisors and senior management with the industrial and commercial administration on 29 August 2018 and officially became a majority-owned subsidiary of the Company. From that day on, the Company includes Zhoushan RoRo into the consolidated financial statements. The above-mentioned acquisition fits the definition of an assets acquisition, and does not constitute business or a business combination. Thus, it is recognized as a change to the consolidation scope caused by other reasons.

The Company and China Merchants Investment Development Company Limited (hereinafter referred to as "CMID") signed the *Agreement on Asset Acquisition through the Issue of Shares* on 19 June 2018, which was approved by China Securities Regulatory Commission through the *Reply on the Approval of the Issue of Shares by Shenzhen Chiwan Wharf Holdings Limited to China*

Merchants Investment Development Company Limited for Asset Acquisition and Raising of Supporting Funds (ZJXK [2018] No. 1750). The Company issued shares to CMID to acquire 1,313,541,560 ordinary shares (hereinafter referred to as “the target assets”) of China Merchants Port Holdings Company Limited (hereinafter referred to as CMPort Holdings) held by CMID. According to the transaction bills affixed with the stamp duty of Hong Kong dated 15 November 2018 and the Daily Settlement Book of Chiwan Wharf’s stock account produced on 16 November 2018 by China Merchants Securities (HK) Co., Ltd., the stock agent in Hong Kong, the 1,313,541,560 CMPort Holdings ordinary shares have been registered under the name of the Company, marking that the procedures for the registration of the ownership transfer in respect of the target assets has been completed. As at 25 December 2018, the procedures for the registration of the shares issued by the Company to the counterparty CMID had been completed in CSDCC Shenzhen. Thus, the Company has controlled and consolidated CMPort Holdings. For more details, please refer to the *Announcement of Shenzhen Chiwan Wharf Holdings Limited on the Issue of Shares to Acquire Assets and Raise Supporting Funds and the Attainment of the Approval from CSRC for Related-party Transactions* (Announcement No. 2018-094), and the *Report of China Merchants Port Group Co., Ltd. on the Issue of Shares to Acquire Assets and Raise Supporting Funds and the Implementation of Related-party Transactions and the Listing of New Shares* published on CNINFO (<http://www.cninfo.com.cn>) on 1 November 2018 and 24 December 2018 respectively.

On 25 December 2018, the Company completed the issue of shares to the counterparty CMID and achieved the control over CMPort Holdings in form and nature. In accordance with the related provisions in the *Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements*, the Company started to consolidate the financial statements of CMPort Holdings from December 2018, and adjusted the beginning and last year data in the comparative financial statements according to the rules governing business combinations under common control.

IX Engagement and Disengagement of Independent Auditor

Current independent auditor

Name of the domestic independent auditor	Deloitte Touche Tohmatsu Certified Public Accountants LLP
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The Company's payment to the domestic independent auditor (RMB'0,000)	1,236.25
How many consecutive years the domestic independent auditor has provided audit service for the Company	7
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Huang Yue and Jiang Qishen
How many consecutive years the certified public accountants have provided audit service for the Company	2
Name of the overseas independent auditor (if any)	Deloitte Touche Tohmatsu
The Company's payment to the overseas independent auditor (RMB'0,000) (if any)	945.63
How many consecutive years the overseas independent auditor has provided audit service for the Company (if any)	7
Names of the certified public accountants from the overseas independent auditor writing signatures on the auditor's report (if any)	Zhong Zhiwen
How many consecutive years the certified public accountants have provided audit service for the Company (if any)	2

Indicate by tick mark whether the independent auditor was changed for the Reporting Period.

Yes No

Independent auditor, financial advisor or sponsor engaged for the audit of internal controls:

Approved by the 2017 Annual General Meeting of the Company, the Company was allowed to continuously engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as the 2018 independent auditor for the audit of annual financial statements and internal control in the current year. The audit price for 2018 annual financial statements was RMB1.64 million and the price for internal control was RMB0.3 million. The total expense on aforesaid two audit work was RMB1.94 million.

Since the business consolidation under the same control occurred for the Company in 2018, the consolidation scope increased CMPort Holdings whose financial statements of 2018 were audited by Deloitte Touche Tohmatsu. The total audit expenses (including financial statements audit of subsidiaries) were RMB1,2,201,800, among which, RMB9,456,300 paid for Deloitte Touche

Tohatsu, and RMB2,745,500 for Deloitte Touche Tohatsu Certified Public Accountants LLP.

Considering the asset restructuring occurring in 2018, the Company needs to engage the agency to audit the financial statements for the Company with 31 March 2018 as the base date for companies involved in the restructuring. As for the audit expenses on engagement of independent auditors, RMB7.677 million was paid to Deloitte Touche Tohatsu Certified Public Accountants LLP, RMB1.46 million to Ernst & Young Global Limited, RMB3.7 million to BDO China Shu Lun Pan Certified Public Accountants LLP, RMB163,300 to Klynveld Peat Marwick Goerdeler (KPMG) and Price waterhouse Coopers (PWC).

The expenses on financial advisors was RMB49 million for engagement of CITIC Securities Co., Ltd. and China Merchants Securities Co. Ltd.

X Possibility of Listing Suspension or Termination after Disclosure of this Report

Applicable Not applicable

XI Insolvency and Reorganization

Applicable Not applicable

XII Major Legal Matters

Applicable Not applicable

XIII Punishments and Rectifications

Applicable Not applicable

XIV Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable Not applicable

XV Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable Not applicable

XVI Major Related-Party Transactions

1. Continuing Related-Party Transactions

Unit: RMB'0,000

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction price	Total value	As % of total value of all same-type transactions	Approved transaction line	Over the approved line or not	Method of settlement	Obtainable market price for same-type transactions	Disclosure date	Index to disclosed information
China Merchants Port Holdings Company Limited and its affiliated companies	Original shareholder of Chiwan Wharf	Services	Services related to terminal	Bilateral negotiation	6,887.75	6,887.75	17.37%	10,000.00	No	Settled according to times	6,887.75	7 February 2018	Refer to Announcement on Forecast of Related-party Transactions for 2018 (Announcement No. 2018-012) published on http://www.cninfo.com.cn for details.
China Nanshan Development (Group) Incorporation	Affiliated legal person	Lease	Land lease	Bilateral negotiation	6,523.02	6,523.02	40.02%	7,500.00	No	Settled monthly	6,523.02	7 February 2018	
Total				--	--	13,410.77	--	17,500.00	--	--	--	--	--
Large-amount sales return in detail				N/A									
Give the actual situation in the				N/A									

Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period	
Reason for any significant difference between the transaction price and the market reference price (if applicable)	N/A

* The original director of the Company Zhang Jianguo (left for less than 12 months) is the vice general manager and CFO of China Nanshan Development (Group) Inc.. In line with provisions of Shenzhen Stock Exchange Stock Listing Regulations, China Nanshan Development (Group) is the affiliated legal person of the Company.

Related-party transaction of providing daily operation of labor service between CMPort Holdings (00144.HK) and related party-QQCTU occurs and actual amount is RMB59.87 million. Besides, the daily related-party transaction of leased land between CMPort Holdings and CMSK happens and actual amount is RMB43.46 million. Related-party transactions such as providing labor service and accepting labor service as well as providing lease and accepting lease between CMPort Holdings and other related parties occur and actual amount is RMB0.336 billion. As for related-party transactions occurring before reorganization of CMPort Holdings and the Company, corresponding procedures have been completed in accordance with rules of stock exchange Company. (Note: small total of above-mentioned other related parties covers labor service provided by related parties such as China Ocean Shipping Tally Shenzhen Co., Ltd., Merchants Property Management (Qingdao) Co., Ltd. and CM Houlder Insurance Brokers Limited to the Company as well as related parties (including Qingdao Sinotrans Supply Chain Management Co., Ltd., Guangzhou Hangshang International Shipping Agency Co., Ltd. and China Overseas Harbour Affairs (Laizhou) Co., Ltd. accepting the labor service provided by the Company; Related parties such as Youlian Dockyards (Shekou) Ltd., Nanyou (Holdings), CIESCO Shenzhen, and Shenzhen Branch of China Communications Import & Export Co., Ltd. lease the house from the Company; Related parties such as Shenzhen Merchants Venture Co., Ltd., China Merchants Commercial Property Investment (Shenzhen) Co., Ltd. and CMGWT provide the rental service for the Company. Based on the above, no situation that transaction amount exceeds 0.5% of audited net asset of the Company during the last period occurs to single related party. Combination and listing are

conducted here due to small amount and large quantity.)

2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Interests

In 2018, CMPort Holdings (00144.HK) made the related-party transaction on equity investment with CMGD with actual amount of RMB3.346 billion.

For details about the related-party transaction on the Company's capital increase in CMPort (Zhoushan) RoRo Logistics Co., Ltd., please refer to 2. Major Equity Investments Made in the Reporting Period in V Investment Made in Part IV Operating Performance Discussion and Analysis.

3. Related Transactions Regarding Joint Investments in Third Parties

Unit: RMB'0,000

Joint investors	Related relationship	investee	Principal activities of investee	Registered capital of investee	Total assets of investee	Net assets of investee	Net profit of investee
China Merchants Group (H.K.) Limited, Jumbo Pacific Holdings Limited, China Merchants Expressway Network & Technology Holdings Co., Ltd., China Merchants Industrial Investment Co., Ltd. and Sinotrans (HK) Logistics Limited	The same & ultimate actual controller	China Merchants Hainan Development & Investment Co., Ltd.	Land development, operation of parks and properties, construction and investment of municipal infrastructure, water and power supply for parks, urban renewal, investment and management of projects, etc.	350,000	350,000	350,000	-191
Progress of major programs in progress of investee (if any)	N/A						

4. Credits and Liabilities with Related Parties

√ Applicable □ Not applicable

Credits receivable with related parties

Related party	Related relationship	Forming reason	Whether there is occupation on non-operating capital or not	Beginning balance (RMB'0,000)	Increased in the Reporting Period (RMB'0,000)	Recovered in the Reporting Period (RMB'0,000)	Interest rate	Interest in the Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)
China Merchants Group Finance Co., Ltd.	Under common control of ultimate controlling shareholder	Bank deposits	Not	60,540.28	975,653.97	986,781.13	2.37%	1,404.25	49,413.12
China Merchants Bank	The ultimate controlling shareholder has major influence on it	Bank deposits	Not	92,893.47	1,615,797.32	1,581,237.14	1.84%	3,462.95	127,453.65
Effects of credits with related parties on the Company's operating results and financial conditions	The above credits receivable with related parties were mainly deposits in financial institutions which has no major influence on the Company's operating results and financial conditions.								

Liabilities payable with related parties

Related party	Related relationship	Forming reason	Beginning balance (RMB'0,000)	Increased in the Reporting Period (RMB'0,000)	Recovered in the Reporting Period (RMB'0,000)	Interest rate	Interest in the Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)
China Merchants Group Finance Co., Ltd.	Under common control of ultimate controlling shareholder	Borrowing	189,000.00	104,500.00	216,000.00	4.54%	5,157.41	77,500.00
China Merchants Bank	The ultimate controlling shareholder has major	Borrowing	4,000.00	-	4,000.00	4.35%	10.44	-

	influence on it							
Effects of liabilities with related parties on the Company's operating results and financial conditions		The above liabilities payable with related parties were mainly financial institution loans which had no major influence on the Company's operating results and financial conditions.						

The interest rate of the above claims and debts shall be the average interest rate.

5. Other Major Related-Party Transactions

Refer to the Notes to financial statements.

XVII Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

On 13 December 2018, the Company held the 10th Extraordinary Meeting of the 9th Directors of the Board, on which the Proposal on Signing Custody Agreement of Equity of Liaoning Port Group Co., Ltd. between the Company and China Merchants (Liaoning) Port Development Co., Ltd. was reviewed and approved. The Company was allowed to sign the Custody Agreement of Equity of Liaoning Port Group Co., Ltd. with China Merchants (Liaoning) Port Development Co, Ltd., the indirect wholly-owned subsidiary of CMG, and made an appointment that China Merchants (Liaoning) Port Development entrusted all 49.9% shares of Liaoning Port Group Co., Ltd. held by it as of 13 December 2018 to the Company for management.

Project which generates profit or loss reaching over 10% of total profits of the Company during the Reporting Period

Applicable Not applicable

(2) Contracting

Applicable Not applicable

(3) Leases

There were no leases with a 10% or greater impact on the Company's gross profit in the Reporting Period.

2. Major guarantees

(1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries for external parties (exclusive of those for subsidiaries)								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
CMA CGM SA	N/A	2,498.21	11 June 2013	1,224.12	General guarantee	About 6 years	No	Not
CMA CGM SA	N/A	8,219.58	11 June 2013	8,219.58	General guarantee	About 20 years	No	Not
PORT DE DJIBOUTI S.A.,	N/A	34,316.00	14 June 2016	2,419.28	General guarantee	About 3 years	No	Yes
Total approved line for such guarantees in the Reporting Period (A1)				-	Total actual amount of such guarantees in the Reporting Period (A2)		-	
Total approved line for such guarantees at the end of the Reporting Period (A3)				45,033.79	Total actual balance of such guarantees at the end of the Reporting Period (A4)		11,862.98	
Guarantee between the company to its subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Total approved line for such guarantees in the Reporting Period (B1)				0	Total actual amount of such guarantees in the Reporting Period (B2)		0	
Total approved line for such guarantees at the end of the Reporting Period (3)				0	Total actual balance of such guarantees at the end of the Reporting Period (B4)		0	
Guarantees provided between subsidiaries								
Obligor	Disclosure date of the	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a

	guarantee line announce ment							related party or not
China Merchants International Terminal (Qingdao) Co., Ltd.	N/A	10,000.00	N/A	-	General guarantee	N/A	No	No
Shenzhen Jinyu Rongtai Investment Development Co., Ltd.	N/A	80,000.00	12 January 2017	50,000.00	Joint-liability	About 10 years	No	No
Shenzhen Jinyu Rongtai Investment Development Co., Ltd.	N/A	50,000.00	25 June 2014	37,800.00	Joint-liability	About 5 years	No	No
China Merchants International (China) Investment Co., Ltd.	N/A	2,500.00	30 June 2016	2,500.00	Joint-liability	About 10 years	No	No
China Merchants Finance Company Limited	N/A	343,160.00	4 May 2012	343,160.00	General guarantee	About 10 years	No	No
China Merchants Finance Company Limited	N/A	343,160.00	3 August 2015	343,160.00	General guarantee	About 10 years	No	Not
China Merchants Finance Company Limited	N/A	137,264.00	3 August 2015	137,264.00	General guarantee	About 5 years	No	No
CMHI Finance (BVI) Co., Ltd	N/A	617,688.00	6 August 2018	617,688.00	General guarantee	About 5 years	No	No
CMHI Finance (BVI) Co., Ltd	N/A	411,792.00	6 August 2018	411,792.00	General guarantee	About 10 years	No	No
COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	N/A	240,143.37	16 September 2012	15,456.61	General guarantee	About 13 years	No	No
COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	N/A	10,294.80	16 September 2012	10,294.80	General guarantee	Infinite	No	No
COLOMBO	N/A	17,158.00	16 September	17,158.00	General	Infinite	No	No

INTERNATIONAL CONTAINER TERMINALS LIMITED		0	2012		guarantee			
Lome Container Terminal Co., Ltd.	N/A	7,847.30	1 June 2015	2,004.99	General guarantee	About 9 years	No	No
Lome Container Terminal Co., Ltd.	N/A	7,847.30	1 June 2015	2,004.99	General guarantee	About 9 years	No	No
Lome Container Terminal Co., Ltd.	N/A	7,847.30	1 June 2015	2,004.99	General guarantee	About 9 years	No	No
China Merchants Port Development (Shenzhen) Co., Ltd.	N/A	320,000.00	31 July 2017	218,000.00	Joint-liability	About 5 years	No	No
TCP - TERMINAL DE CONTEINERES DE PARANAGUA S/A.	N/A	53,169.00	19 April 2018	47,437.38	General guarantee	About 6 years	No	No
TCP - TERMINAL DE CONTEINERES DE PARANAGUA S/A.	N/A	75,862.77	19 Nov7 2016	75,862.77	General guarantee	About 6 years	No	No
Total approved line for such guarantees in the Reporting Period (C1)			1,082,649.00	Total actual amount of such guarantees in the Reporting Period (C2)				1,076,917.38
Total approved line for such guarantees at the end of the Reporting Period (C3)			2,735,733.84	Total actual balance of such guarantees at the end of the Reporting Period (C4)				2,333,588.52
Total guarantee amount (total of the three kinds of guarantees above)								
Total guarantee line approved in the Reporting Period (A1+B1+C1)			1,082,649.00	Total actual guarantee amount in the Reporting Period (A2+B2+C2)				1,076,917.38
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)			2,704,904.86	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)				2,345,451.50
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				76.25%				
Of which:								
Balance of guarantees provided for shareholders, actual controller and their related parties (D)								

Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)	2,202,879.11
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)	807,427.73
Total of the three amounts above (D+E+F)	3,010,306.84
Joint responsibilities possibly borne in the Reporting Period for undue guarantees (if any)	None
Provision of external guarantees in breach of the prescribed procedures (if any)	None

The above-mentioned guarantees are provided before CMPort Holdings and its subsidiaries being involved into the consolidated financial statements of the Company. And CMPort Holdings has performed all procedures regarding aforesaid guarantees completely as required by HKEX.

(2) Irregularities in Provision of Guarantees

No such cases in the Reporting Period.

3. Cash Entrusted to Other Entities for Management

(1) Cash Entrusted for Wealth Management

Applicable Not applicable

(2) Entrusted Loans

Overview of entrusted loans in the Reporting Period

Unit: RMB'0,000

Amount	Capital resources	Undue balance	Overdue amount
3,430.00	Self-owned funds	3,430.00	

Particulars of cash entrusted for wealth management with single significant amount or low security, bad liquidity, and no capital preservation

Applicable Not applicable

Whether there is the case where the principal cannot be recovered at maturity or other case which may cause impairment of cash entrusted for wealth management

Applicable Not applicable

4. Other Major Contracts

Applicable Not applicable

XVIII. Social responsibilities

As a responsible enterprise, the Company leverages its own professional strengths to participate in charitable activities such as urban renewal, targeted poverty alleviation and reconstruction assistance to disaster-stricken areas, with an aim to safeguarding the rights and interests of its

employees, attaching importance to occupational health development, promoting urban and rural economic development and improving people's living standards. We also actively participate in various social organisations and political parties and strengthen our communication with the government and the industries to make use of our well-earned influence.

1. Fulfillment of social responsibilities

The Company is always committed to take on historical missions and has a strong sense of social responsibilities. During our journey of growth and development, we never steer away from the original goal. We take the lead to address social problems, continue to seek for the matching point for mutual development with the society and explore appropriate models for conducting charitable business that meets the needs of the current generation. By leveraging our core strengths to launch professional charitable activities, support regional development and preserve fine cultures, we will incorporate social development needs into our daily operation activities and join hands with even more partners to create a harmonious society and promote social progress.

In 2018, the Company adhered to the theme of “Shaping Blue Dreams Together (共铸蓝色梦想)” for its charitable activities, striving to fulfil its corporate social responsibilities through engagement in social charitable activities, at the same time building the charity brand of its own. Large-scaled public welfare activities included “C Blue Summer Camp for Children(C Blue 儿童夏令营)” and “Shaping Blue Dreams Together – C Blue Training Programme in the 21st Century (共铸蓝色梦想—21世纪海上丝绸之路优才计划)” (C Blue Training Programme).

The “C Blue Summer Camp for Children” charitable event invited the left-behind children of the port's frontline staff to reunite with their parents in Shenzhen and participate in a summer camp. A total of 50 families of the constructors stationed in Shenzhen had joined the event. The event not only obtained positive feedback from the society, but also created a sound corporate image of the Company to contribute to the society on a continuous basis. This project represented China Merchants Group in the “Shaping Blue Dreams Together (Arrive Project Competition of State-owned Enterprises)” and was awarded the Gold Winner.

Sponsored by China Merchants Charitable Foundation and hosted by China Merchants Port, “C Blue Training Programme (C Blue 优才计划)” is a corporate social responsibility project to practice the mission of “promoting social progress through commercial success” extensively in countries along the “21st Century Maritime Silk Road” by adhering to the concept of promoting value sharing worldwide under the theme of “Shaping Blue Dreams Together (C Blue)”. The purpose of this project is to train more leading talents in port and shipping industry for countries along the Silk Road and to offer high-end port and shipping industry-related training courses to various countries.

The success of this programme further enhanced China Merchants' influence on countries along the "Belt and Road" initiative and better explicated China Merchants Port's corporate goal of "We Connect the World (天涯若比邻)", at the same time deepening the school-enterprise cooperation with Shenzhen Polytechnic. Through systematic study of theories and diversified visits and practices, trainees will be able to utilize the extensive knowledge and experience gained to promote the development of port and shipping industry and to strengthen the implementation of the "Belt and Road" initiative and thus promote the economic development of their respective countries.

Environmental protection

The Company embeds environmental elements into corporate development. During the whole life cycle of projects, the Company adheres to green ecological development philosophy and practice, and continuously pursues sustainable development in economic, environmental and social aspects as a whole by leveraging innovative green development models, strengthening development and application of energy conservation technologies, optimizing green industry network and promoting green culture among its staff. Meanwhile, the Company strives to develop a green accountability chain and a green ecosystem with joint efforts of the community. With the concerted efforts of various parties, the Company is able to develop innovative solutions for sustainable environmental development and play its part in pushing forward ecocivilisation.

XIX Other Significant Events

1. Significant Events of Asset Restructuring

On 19 June 2018, the Proposal on the Company's Plan to Issue Shares to Specific Targets to Acquire Assets was reviewed and approved at the 5th Special Meeting of the Company's 9th Board of Directors of 2018.

On 28 June 2018, SASAC issued the Reply to the Issues in Respect of the Private Placement of A-Shares by Shenzhen Chiwan Wharf Holdings Limited (GZCQ [2018] No. 360). In principle, the approval was granted for the Company's plan to acquire the share considerations of China Merchants Port Holdings Co., Ltd. through a private placement of no more than 1,148,648,648 A-shares and to issue no more than 128,952,746 A-shares to raise supporting funds. On 26 July 2018, the Proposal on the Company's Plan to Issue Shares to Specific Targets to Acquire Assets was reviewed and approved at the 2nd Extraordinary General Meeting of 2018 of the Company.

The Company obtained the Notice on the Filing of Overseas Investment Projects (FGBWZB [2018] No. 690) issued by NDRC and the Certificate of Corporate Overseas Investment (JWTZZ No. N1000201800487) issued by the Ministry of Commerce respectively on 20 September 2018 and 28 September 2018.

On 30 October 2018, the transaction was approved by China Securities Regulatory Commission through the document of ZJXK [2018] No. 1750.

On 5 November 2018, the Company received the Reply to the Filing of Changes in Foreign-Funded Enterprises (YSWZB 201800004) issued by the Bureau of Industry and Information Technology of Shenzhen on November 2.

On 15 November 2018, 1,313,541,560 ordinary shares of China Merchants Port Holdings Company Limited were registered in the name of the Company and the procedures for the registration of ownership transfer of the underlying assets were completed.

On 25 December 2018, the procedures for the registration of the shares issued by the Company to the counterparty CMID were completed in CSDCC Shenzhen.

2. Changes in the Company's Stock Name and Stock Code

On 27 November 2018, the Company held the 8th Special Meeting of the 9th Board of Directors of 2018. The Proposal on Changing the Company's Name, Stock Name and Stock Code was reviewed and approved at the Meeting. According to the Proposal, the Company's stock name would change from "CHIWAN WHARF/CHIWAN WHARF-B" to "CM PORT GROUP/CM PORT GROUP B", and its stock code would change from "000022/200022" to "001872/201872". On 13 December 2018, the Company held the 3rd Extraordinary General Meeting of 2018, and the Proposal on Changing the Company's Name, Stock Name and Stock Code was reviewed and approved. In accordance with the provisions of the Rules of Shenzhen Stock Exchange for Stock Listing and relevant business processing requirements, the Company applied with Shenzhen Stock Exchange and the revised stock name and code were officially applied from 26 December 2018.

3. Description of the Events of Share Trading Suspension and Resumption

Due to the planning and demonstration of the actual controller China Merchants Group on significant events in respect of the Company, the Company's stock was suspended from the opening on 20 November 2017. Through the negotiation and demonstration of related parties thereafter, the Company recognized the aforementioned significant events as significant asset reorganization, with its stock transferred into significant asset reorganization and continuing to be suspended from 4 December 2017. During the stock suspension, the Company duly performed its obligations of information disclosure in accordance with relevant laws and regulations and released an announcement on the progress at least every five working days. On 9 July 2018, in accordance with regulations, the Company disclosed the Report of Shenzhen Chiwan Wharf Holdings Limited on the Issue of Shares to Acquire Assets and Raise Supporting Funds and Connected Transactions (Draft) (Revision) and related announcements. On 10 July 2018, the Company's stock was resumed through its application.

Due to the Company's application for changes in its stock name and stock code, the Company's stock was suspended consecutively for three trading days in total from 21 December 2018 to 25 December 2018 during the implementation of the changes. From 26 December 2018, trading in the Company's shares was resumed and traded in the revised stock name and code.

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:

Announcement No.	Date	Title
2018-001	4 January 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring

2018-002	6 January 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of December 2017
2018-003	11 January 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-004	20 January 2018	Announcement on Resolutions of the 1 st Special Meeting of the 9 th Board of Directors in 2018
2018-005	20 January 2018	Announcement on Application for Continuing the Suspension due to the Expiration of Significant Assets Restructuring Delisting
2018-006	27 January 2018	Announcement on Resolutions of the 2 nd Special Meeting of the 9 th Board of Directors in 2018
2018-007	27 January 2018	Announcement on the Related-party Transaction regarding Foreign Investments
2018-008	27 January 2018	Announcement on Convening Shareholders Meeting for Approval of Matters Related to Continuous Suspension
2018-009	27 January 2018	Notice on Convening the 1 st Extraordinary General Meeting of 2018
2018-010	3 February 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-011	7 February 2018	Announcement on Resolutions of the 3 rd Special Meeting of the 9 th Board of Directors in 2018
2018-012	7 February 2018	Announcement on Expected Routine Related-Party Transactions for 2018
2018-013	7 February 2018	Announcement on Related-party Transaction regarding Signing Supplementary Agreement to the MEDIA PORT INVESTMENTS LIMITED Shareholder Agreement II
2018-014	7 February 2018	Reminder of Changes in Controlling Shareholders
2018-015	7 February 2018	Reminder of Convening the 1 st Extraordinary General Meeting of 2018
2018-016	8 February 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of January 2018
2018-017	10 February 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-018	14 February 2018	Announcement on Resolutions of the 1 st Extraordinary General Meeting of 2018
2018-019	14 February 2018	Announcement on Application for Continuing the Suspension due to the Expiration of Significant Assets Restructuring Delisting
2018-020	28 February 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-021	7 March 2018	Announcement on Resolutions of the 3 rd Meeting of the 9 th Board of Directors
2018-022	7 March 2018	Announcement on Resolutions of the 3 rd Meeting of the 9 th Supervisory Committee
2018-023	7 March 2018	Abstract of Annual Report 2017 of Shenzhen Chiwan Wharf Holdings Limited
2018-024	7 March 2018	Announcement on Plan of Profit Distribution and Dividend Payout in 2017

2018-025	7 March 2018	Announcement on Changes in Accounting Policy
2018-026	7 March 2018	Announcement on Termination of Joint Investment in Haixing Onoda Project with Related Parties
2018-027	7 March 2018	Notice of Convening the 2017 Annual General Meeting
2018-028	7 March 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-029	8 March 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of February 2018
2018-030	8 March 2018	Correction Notice
2018-031	14 March 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-032	20 March 2018	Reminder of the Progress of Changes in Controlling Shareholders
2018-033	21 March 2018	Reminder of Convening the 2017 Annual General Meeting
2018-034	21 March 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-035	27 March 2018	Reminder of the Progress of Changes in Controlling Shareholders
2018-036	28 March 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-037	29 March 2018	Announcement on Resolutions of the 2017 Annual General Meeting
2018-038	4 April 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-039	10 April 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of March 2018
2018-040	13 April 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-041	20 April 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-042	24 April 2018	Reminder of Issuance of 2018 Phase I Super-short-term Financing Bonds
2018-043	27 April 2018	Announcement on Resolutions of the 4 th Special Meeting of the 9 th Board of Directors in 2018
2018-044	27 April 2018	The Text of the First Quarter Report 2018
2018-045	27 April 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-046	28 April 2018	Announcement on Issue Results of 2018 Phase I Super-short-term Financing Bonds
2018-047	3 May 2018	Announcement on China Securities Regulatory Commission's Consent for the Exemption of China Merchants Gangtong Development (Shenzhen) Co., Ltd. and its Acting-in-concert

		Parties from the Tender Offer Obligation
2018-048	8 May 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-049	9 May 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of April 2018
2018-050	15 May 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-051	15 May 2018	Announcement on Convening Investor Conference regarding Significant Assets Restructuring
2018-052	17 May 2018	Announcement on the Execution of the 2017 Dividend Plan
2018-053	18 May 2018	Announcement on Application for Continuing the Suspension due to the Expiration of Significant Assets Restructuring Delisting
2018-054	19 May 2018	Announcement on Particulars of Investors Conference Convened regarding Significant Assets Restructuring
2018-055	22 May 2018	Announcement on the Due Payment of 2017 Phase I Super-short-term Financing Bonds
2018-056	25 May 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-057	1 June 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-058	8 June 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-059	9 June 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of May 2018
2018-060	12 June 2018	Announcement on Completion of Share Transfer and Changes in Controlling Shareholders
2018-061	15 June 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring
2018-062	21 June 2018	Announcement on Resolutions of the 5 th Special Meeting of the 9 th Board of Directors in 2018
2018-063	21 June 2018	Announcement on Resolutions of the 2 nd Special Meeting of the 9 th Supervisory Committee in 2018
2018-064	21 June 2018	Announcement on Related-party Transaction regarding Signing Supplementary Agreement to the Financial Service Agreement with China Merchants Group Finance Co., Ltd.
2018-065	21 June 2018	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	21 June 2018	Reminder of General Risk of Significant Assets Restructuring
2018-067	28 June 2018	Announcement on the Progress of Share Trading Suspension of Significant Assets Restructuring

2018-068	4 July 2018	Announcement on Approval of Relevant Issues of Significant Assets Restructuring by State-owned Assets Supervision and Administration Commission
2018-069	5 July 2018	Announcement on the Delay in Reply to the Enquiry Letter of Restructuring of Shenzhen Stock Exchange and Continuous Share Trading Suspension
2018-070	7 July 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of June 2018
2018-071	10 July 2018	Announcement on Resolutions of the 6 th Special Meeting of the 9 th Board of Directors in 2018
2018-072	10 July 2018	Announcement on Resolutions of the 3 rd Special Meeting of the 9 th Supervisory Committee in 2018
2018-073	10 July 2018	Announcement on Signing Termination of Agreement to the Financial Service Agreement with China Development Finance Company Ltd.
2018-074	10 July 2018	Notice on Convening the 2 nd Extraordinary General Meeting of 2018
2018-075	10 July 2018	Announcement on the Share Trading Resumption of Significant Assets Restructuring
2018-076	19 July 2018	Reminder of Convening the 2 nd Extraordinary General Meeting of 2018
2018-077	24 July 2018	Announcement on Execution of 2017 Equities Distribution from the Company's Significant Assets Restructuring of Intending to Purchase the Target Company China Merchants Port Holdings Company Limited
2018-078	27 July 2018	Announcement on Resolutions of the 2 nd Extraordinary General Meeting of 2018
2018-079	9 August 2018	Announcement on the Assets Purchase Offering and Matching Fund Raising of Shenzhen Chiwan Wharf Holdings Limited and the Revision of Relevant Documents of Related-Party Transactions
2018-080	10 August 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of July 2018
2018-081	11 August 2018	Announcement on Receiving the Acceptance Form of Application for Administrative license of China Securities Regulatory Commission
2018-082	31 August 2018	Announcement on Resolutions of the 4 th Meeting of the 9 th Board of Directors
2018-083	31 August 2018	Abstract of Interim Report 2018
2018-084	31 August 2018	Announcement on the Progress of Foreign Investment and Related-party Transactions
2018-085	6 September 2018	Announcement on Receiving a Feedback Notification of Project Review for Administrative license of China Securities Regulatory

		Commission
2018-086	11 September 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of August 2018
2018-087	14 September 2018	Announcement on the Reply to the Feedback Notification of Project Review for Administrative license of China Securities Regulatory Commission
2018-088	28 September 2018	Announcement on Share Trading Suspension about the Examination of the Company's Assets Purchase via Share Offering and Matching Fund Raising and the Related-party Transactions by Audit Committee of China Securities Regulatory Commission for Listed Companies' acquisition and Reorganization
2018-089	10 October 2018	Announcement on Conditional Approval of the Assets Purchase via Share Offering and Matching Fund Raising the Related-party Transactions by Audit Committee of China Securities Regulatory Commission for Listed Companies' acquisition and Reorganization and the Share Trading Resumption of the Company
2018-090	16 October 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of September 2018
2018-091	18 October 2018	Announcement on Receiving the Notification of Foreign Investment Project Filing from National Development and Reform Commission and Certificate for Foreign Investment of Enterprises from Ministry of Commerce regarding the Assets Purchase via Share Offering and Matching Fund Raising and Related-party Transactions
2018-092	31 October 2018	Announcement on Resolutions of the 7 th Special Meeting of the 9 th Board of Directors in 2018
2018-093	31 October 2018	The Text of the Third Quarter Report 2018
2018-094	1 November 2018	Announcement on Receiving the Approval of China Securities Regulatory Commission regarding the Assets Purchase via Share Offering and Matching Fund Raising and Related-party Transactions
2018-095	1 November 2018	Announcement on Notice for the Revision of the Report of Assets Purchase via Share Offering and Matching Fund Raising and Related-party Transactions
2018-096	6 November 2018	Announcement on Receiving the Reply to the Filing of Changes in Foreign-invested Enterprises from Shenzhen Commission of Economy and Information Technology regarding the Assets Purchase via Share Offering and Matching Fund Raising and Related-party Transactions

2018-097	9 November 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of October 2018
2018-098	20 November 2018	Announcement on Execution of 2018 Interim Equities Distribution from the Company's Significant Assets Restructuring of Intending to Purchase the Target Company China Merchants Port Holdings Company Limited
2018-099	21 November 2018	Announcement on Resignation of Directors
2018-100	21 November 2018	Announcement on Resignation of Supervisors
2018-101	22 November 2018	Announcement on Completion of the Transfer of Underlying Assets regarding the Assets Purchase via Share Offering and Matching Fund Raising and Related-party Transactions
2018-102	28 November 2018	Announcement on Resolutions of the 8 th Special Meeting of the 9 th Board of Directors in 2018
2018-103	28 November 2018	Announcement on Resolutions of the 5 th Special Meeting of the 9 th Supervisory Committee in 2018
2018-104	28 November 2018	Announcement on Accounting Estimate Change of Fixed Assets
2018-105	28 November 2018	Announcement on Related-party Transaction regarding Signing Supplementary Agreement to the Financial Service Agreement with China Merchants Group Finance Co., Ltd.
2018-106	28 November 2018	Notice on Convening the 3 rd Extraordinary General Meeting of 2018
2018-107	1 December 2018	Announcement on Resolutions of the 9 th Special Meeting of the 9 th Board of Directors in 2018
2018-108	1 December 2018	Announcement on Related-party Transaction regarding Jointly Investing and Establishing China Merchants Hainan Development and Investment Co., Ltd with Related Parties
2018-109	3 December 2018	Announcement on Adding Temporary Proposal in the 3 rd Extraordinary General Meeting of 2018 and Supplementary Notice on Convening the 3 rd Extraordinary General Meeting of 2018
2018-110	6 December 2018	Reminder of Convening the 3 rd Extraordinary General Meeting of 2018
2018-111	8 December 2018	Announcement on Resignation of Chairman of the Board
2018-112	8 December 2018	Announcement on Resignation of Senior Executives
2018-113	8 December 2018	Announcement on Voluntary Information Disclosure of Business Volume Data of November 2018
2018-114	14 December 2018	Announcement on Resolutions of the 3 rd Extraordinary General Meeting of 2018
2018-115	14 December 2018	Announcement on Resolutions of the 10 th Special Meeting of the 9 th Board of Directors in 2018

2018-116	14 December 2018	Announcement on Resolutions of the 6 th Special Meeting of the 9 th Supervisory Committee in 2018
2018-117	14 December 2018	Announcement on Signing Trusteeship of the Stock Right Agreement with China Merchants (Liaoning) Port Development Co., Ltd and Related-party Transactions
2018-118	14 December 2018	Reminder of Intending to Change the Company's Name, Stock Name and Stock Code and Share Trading Suspension of the Company
2018-119	15 December 2018	Announcement on Completion of Changes in Industrial and Commercial Registration
2018-120	21 December 2018	Reminder of Share Trading Suspension of the Company and Intending to Change Stock Name and Stock Code
2018-121	24 December 2018	Announcement on Changes in Shareholdings of Directors, Supervisors and Senior Executives of the China Merchants Port Group Co., Ltd.
2018-122	24 December 2018	Announcement on Commitment Made by Related Parties of the Assets Purchase via Share Offering
2018-123	25 December 2018	Announcement on Signing the Qianhai Land Service Agreement by the Wholly-owned Subordinate Company of Majority-owned Subsidiary Namely China Merchants Port Holdings Company Limited
2018-124	26 December 2018	Announcement on Share Trading Suspension of the Company and Changes in Stock Name and Stock Code

XX Significant Events of Subsidiaries

On 25 February 2018, China Merchants Port Holdings Company Limited had purchased 90% stock of TCP.

On 20 March 2018, Board of Directors of China Merchants Port Holdings Company Limited announced that it appointed Mr. Fu Gangfeng as the Executive Director and Chairman of the Board of China Merchants Port Holdings Company Limited.

14 June 2018, China Merchants Port Holdings Company Limited had purchased all 50% stock of Port of Newcastle of Australia from the shareholder of CMU. Thus the global port layout of China Merchants Port Holdings Company Limited had covered six continents.

6 August 2018, China Merchants Port Holdings Company Limited had issued a total amount of RMB1.5 billion guaranteed notes with fixed interests, and it was traded on the Stock Exchange of Hong Kong Ltd.

On 24 December 2018, China Merchants Port Holdings Company Limited made land service agreement with Shenzhen Urban Planning and Land Resources Committee, Shenzhen Qianhai

Shengang Modern Service Industry Cooperation Zone Authority, CMG, Shenzhen Qianhai Square Park Development Co., Ltd, China Merchants Shekou Industrial Zone Holdings Co., Ltd, CMSK, several subsidiary companies of China Merchants Shekou, and Shenzhen China Merchants Qianhai Chidi Industry Co., Ltd to further manage the various land equities held by CMG in Qianhai, Shenzhen, China at present.

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
I. Restricted shares	160,106	0.02%	1,148,648,648	0	0	1,148,700,698	1,148,700,698	1,148,860,804	64.06%
1. Shares held by state	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal person	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	160,106	0.02%	0	0	0	52,050	52,050	212,156	0.01%
Including: Shares held by domestic legal person	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural person	160,106	0.02%	0	0	0	52,050	52,050	212,156	0.01%
4. Shares held by foreign investors	0	0.00%	1,148,648,648	0	0	0	1,148,648,648	1,148,648,648	64.05%
Including: Shares held by foreign legal person	0	0.00%	1,148,648,648	0	0	0	1,148,648,648	1,148,648,648	64.05%
Shares held by foreign natural person	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted shares	644,603,624	99.98%	0	0	0	-52,050	-52,050	644,551,574	35.94%
1. RMB ordinary shares	464,859,300	72.10%		0	0	-3,976	-3,976	464,855,324	25.92%
2. Domestically listed foreign shares	179,744,324	27.88%	0	0	0	-48,074	-48,074	179,696,250	10.02%
3. Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	644,763,730	100.00%	1,148,648,648	0	0	0	1,148,648,648	1,793,412,378	100.00%

Reasons for share changes:

1. Share issuance of the Company; 2. Changes in directors, supervisors, and senior executives of the Company

Approval of share changes:

On 19 June and 9 July 2018, the Company held the 5th and 6th Special Meetings of the 9th Board of Directors of 2018 respectively. The proposals in respect of the transaction were reviewed and

approved at the meetings, including the Proposal on the Company's Eligibility for the Issue of Shares to Acquire Assets and Raise Supporting Funds, the Proposal on the Company's Plan to Issue Shares to Specific Targets to Acquire Assets, the Proposal on the Company's Entering into the Agreement on the Concerted Action of China Merchants Port Holdings Co., Ltd. with China Merchants Group (HK) Co., Ltd., the Proposal on the Company's Raising of Supporting Funds, the Proposal on the Report of Shenzhen Chiwan Wharf Holdings Limited on the Issue of Shares to Acquire Assets and Raise Supporting Funds and Connected Transactions (Draft) and the Abstract, the Proposal on the Entering with Specific Targets into the Agreement on the Issue of Shares to Acquire Assets and the Agreement on the Impairment Compensation Effective with Conditions, the Proposal on the Entering with Specific Targets into the Supplementary Agreement to the Agreement on the Impairment Compensation of the Agreement on the Issue of Shares to Acquire Assets Effective with Conditions, and the Proposal on the Application for the Approval of the Company's Annual General Meeting for the Exemption of Increased Shareholding of China Merchants Investment Development Company Limited by Offer.

On 28 June 2018, SASAC issued the Reply to the Issues in Respect of the Private Placement of A-Shares by Shenzhen Chiwan Wharf Holdings Limited (GZCQ [2018] No. 360). In principle, the approval was granted for the private placement of no more than 1,148,648,648 A-shares by China Merchants Port to acquire the share considerations of China Merchants Port Holdings Co., Ltd. and the issue of no more than 128,952,746 A-shares to raise supporting funds.

On 26 July 2018, the issues in respect of the transaction were reviewed and approved at the 2nd Extraordinary General Meeting of 2018, and non-related shareholders reviewed and approved the Proposal on the Application for the Approval of the Company's Annual General Meeting for the Exemption of Increased Shareholding of China Merchants Investment Development Company Limited by Offer and agreed to the exemption of increasing the holding of shares of China Merchants Port by CMID through offer.

On 20 September 2018, pursuant to the Filing of Overseas Investment Projects (FGBWZB [2018] No. 690) issued by NDRC, NDRC agreed to file the project of acquisition of partial equity of China Merchants Port Holdings by China Merchants Port.

On 28 September 2018, pursuant to the Certificate of Corporate Overseas Investment (JWTZZ No.N1000201800487) issued by the Ministry of Commerce, the filing with the Ministry of Commerce in respect of the overseas investment involved in the acquisition was completed.

On 30 October 2018, CSRC issued the Reply on the Approval of the Issue of Shares by Shenzhen Chiwan Wharf Holdings Limited to China Merchants Investment Development Company Limited for Asset Acquisition and Raising of Supporting Funds (ZJXK [2018] No. 1750) to approval the

transaction.

On 2 November 2018, pursuant to the Reply to the Filing of Changes in Foreign-Funded Enterprises (Number: YSWZB 201800004) issued by the Bureau of Industry and Information Technology of Shenzhen, China Merchants Port completed the procedures for the filing of changes in foreign-funded enterprises in respect of the strategic investment in listed companies by foreign investors involved in the acquisition.

Transfer of share ownership:

On 25 December 2018, the registration of the 1,148,648,648 A-shares issued by China Merchants Port Holdings Company Limited to CMID with China Securities Depository and Clearing Co., Ltd. Shenzhen Branch. On 26 December 2018, some of the shares were listed for trading on Shenzhen Stock Exchange.

Progress on any share repurchases:

Applicable Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

At the beginning of the Reporting Period, the Company had 645 million capital shares, which increased to 1,793 million upon the additional issue. Pursuant to the Information Disclosure and Presentation Rules for Companies Making Public Offering No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share, the Company used the 1,793 capital shares as the base in the calculation of the earnings per share and net asset value per share for 2016 and 2017. Therefore, the changes in the capital shares from the Company's reorganization do not have any effect on the financial indicators including earnings per share and net asset value per share presented in the comparative financial statements.

The Company completed the asset acquisition through issue of shares on 26 December 2018, from when the Company included China Merchants Port Holdings Company Limited into the consolidated financial statements. Based on the net profits attributable to the listed company in the latest restated consolidated financial statements for 2017 and the latest total capital shares, the earnings per share was RMB1.32. The diluted earnings per share was RMB1.32, and the net asset value per share attributable to ordinary shareholders of the Company was RMB15.88.

To provide investors with comparable financial information, the Company disclosed the financial

indicators before and after the restatement for the recent two years, including basic earnings per share, diluted earnings per share and net assets attributable to the common shareholders of the Company. The details can be found in “VI. Key Financial Information” under “Section II Corporate Information and Key Financial Information”.

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Unit: share

Name of shareholders	Number of restricted shares at the period-begin	Number of released restricted shares	Number of increased restricted shares	Number of restricted shares at the period-end	Reason for restriction	Date of restriction release
China Merchants Investment Development Company Limited	0	0	1,148,648,648	1,148,648,648	During the Reporting Period, the Company issued 1,148,648,648 A shares to CMID who made the commitment to restrict the shares when the new shares went public. For details, see III. Fulfillment of commitments in Part V Significant Events of this report	25 June 2022
Zhang Jianguo	55,712	0	18,570	74,282	According to the Articles of Association and the relevant laws and regulations	12 May 2019
Yuan Yuhui	10,530	0	0	10,530		-
Ni Keqin	21,909	0	0	21,909		-
Zhao Chaoxiong	48,716	0	16,238	64,954		5 May 2019
Wang Yongli	3,739	0	1,246	4,985		12 May 2019
Yao Shenglan	0	0	6,500	26,000		5 May 2019

Zheng Shaoping	0	0	9,496	9,496		-
Total	160,106	0	1,148,700,698	1,148,860,804		--

II. Issuance and Listing of Securities

1. Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

Applicable Not applicable

Name of stock and its derivative securities	Issuing date	Issuing price (or interest rate)	Numbers	Listing date	Approved numbers for trading	Expiry date of the trading
Stock						
Issuing A shares	25 December 2018	RMB21.46 per share	1,148,648,648	26 December 2018	1,148,648,648	-

Explanation for securities (exclusive of preferred shares) issued in the Reporting Period

On 25 December 2018, the 1,148,648,648 A shares issued by the Company was registered on Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. Those shares was traded on Shenzhen Stock Exchange on 26 December 2018

2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

The Company acquired 1,313,541,560 ordinary shares of China Merchants Port Holdings Company Limited (approximately 39.45% of the total ordinary shares issued by China Merchants Port Holdings Company Limited) held by CMID at a transaction amount of RMB24,650,000,000. Based on the share price of RMB21.46/share, the number of A-shares issued by the Company to CMID was 1,148,648,648. The registration of those shares was completed in China Securities Depository and Clearing Co., Ltd. Shenzhen Branch on 25 December 2018 and listed on 26 December 2018. The details can be found on the Report of China Merchants Port Group Co., Ltd. on the Issue of Shares to Acquire Assets and Raise Supporting Funds and the Implementation of Connected Transactions and the Listing of New Shares published on 24 December 2018.

Upon the completion of the transaction, the Company included China Merchants Port Holdings Company Limited into the consolidation scope, which resulted in an evident increase in the asset scale in the consolidated financial statements without changing the Company's asset-liabilities structure.

3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders at the period-end	35,642 (including 24,924 A-shareholders, and 10,718 B-shareholders)	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	35,972 (including 25,184 A-shareholders, and 10,788 B-shareholders)	Number of preferred shareholders with resumed voting rights at the period-end (if any)	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any)	
						0	0
5% or greater shareholders or top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Pledged or frozen shares
CHINA MERCHANTS INVESTMENT DEVELOPMENT COMPANY LIMITED	Foreign legal person	64.05%	1,148,648,648	1,148,648,648	1,148,648,648	0	0
CHINA MERCHANTS GANGTONG DEVELOPMENT (SHENZHEN) CO., LTD.	Domestic general legal person	20.68%	370,878,000	370,878,000	0	370,878,000	0
BROADFORD GLOBAL LIMITED	Foreign legal person	3.08%	55,314,208	55,314,208	0	55,314,208	0
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign legal person	2.42%	43,445,204	-4,469,750	0	43,445,204	Unknown
NORGES BANK	Foreign legal person	0.16%	2,802,863	0	0	2,802,863	Unknown
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned legal person	0.15%	2,641,020	514,998	0	2,641,020	Unknown
MAI SHUQING	Domestic natural person	0.13%	2,361,047	122,700	0	2,361,047	Unknown
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.12%	2,229,700	-387,818	0	2,229,700	Unknown

CHINA CONSTRUCTION BANK—INVESCO GREAT WALL QUANTITATIVE AND SELECTED STOCK SECURITIES INVESTMENT FUNDS	Fund, wealth management instrument, etc.	0.08%	1,495,654	735,993	0	1,495,654	Unknown
CANADA POST CORPORATION REGISTERED PENSION PLAN	Foreign legal person	0.08%	1,446,906	-132,190	0	1,446,906	Unknown
Strategic investors or general legal person becoming top-ten shareholders due to placing of new shares (if any)	N/A						
Related or acting-in-concert parties among the shareholders above	China Merchants Gangtong Development (Shenzhen) Co., Ltd. is a wholly-owned subsidiary of Broadford Global Limited, and Broadford Global Limited is the controlling shareholder of China Merchants Investment Development Company Limited. The Company does not know whether the other unrestricted shareholders are related parties or not.						
Top 10 unrestricted shareholders							
Name of shareholder	Unrestricted shares held at the period-end	Shares by type					
		Type	Shares				
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	43,445,204	B share	43,445,204				
NORGES BANK	2,802,863	B share	2,802,863				
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	2,641,020	B share	2,641,020				
MAI SHUQING	2,361,047	A share	2,361,047				
VANGUARD EMERGING MARKETS STOCK INDEX FUND	2,229,700	B share	2,229,700				
CHINA CONSTRUCTION BANK—INVESCO GREAT WALL QUANTITATIVE AND SELECTED STOCK SECURITIES INVESTMENT FUNDS	1,495,654	A share	1,495,654				
CANADA POST CORPORATION REGISTERED PENSION PLAN	1,446,906	B share	1,446,906				
CHEN ZEHONG	1,240,000	A share	1,240,000				
Related or acting-in-concert parties among the top ten unrestricted public shareholders and between the top ten unrestricted public shareholders and the top ten shareholders	China Merchants Gangtong Development (Shenzhen) Co., Ltd. is a wholly-owned subsidiary of Broadford Global Limited. The Company does not know whether the other unrestricted shareholders are related parties or						

	not.
Top ten ordinary shareholders conducting securities margin trading (if any)	N/A

The top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company did not conduct any promissory repo during the Reporting Period.

2. Controlling Shareholder

Nature of the controlling shareholder: Controlled by a central state-owned legal person

Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative /person in charge	Date of establishment	Unified social credit code	Principal activity
BROADFORD GLOBAL LIMITED	Deng Weidong	27 November 2017	68550019-000-11-17-2	Port services, bonded logistic and cold chain services, property development and investment
Equities held by the controlling shareholder in other listed companies at home or overseas by holding shares or participating in shares during the Reporting Period	N/A			

For details about changes in all previous controlling shareholders, see IV. Changes in the registered information in Part II Corporate Information and Key Financial Information of this report

3. Actual Controller

Nature of the actual controller: Central institution for state-owned assets management

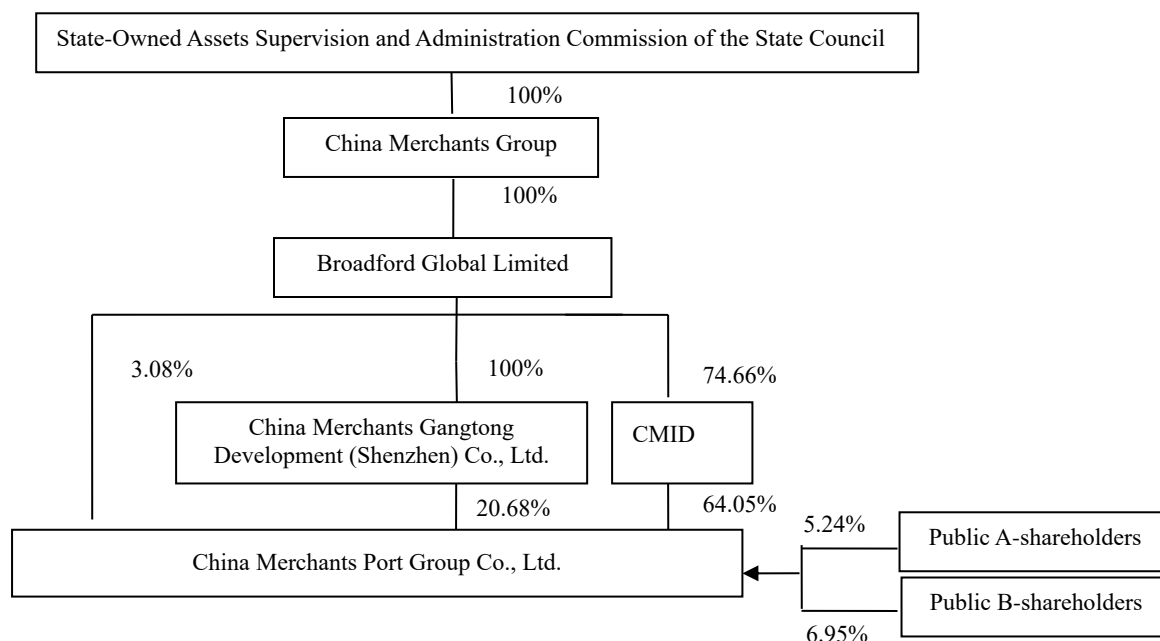
Type of the actual controller: legal person

Name of actual controller	Legal representative /person in charge	Date of establishment	Unified social credit code	Principal activity
China Merchants Group	Li Jianhong	14 October 1986	10000522-0	Lease and agency of water/land passenger-cargo transportation, water/land conveyance and facilities; investment and management of port and storage business; salvage, refloatation and tugboat; industrial production; construction, repairing, checking and marketing of shipping, offshore petroleum drilling equipment;

				repairing and checking of drilling platform and drilling container; overall contracting of water/land construction projects and the related offshore petroleum development projects, and their construction organization and logistic services; procurement, supply and sale of water/land communication and transportation equipment; export and import business of transportation; investment and management of finance, insurance, trust, securities, futures business; investment and management of tourism, hotels, catering services and relevant service; real estate development, management and consultancy of property; investment and management of petroleum and chemical industry; investment and operation of infrastructure of communication; overseas assets management. Development and management of Shenzhen Shekou Industrial Zone and Fujian Zhangzhou Development Zone.
Equities of the other listed companies at home or overseas controlled by the actual controller during the Reporting Period	<p>China Merchants Group holds:</p> <p>62.09% shares of China Merchants Port Holdings Company Limited;</p> <p>27.86% shares of China Merchants Bank Co., Ltd;</p> <p>54.28% shares of China Merchants Energy Shipping Co., Ltd;</p> <p>72.36% shares of China Merchants Shekou Industrial Zone Holdings Co., Ltd.;</p> <p>74.35% shares of China Merchants Land Limited;</p> <p>26.77% shares of Shanghai International Port (Group) Co., Ltd;</p> <p>24.58% shares of China International Marine Containers (Group) Ltd;</p> <p>87.81% shares of China Merchants Port Group Co., Ltd;</p> <p>3.09% shares of Ningbo Zhoushan Port Company Limited;</p> <p>2.54% shares of Qingdao Port International Co., Ltd;</p> <p>44.09% shares of China Merchants Securities Co. Ltd.;</p> <p>27.59% shares of China Merchants China Direct Investments Limited;</p> <p>68.72% shares of China Merchants Expressway Network&Technology Holdings Co., Ltd;</p> <p>16.52% shares of Heilongjiang Transport Development Co., Ltd;</p> <p>14.04% shares of Jilin Expressway Co., Ltd;</p> <p>16.02% shares of Shangdong Hi-speed Co., Ltd;</p> <p>17.75% shares of Fujian Expressway Development Co., Ltd;</p> <p>24.05% shares of Sichuan Expressway Company Limited;</p> <p>29.94% shares of Anhui Expressway Company Limited;</p> <p>13.86% shares of Guangxi Wuzhou Communications Co., Ltd;</p> <p>4.02% shares of Shenzhen Expressway Co., Ltd;</p> <p>11.69% shares of Jiangsu Expressway Company Limited;</p> <p>15.21% shares of Hubei Chutian Expressway Co., Ltd;</p> <p>15.43% shares of Henan Zhongyuan Expressway Co., Ltd;</p> <p>66.31% shares of Sinotrans Limited;</p> <p>60.95% shares of Sinotrans Air Transportation Development Co., Ltd.;</p> <p>68.70% shares of Sinotrans Shipping Ltd.;</p> <p>7.04% shares of Xiandai Touzi Co., Ltd;</p> <p>21.05% shares of Dalian Port (PDA) Company Limited;</p> <p>0.37% shares of Hunan Sunward Intelligent Machine Co., Ltd;</p> <p>0.16% shares of CMMB Vision Holdings Limited;</p> <p>1.20% shares of Oriental Times Media Co., Ltd;</p>			

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

Ownership and control relations between the actual controller and the Company:



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

Applicable Not applicable

4. Other 10% or Greater Corporate Shareholders

Name of corporate shareholders	Legal representative /person in charge	Date of establishment	Registered capital	Business scope or management activities
China Merchants Investment and Development Co., Ltd	Fu Gangfeng	15 November 2013	HKD28,287,989,241	Investment management of equities and others
China Merchants Gangtong Development (Shenzhen) Co., Ltd.	Deng Weidong	16 January 2018	RMB9,446 million	Provision of management services for ports (without involving special administrative measures on the access of foreign investment); port information inquiries, economic information consultation, economic information consultation, corporate management consultation, business information consultation, brand management consultation and logistics information consultation (excluding restricted items in each case); technical development and sales of ship machinery and

				<p>equipment; technical services in respect of port loading and unloading equipment; supporting businesses in respect of the design, sales, import and export of loading and unloading tools, mechanical and electrical products and non-ferrous metal products (excluding precious metals) (Commodities that involve state trading, quota, license and special administrative regulations shall be operated through the application pursuant to related state regulations); technical development and technical services in respect of modern logistics information systems; supply chain management and related supporting services; design of logistics plans; planning of corporate image; planning of cultural exchange activities (without involving special administrative measures on the access of foreign investment); marketing planning; and planning of brand image. (In each case, any item forbidden by laws, administrative regulations and the State Council shall be excluded and restricted items shall be operated upon the attainment of the permission)</p>
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5. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

✓ Applicable Not applicable

For details, see III. Fulfillment of commitments in Part V Significant Events of this report

Part VII Preferred Shares

Applicable Not applicable

No preferred shares in the Reporting Period.

Part VIII Directors, Supervisors, Senior Management and Staff

I Change in Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Current/former	Sex	Age	Starting and ending dates of office term	Shares held at the period-begin (share)	Increased shares of the period (share)	Decreased shares of the period (share)	Other increase/decrease (share)	Shares held at the period-end (share)
Fu Gangfeng	Chairman of the Board	Incumbent	Male	52	December 2018 to June 2020	0	0	0	0	0
Deng Renjie	Vice Chairman of the Board	Incumbent	Male	48	December 2018 to June 2020	0	0	0	0	0
Bai Jingtao	Director	Incumbent	Male	53	September 2017 to June 2020	0	0	0	0	0
Yan Shuai	Director	Incumbent	Male	46	December 2018 to June 2020	0	0	0	0	0
Su Jian	Director	Incumbent	Male	46	December 2018 to June 2020	0	0	0	0	0
Song Dexing	Director	Incumbent	Male	55	December 2018 to June 2020	0	0	0	0	0
Yuan Yuhui	Independent director	Incumbent	Male	68	June 2017 to June 2020	14,040	0	0	0	14,040
Su Qiyun	Independent director	Incumbent	Male	55	June 2017 to June 2020	0	0	0	0	0
Li Changqing	Independent director	Incumbent	Male	51	June 2017 to June 2020	0	0	0	0	0
Liu Yingjie	Chairman of the Supervisory Committee	Incumbent	Male	46	December 2018 to June 2020	0	0	0	0	0
Hu Qin	Supervisor	Incumbent	Female	52	December 2018 to June 2020	0	0	0	0	0
Yang Yuntao	Supervisor	Incumbent	Male	52	December 2018 to June 2020	0	0	0	0	0
Ni Keqin	Supervisor	Incumbent	Female	54	June 2017 to June 2020	29,211	0	0	0	29,211

Zheng Linwei	Supervisor	Incumbent	Male	48	June 2017 to June 2020	0	0	0	0	0
Bai Jingtao	CEO	Incumbent	Male	53	December 2018 to June 2020	0	0	0	0	0
Zhang Yi	GM and COO	Incumbent	Male	48	December 2018 to June 2020	0	0	0	0	0
Zheng Shaoping	Vice GM	Incumbent	Male	56	December 2018 to June 2020	0	12,661	0	0	12,661
Yan Gang	Vice GM	Incumbent	Male	47	December 2018 to June 2020	0	0	0	0	0
Huang Chuanjing	Vice GM and Board Secretary	Incumbent	Male	36	December 2018 to June 2020	0	0	0	0	0
Lu Yongxin	Vice GM	Incumbent	Male	50	December 2018 to June 2020	0	0	0	0	0
Li Yubin	Vice GM	Incumbent	Male	47	December 2018 to June 2020	0	0	0	0	0
Wen Ling	CFO	Incumbent	Female	53	December 2018 to June 2020	0	0	0	0	0
Bai Jingtao	Chairman of the Board	Former	Male	53	September 2017 to December 2018	0	0	0	0	0
Zhou Qinghong	Vice Chairman of the Board	Former	Male	55	September 2017 to December 2018	0	0	0	0	0
Lv Shengzhou	Director	Former	Male	54	June 2017 to December 2018	0	0	0	0	0
Li Yubin	Director	Former	Male	47	June 2017 to December 2018	0	0	0	0	0
Liu Bin	Managing Director	Former	Male	49	June 2017 to December 2018	0	0	0	0	0
Zhang Jianguo	Director	Former	Male	54	June 2017 to December 2018	74,282	0	0	0	74,282
Zhao Jianli	Chairman of the Supervisory Committee	Former	Female	55	June 2017 to December 2018	0	0	0	0	0
Sun Ligan	Supervisor	Former	Male	51	June 2017 to December 2018	0	0	0	0	0
Wen Ling	Supervisor	Former	Female	54	June 2017 to December 2018	0	0	0	0	0
Zhao Chaoxiong	Vice GM	Former	Male	53	June 2017 to December 2018	64,954	0	0	0	64,954
Wang Yongli	Vice GM and Secretary of the Board	Former	Male	51	June 2017 to December 2018	4,985	0	0	0	4,985

Lin Cong	Vice GM	Former	Male	60	June 2017 to December 2018	0	0	0	0	0
Yao Shenglan	CFO	Former	Female	52	September 2017 to December 2018	26,000	0	0	0	26,000
Total	--	--	--	--	--	432,045	0	0	0	432,045

II Change of Directors, Supervisors and Senior Management

Name	Office title	Type of change	Date of change	Reason for change
Bai Jingtao	Chairman of the Board	Left	6 December 2018	Job change
Zhou Qinghong	Vice Chairman of the Board	Left	13 December 2018	Job change
Lv Shengzhou	Director	Left	13 December 2018	Job change
Li Yubin	Director	Left	13 December 2018	Job change
Liu Bin	Managing Director	Left	13 December 2018	Job change
Zhang Jianguo	Director	Left	13 December 2018	Job change
Zhao Jianli	Chairman of the Supervisory Committee	Left	13 December 2018	Job change
Sun Ligan	Supervisor	Left	13 December 2018	Job change
Wen Ling	Supervisor	Left	13 December 2018	Job change
Zhao Chaoxiong	Vice GM	Left	6 December 2018	Job change
Wang Yongli	Vice GM and Secretary of the Board	Left	13 December 2018	Job change
Lin Cong	Vice GM	Left	6 December 2018	Job change
Yao Shenglan	CFO	Left	6 December 2018	Job change

III Biographical Information

Professional backgrounds, major work experience and current duties in the Company of the incumbent directors, supervisors and senior management:

Fu Gangfeng, Chairman of the Board, graduated from College of Highway, Chang'an University, majoring in accounting of Department of Economics and in management engineering of Department of Management, and obtained bachelor's degree and master's degree respectively. Fu Gangfeng now holds the post of Director, General Manager of China Merchants Group Company Limited. Fu Gangfeng holds concurrent posts of Executive Director and Chairman of the Board of China Merchants Port Holdings Company Limited (CM Port Holdings), Vice President of China Merchants Bank Company Limited, Chief Supervisor of China Merchants Life Insurance Company Limited. Fu Gangfeng has successively held the posts of Staff of ShekouZhonghua Accounting Firm, Staff of Division of Chief Accountant of Shekou Industrial Zone, Deputy Director of ShekouZhonghua Accounting Firm, Director of Division of Chief Accountant of Shekou Industrial

Zone, Deputy Chief Accountant of Shekou Industrial Zone, Financial Controller of Shekou Holdings, Financial Controller of Shekou Industrial Zone, General Manager of Finance Department of China Merchants Group, Deputy Financial Controller of China Merchants Group and Chief Accountant of China Merchants Group. Fu Gangfeng has been being the President of the Company since December 2018.

Deng Renjie, Vice Chairman of the Board, graduated from Dalian Maritime University, majoring in international economic law, and obtained master's degree. Deng Renjie now holds the post of Deputy General Manager of China Merchants Group Company Limited, President of Liaoning Port Group Co., Ltd. Deng Renjie has successively held the posts of Researcher of General Office of Ministry of Communications, Deputy Director of General Office of Hunan Provincial Party Committee, Deputy Secretary General of Hunan Provincial Party Committee, Deputy Secretary General of Party Committee of Xinjiang Autonomous Region, Assistant General Manager of China Merchants Group Company Limited and Director of General Manager. Deng Renjie holds concurrent posts of Executive Director, Vice Chairman of the 8th Council of China Highway and Transportation Society. Deng Renjie has been being the Vice Chairman of the Board of the Company since December 2018.

Bai Jingtao, Director and Chief Executive Officer, Professor Level Senior Engineer, graduated from Department of Water Conservancy of Tianjin University and obtained bachelor's degree in port and waterway engineering. Later Bai Jingtao studied at Graduate School of Wuhan University of Technology, Graduate School of Shanghai Maritime University and obtained master's degree in management science and engineering, doctor's degree in transportation planning and management respectively. Bai Jingtao now holds the post of Managing Director of China Merchants Port Holdings Company Limited (CM Port Holdings). Bai Jingtao has successively held the posts of Assistant Engineer of CCCC Water Transportation Consultants Co., Ltd, Principal Staff of Division of Engineering Management and Division of Infrastructure Management of Ministry of Communications, Deputy Director and Director of Division of Infrastructure Management and Division of Water Transport of Ministry of Communications, Deputy General Manager of China Merchants Zhangzhou Development Zone Co., Ltd and Director of Zhangzhou Port Authority, Deputy Director of Xiamen Port Authority and Executive Deputy Commander of Construction Headquarters of Xiamen Haicang Bonded Port Area, Deputy General Manager of China Merchants International Company Limited, Secretary of the Party Committee of China Merchants Zhangzhou Economic and Technological Development Zone and Executive Deputy Director of Management Committee, Secretary of the Party Committee and General Manager of China Merchants Zhangzhou Economic and Technological Development Zone Company Limited. Bai Jingtao has been being the Director of the Company since September 2017 and Chief Executive Officer of the Company since December 2018.

Yan Shuai, Director, graduated from Harbin Engineering University, majoring in industrial automation, and obtained bachelor's degree in engineering. Later Yan Shuai obtained master's degree in management at Beijing University of Aeronautics and Astronautics. Yan Shuai now holds the posts of Director of Human Resources Department, Director of Party Committee Office, Director of Organization Department of Party Committee and Director of Department of Party-Mass Work of China Merchants Group. Yan Shuai has successively held the posts of Deputy Researcher of General Office of the State Council of the People's Republic of China Second Secretariat, Member of Party Committee, Deputy General Manager and Secretary of Committee of Discipline Inspection of China Merchants Group Finance Co., Ltd., Deputy Director (principal person) of Human Resources Department of China Merchants Group Company Limited. Yan Shuai has been being the Director of the Company since December 2018.

Su Jian, Director, Non-Practicing Member of The Chinese Institute of Certified Public

Accountants, Intermediate Accountant, graduated from Department of Economics of Shanghai University of Finance and Economics, and obtained bachelor's degree in economics. Li Jian now holds the post of Director of Finance Department (Property Right Department) of China Merchants Group Company Limited. Li Jian has successively held the post of Financial Manager of China Merchants International Travel Co., Ltd., Senior Manager of Finance Department of China Merchants Shekou Industrial Zone, Senior Manager of Finance Department of China Merchants Group Company Limited, Assistant Director of Finance Department, Deputy Director of Finance Department, Deputy Director of Human Resources Department, Deputy Director of Party Committee Office, Deputy Director of Organization Department of Party Committee, Deputy Director of Property Right Department (principal person), Secretary of Party Committee, Secretary of Committee for Discipline Inspection, Deputy General Manager of China Merchants Industrial Group Company Limited. Li Jian has been being the Director of the Company since December 2018.

Song Dexing, Director, Senior Engineer, graduated from Department of Mechanics of Wuhan University of Technology (former name is Wuhan Institute of Water Transportation Engineering), and obtained bachelor's degree in engineering. Later Song Dexing obtained master's degree, majoring in transportation planning at Wuhan University of Technology and doctor's degree in management, majoring in administrative management at Huazhong University of Science and Technology. Song Dexing now holds the posts of Director of Transportation & Logistics Business Department/Beijing Headquarters of China Merchants Group Company Limited, Executive Director, General Manager, Secretary of Party Committee of SINOTRANS&CSC. Song Dexing has successively held the posts of Secretary of Youth League Committee, Engineer of Water Transport Planning & Design Institute of Ministry of Communications, Principal Staff of Division of Transport of Ministry of Communications, Deputy Director, Director of Container Office of Division of Water Transport of Ministry of Communications, Deputy Mayor of Luoyang Municipal People's Government (temporary post), Deputy Director of China Waterborne Transport Research Institute, Deputy Director, Director of Yangtze Three Gorges Navigation Administration, Deputy Director, Director of Division of Water Transport of Ministry of Communications, Director of Bureau of Water Transport of Ministry of Transport (Director of Taiwanese Affairs Office of the ministry), Vice President, Member of Party Committee, Deputy Secretary of Party Committee, Secretary of Committee for Discipline Inspection of SINOTRANS&CSC, General Manager of SINOTRANS&CSC, Director of Department of Comprehensive Logistics Business of China Merchants Group Company Limited. Song Dexing has been being the Director of the Company since December 2018.

Yuan Yuhui, Independent Director, MBA, now acts as the Director of Shenzhen Riland Industrial Co., Ltd. He once acted as the Vice GM, Vice Director of China Nanshan Development (Group) Incorporation and the Director of the Company. And he has been being the Independent Director of the Company since August 2015.

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

Li Changqing, Independent Director, graduated from Xiamen University with a doctor degree of Accounting, and also is a CPA, an excellent talent of new century of Ministry of Department, a prominent talent of Xiamen as well as a guide tutor of Postdoctoral Center of SSE. He now is the Director of Senior Business Administration Education Center, professor and doctoral supervisor of

Xiamen University. And he has been being an Independent Director of the Company since May 2014.

Liu Yingjie, Chairman of the Supervisory Committee, graduated from Capital University of Economics and Business, majoring in accounting, and obtained bachelor's degree in economics. Liu Yingjie now holds the post of Director of Risk Control Department/Law and Compliance Department of China Merchants Group. Liu Yingjie has successively held the posts of Deputy Director, Director of Division of Comprehensive Audit of Supervision Department of COSCO, Director of Division of Computer Audit, Assistant Director, Deputy Director of Risk Control Department/Audit Department of China Merchants Group. Liu Yingjie has been being the Chairman of the Supervisory Committee of the Company since December 2018.

Hu Qin, Supervisor, graduated from Peking University, majoring in international law, and obtained master's degree in law. Later Hu Qin studied at NUS Business School and obtained master's degree in management. Hu Qin now holds the post of Deputy Director of Risk Control Department/Law & Compliance of China Merchants Group. Hu Qin has successively held the posts of Deputy General Manager of Planning Department of China Merchants Shekou Industrial Zone Company Limited, General Manager and General Counsel of Department of Legal Affairs, General Counsel of China Merchants Shekou Industrial Zone Holdings Co., Ltd., Deputy Director of Risk Control Department of China Merchants Group, Deputy Director of Legal Department. Hu Qin has been being the Supervisor of the Company Since December 2018.

Yang Yuntao, Supervisor, graduated from Jilin University, majoring in international law, and obtained bachelor's degree in law. Later Yang Yuntao studied at School of Law, University of International Business and Economics, and obtained doctor's degree in law. Yang Yuntao now holds the posts of Deputy Director of Transportation & Logistics Business Department/Beijing Headquarters of China Merchants Group Company Limited, Deputy General Manager and General Counsel of SINOTRANS&CSC, Member of Party Committee. Yang Yuntao has successively held the posts of Deputy General Manager of Port Business Department of Sino-Trans China National Foreign Trade Transportation Corporation, General Manager of Law Department, Director, Deputy General Manager (principal person) of SINOTRANS (Hong Kong) Group Company Limited, Non-Executive Director of SINOTRANS Limited, General Manager of Law Department of Sino-Trans China Foreign Trade Transportation (Group) Corporation, General Manager, Deputy General Counsel, General Counsel of Law Department of SINOTRANS & CSC. Yang Yuntao has been being the Supervisor of the Company since December 2018.

Ni Keqin, Supervisor, is the Deputy GM of Chiwan Container Terminal Co., Ltd. now. She took the positions of Manager Assistant, Deputy Manager as well as Manager of the Operation Department and GM Assistant of CCT successively. She has been being the Supervisor of the Company since May 2008.

Zheng Linwei, Supervisor, graduated from NJAU, with a bachelor degree of Agricultural Foreign Trade and graduated from Shanghai Maritime University with MBA in 2004. He now serves as Vice GM of the Harbor Division, Dongguan Shenzhen Chiwan Wharf Holdings Limited and Dongguan Shenzhen Chiwan Terminal Co., Ltd. He has been being worked at the Harbor Division of the Company from August 1993. He once acted as Director of Operation Room of Department II of Commercial Freight of the Harbor Division of the Company, Manager Assistant, Vice Manager, and Manager of Department II of Commercial Freight. And he has been being the Supervisor of the Company since May 2014.

Zhang Yi, General Manager and Chief Operational Officer, graduated from Wuhan Institute of Water Transportation Engineering and obtained bachelor's degree in transportation management engineering. Later Zhang Yi obtained doctor's degree in engineering at Wuhan University of

Technology. Zhang Yi now holds the post of Deputy General Manager of China Merchants Port Holdings Company Limited (CM Port Holdings). Zhang Yi has successively held the posts of Planner of Planning Division of Zhanjiang Port Authority, Deputy Director of Planning Development Division of Zhanjiang Port Authority, Assistant Director of Zhanjiang Port Authority, Director, President, Secretary of Party Committee of Zhanjiang Port Group Company Limited. Zhang Yi has been being the General Manager&COO of the Company since December 2018.

Zheng Shaoping, Vice General Manager, graduated from Dalian Maritime University for postgraduate, majoring in international maritime law. Later Zheng Shaoping obtained master's degree in business administration at The University of Wales. Zheng Shaoping now holds the posts of Executive Director and Deputy General Manager of China Merchants Port Holdings Company Limited (CM Port Holdings). Zheng Shaoping has successively held the posts of Vice President of China Merchants Bonded Logistics Co., Ltd., President of Shekou Container Terminals Ltd., General Manager and President of Chiwan Container Terminal Co., Ltd. (CCT), General Manager and President of Shenzhen Chiwan Container Co., Ltd., Managing Director and President of Shenzhen Chiwan Wharf Holdings Limited (CWH). Zheng Shaoping has been being the Deputy General Manager of the Company since December 2018.

Yan Gang, Vice General Manager, graduated from Xiamen University, and obtained bachelor's degree in international trade. Later Yan Gang obtained master's degree in business administration jointly run by MSM and Shanghai Maritime University. Yan Gang now holds the post of Deputy General Manager of China Merchants Port Holdings Company Limited (CM Port Holdings). Yan Gang has successively held the posts of Logistics General Manager in Pearl River Delta of Hong Kong Air Cargo Terminals Limited (HACTL) dispatched by Swire Group, Deputy General Manager, Executive Deputy General Manager, General Manager of Shekou Container Terminals Ltd., Chief Business Officer of China Merchants Port Holdings Company Limited (CM Port Holdings). Yan Gang has been being the Deputy General Manager of the Company since December 2018.

Huang Chuanjing, Vice General Manager and Board Secretary, graduated from the English Department of Shandong University of Science and Technology with a bachelor's degree in arts. Later, he obtained a master's degree in business administration at The University of Wales. He once was the Director of Wharf Operation Department of China Merchants International Qingdao Wharf Company Limited, Assistant of General Manager's Office, Director of Administration Department of China Merchants International Company Limited, Assistant Director of General Office of China Merchants Group, Senior Manager, Assistant General Manager of General Office of China Merchants Group Company Limited, Assistant Director of General Office and secretary of the board of China Merchants Group Company Limited, Assistant Director of Board of Directors Office, Chief of Board Secretariat of General Office, Deputy Director of Board of Directors Office of China Merchants Group Company Limited. Huang Chuanjing has been acting as the Vice General Manager of the Company since December 2018.

Lu Yongxin, Vice General Manager, graduated from Dalian University of Technology, and obtained bachelor's degree in English for science and technology. Later Lu Yongxin graduated from Curtin University and obtained master's degree in project management. Lu Yongxin now holds the post of Deputy General Manager of China Merchants Port Holdings Company Limited (CM Port Holdings). Lu Yongxin has successively held the posts of Assistant General Manager of Zhenhua Construction Co. Ltd., Deputy Director of CHEC (Beijing) Head Office, Deputy General Manager of Research & Development Department of China Merchants Port Holdings Company Limited (CM Port Holdings), General Manager of Overseas Business Department, Assistant General Manager. Lu Yongxin has been dispatched to Terminal Link in France to act as CFO and Senior Vice President. Lu Yongxin has been as the Vice General Manager of the Company since December 2018.

Li Yubin, Vice General Manager, graduated from Tianjin University, majoring in engineering management, and obtained master's degree. Later Li Yubin graduated from The University of Hong Kong and obtained doctor's degree in real estate and construction. Li Yubin now holds the post of Deputy General Manager of China Merchants Port Holdings Company Limited (CM Port Holdings) and General Manager of China Merchants Bonded Logistics Co., Ltd. Li Yubin has successively held the posts of Deputy General Manager of Road and Bridge Project of China Harbor Company in Bangladeshi Office, Project Director of Overseas Business Department of CHEC, Assistant General Manager of Planning and Commerce Department of China Merchants Port Holdings Company Limited (CM Port Holdings), General Manager, Deputy General Economist of Strategy and Operation Management Department, General Manager, Deputy General Economist of Strategy and Operation Department, General Manager of China Merchants Bonded Logistics Co., Ltd. Li Yubin has been acting the Vice General Manager of the Company since December 2018.

Wen Ling, Chief Financial Officer, graduated from Finance Dept. in Southwestern University of Finance and Economics with a master degree. Wen is now the CFO of China Merchants Port Holdings Company Limited. Wen was once the Deputy Financial Manager of China Merchants Port Service (Shenzhen) Co., Ltd., the Financial Manager of Shenzhen Mawan Port Services Co., Ltd. and the Vice Financial Manager, Senior Vice Financial Manager, and GM of Capital Operation Dept. in China Merchants Port Holdings Company Limited. And Wen has been acting as the CFO of the Company since December 2018.

Offices held concurrently in shareholding entities:

Name	Shareholding entity	Office held in the shareholding entity	Term of office	Remuneration or allowance from the shareholding entity
Fu Gangfeng	China Merchants Investment and Development Co., Ltd	Director	August 2014 to now	No

Offices held concurrently in other entities:

Name	Other entity	Office held in the entity	Term of office	Remuneration or allowance from the entity
Fu Gangfeng	China Merchants Shipping Co., Ltd	Director	August 2014 to now	No
	China Merchants Group (H.K.) Limited	Director	August 2003 to now	No
	China Merchants Port Holdings Company Limited	Chairman of the Board	March 2018 to now	No
	China Merchants Bank Co.,Ltd	Vice Chairman of the Board	August 2010 to now	No
	China Merchants Life Insurance Co., Ltd	Chairman of the Supervisory Committee	July 2017 to now	No

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

Applicable Not applicable

IV Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

Decision-making procedure for the remuneration of directors, supervisors and senior management: Remunerations for the Company's directors, supervisors and senior management shall be nominated by the Board of Directors and determined upon review of the Remuneration and Appraisal Committee. Allowance for Independent Directors is RMB100,000/year (tax included), which has been approved at the 2016 Annual General Meeting

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

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

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Fu Gangfeng	Chairman of the Board	Male	52	Incumbent	0	Get paid from China Merchants Group
Deng Renjie	Vice Chairman of the Board	Male	48	Incumbent	0	Get paid from China Merchants Group
Bai Jingtao	Director and CEO	Male	53	Incumbent	247	
Yan Shuai	Director	Male	46	Incumbent	0	Get paid from China Merchants Group
Su Jian	Director	Male	46	Incumbent	0	Get paid from China Merchants Group

Song Dexing	Director	Male	55	Incumbent	0	Get paid from China Merchants Group
Yuan Yuhui	Independent director	Male	68	Incumbent	10	
Su Qiyun	Independent director	Male	55	Incumbent	10	
Li Changqing	Independent director	Male	51	Incumbent	10	
Liu Yingjie	Chairman of the Supervisory Committee	Male	46	Incumbent	0	Get paid from China Merchants Group
Hu Qin	Supervisor	Female	52	Incumbent	0	Get paid from China Merchants Group
Yang Yuntao	Supervisor	Male	52	Incumbent	0	Get paid from China Merchants Group
Ni Keqin	Supervisor		54	Incumbent	124	
Zheng Linwei	Supervisor	Male	48	Incumbent	108	
Zhang Yi	GM and COO	Male	48	Incumbent	16	

Zheng Shaoping	Vice GM	Male	56	Incumbent	18	
Yan Gang	Vice GM	Male	47	Incumbent	14	
Huang Chuanjing	Vice GM and Board Secretary	Male	36	Incumbent	9	
Lu Yongxin	Vice GM	Male	50	Incumbent	14	
Li Yubin	Vice GM	Male	47	Incumbent	144	
Wen Ling	CFO	Female	53	Incumbent	129	
Zhou Qinghong	Vice Chairman of the Board	Male	53	Former	162	
Lv Shengzhou	Director	Male	55	Former	140	
Liu Bin	Managing Director	Male	47	Former	127	
Zhang Jianguo	Director	Male	49	Former	0	Get paid from China Nanshan Development

						(Group) Incorporation
Zhao Jianli	Chairman of the Supervisory Committee	Female	54	Former	112	
Sun Ligan	Supervisor	Male	55	Former	92	
Zhao Chaoxiong	Vice GM	Male	53	Former	111	
Wang Yongli	Vice GM and Secretary of the Board	Male	51	Former	110	
Lin Cong	Vice GM	Male	60	Former	108	
Yao Shenglan	CFO	Female	52	Former	79	
Total	--	--	--	--	1,894	--

Equity incentives for directors, supervisors and senior management in the Reporting Period:

Applicable Not applicable

V Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent	284
Number of in-service employees of major subsidiaries	9284
Total number of in-service employees	9568
Total number of paid employees in the Reporting Period	9568

Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	2231
Functions	
Function	Employees
Production and operation	5635
Business	536
Technical	1983
Financial	455
Administrative	959
Total	9568
Educational backgrounds	
Educational background	Employees
Master's degree and above	311
Bachelor's degree	1923
Junior college	2405
Technical secondary school and below	4929
Total	9568

2. Employee Remuneration Policy

The Company observes the principle of efficiency first with the consideration given to fairness and sustainable development for its remuneration system, determines the general remuneration level according to its strategic goals and market competitiveness, defines the remuneration grade according to the principles of internal fairness and performances with the priority given to employees with excellent performance, and establishes a structured broadband remuneration system. Based on its medium- and long-term development planning and key performance goals, the Company dynamically adjusts its remuneration strategies and implementation policies and exerts control over the total remuneration.

The Company keeps exploring diverse remuneration incentive mechanisms, promotes medium- and long-term incentive schemes, enhances the motivation of remuneration, attracts and retains excellent employees and builds a talent team matching the development of the Company.

3. Employee Training Plans

The Company is dedicated to creating a platform for the development and promotion of global port professionals, provides domestic and foreign employees with learning opportunities, opens channels for global career development and helps employees to keep improving themselves with the development of the Company. Meanwhile, it provides its peers with opportunities of coming to China for exchange to share knowledge and values. In 2018, the Company further optimized the training system, integrated internal and external training resources, and established a series of key training projects at different levels with different categories, including the project series on strategic leadership of senior executive project series, the project series on enhancement of global management and implementation of middle-level key leaders and the projects on the enhancement of professional and general abilities for junior employees. The Company shall, based on the network platform, develop terminal learning APP, and share training resources openly, enlarging the learning timely and effectively at a low cost. Strengthening the communications and

collaboration between various units, it shall achieve the comprehensive integration of talents training under the guidance of the Company. The Company actively fulfilled the social responsibility, carrying out the “Co-creating Blue Dream-21th Century Maritime Silk Road Talents Plan” of China Merchants Port, which cultivate professionals of port and shipping for countries along the One Belt and One Road. As of the end of 2018, the project had cultivated 110 young backbone talents from 19 countries on 4 continents. Meanwhile, the Company participated in “Zhangqian project” of Hongkong sea silk association and other practical projects for students, providing Hongkong university students with meaningful overseas internship opportunity, and actively promoting the cooperation of the university and enterprises.

4. Labor Outsourcing

Applicable Not applicable

Part IX Corporate Governance

I General Information of Corporate Bonds

Ever since its establishment, the Company has been in strict compliance with the company law and securities law, as well as relevant laws and regulations issued by CSRC. And it has timely formulated and amended its relevant management rules according to the Code of Corporate Governance for Listed Companies, which are conscientiously and carefully executed. An effective system of internal control has thus taken shape in the Company. Details about corporate governance within the reporting period are set out as below:

1. During the Reporting Period, the Company included Party building work in its Articles of Incorporation pursuant to the requirements of the Notice on the Inclusion of Party Building Work into the Articles of Incorporation issued by the superior Party committee. The revision was reviewed and approved at the 3rd Meeting of the 9th Board of Directors held on 3 March 2018. Subsequently, it was reviewed and approved at the Company's 2017 Annual General Meeting held on 28 March 2018.

2. During the Reporting Period, to further refine the Company's governance structure and promote standard operations within the Company, pursuant to the Stock Listing Rules of Shenzhen Stock Exchange, the Rules of Shenzhen Stock Exchange for Stock Listing on ChiNext, the CSRC Releases No. 3 Guideline for the Supervision of Listed Companies - Cash Dividend Distribution of Listed Companies, the Notice on Further Implementing Matters in Respect of the Cash Dividend Distribution of Listed Companies, the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Market, the Rules of Annual General Meeting of Listed Companies, the Guidance Opinions on the Establishment of the Director System in Listed Companies, the Rules on the Report of the Use of Previously Raised Fund, the CSRC Releases No. 2 Guideline for the Supervision of Listed Companies - Administration of Funds Raised by Listed Companies and Applicable Supervision Requirements, the Management Rules on the Shares of the Company Held by Directors, Supervisors and Senior Management of Listed Companies and the Changes, the Rules on Decreased Shareholding of Shareholders, Directors, Supervisors and Senior Management of Listed Companies and the Implementation Rules of Shenzhen Stock Exchange for Decreased Shareholding of Shareholders, Directors, Supervisors and Senior Management of Listed Companies, the Company revised the Articles of Incorporation, the Rules of Procedures for the Annual General Meeting, the Rules of Procedures for the Board of Directors, the Work Policy for Independent Directors, the Management Policies for Raised Funds, and the Management Policies for the Shares of the Company Held by Directors, Supervisors and Senior Management and the Changes. The revisions were reviewed and approved at the 5th Special Meeting of the 9th Board of Directors of 2018 held on 19 June 2018. The Articles of Incorporation, the Rules of Procedures for the Annual General Meeting, the Rules of Procedures for the Board of Directors, the Work Policy for Independent Directors and the Management Policies for Raised Funds were reviewed and approved subsequently at the 2nd Extraordinary General Meeting of 2018 held on 26 July 2018.

3. During the Reporting Period, based on the change in the Company's name as well as the Company's plan to change its address and increase the number of deputy general managers according to the operational management requirements and pursuant to the Decision of NPSCS on the Amendment to the Company Law of the People's Republic of China published and

implemented on 26 October 2018, considering its actual status of development, the Company revised the Articles of Incorporation, which was reviewed and approved at the 8th Special Meeting of the 9th Board of Directors of 2018 held on 27 November 2018, and subsequently reviewed and approved at the 3rd Extraordinary General Meeting of 2018 held on 13 December 2018.

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

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

6. Directors and the Board of Directors: the Company elected directors in strict accordance with the Articles of Association. Number and composition of members of the Board were in compliance with relevant laws and regulations; all Directors attend Board meetings and shareholders' general meeting in a serious and responsible manner and participated enthusiastically relevant training so as to know better about laws and regulations as well as the rights, obligations and liabilities of Directors. The Company set up the Audit Committee as approved by The 1st Extraordinary General Meeting of 2004 and the Nomination, Remuneration and Evaluation Committee and Strategy Committee as approved by the 2005 Annual General Meeting, with a view to ensuring the efficient operation and scientific decision-making of the Board of Directors.

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

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

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

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

Articles of Association of the Company, Rules of Procedure for General Meetings, Working Articles

of Audit Committee of the Board of Directors, Working Rules of Annual Report for Audit Committee of the Board of Directors, Working Articles for Nomination, Remuneration and Evaluation Committee of the Board of Directors; Working Articles of Strategy Committee of the Board of Directors, Working System for Independent Directors, Working Rules of Annual Report for Independent Directors, Rules of Procedure for Supervisory Board, Working Articles of General Manager, Management System for Company Shares held by Directors, Supervisors and Senior Executives and Its Changes, Management System of Foreign Investment, Decision-making Mechanism of Related Transactions, Management System of Fund-raising, Management Rules on Information Disclosure, Rules of Accountability for Significant Mistakes in Annual Report Information Disclosure, Management System on Inside Information and Insiders, Internal Audit System, Management System of Investors' Relations, Specific System for Engaging Accountants, Management Method of Financial Tools, Management System on Person in Charge of Finance and CFO, Information Disclosure Management Rules for the Inter-bank Debt Financing Instrument, etc. There isn't difference between the actual circumstances of the Company and all established systems.

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

Indicate by tick mark whether there is any material incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies.

Yes No

II The Company's Independence from Its Controlling Shareholder in Business, Personnel, Asset, Organization and Financial Affairs

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

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

III Horizontal Competition

Applicable Not applicable

IV Annual and Special General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The 1 st Extraordinary General Meeting of 2018	Extraordinary General Meeting	75.04%	13 February 2018	14 February 2018	For the resolution announcement (No. 2018-018), see http://www.cninfo.com.cn
The 2017 Annual General Meeting	Annual General Meeting	75.49%	28 March 2018	29 March 2018	For the resolution announcement (No. 2018-037), see http://www.cninfo.com.cn
The 2 nd Extraordinary General Meeting of 2018	Extraordinary General Meeting	75.50%	26 July 2018	27 July 2018	For the resolution announcement (No. 2018-078), see http://www.cninfo.com.cn
The 3 rd Extraordinary General Meeting of 2018	Extraordinary General Meeting	75.22%	13 December 2018	14 December 2018	For the resolution announcement (No. 2018-114), see http://www.cninfo.com.cn

2. Extraordinary General Meetings Convened at the Request of Preferred Shareholders with Resumed Voting Rights

Applicable Not applicable

V Performance of Duty by Independent Directors in the Reporting Period

1. Attendance of Independent Directors at Board Meetings and General Meetings

Attendance of independent directors at board meetings and general meetings							
Independent director	Total number of board meetings the independent director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the independent director failed to attend	The independent director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Yuan Yuhui	12	4	8	0	0	No	1

Su Qiyun	12	4	8	0	0	No	4
Li Changqing	12	4	8	0	0	No	2

Why any independent director failed to attend two consecutive board meetings:

Not applicable.

2. Objections Raised by Independent Directors on Matters of the Company

No independent directors raised any objections on any matter of the Company during the Reporting Period.

3. Other Information about the Performance of Duty by Independent Directors

Indicate by tick mark whether any suggestions from independent directors were adopted by the Company.

Yes No

Suggestions from independent directors adopted or not adopted by the Company:

During the reporting period, all independent directors of the Company probity and self-discipline, fulfill their duties in line with their expertise and experience; earnestly and diligently perform their duties. The independent directors actively known about the Company's business and operation, protected the interests of minority shareholders, brought their roles as independent directors into full play by participating in discussions on reports reviewed at board sessions and other issues of the Company, and proposed professional suggestions on standard governance and production operation which had been adopted by the Company. They carefully reviewed and issued independent opinions in written form on significant events such as material related-party transactions in accordance with relevant requirements and had play a important role in scientific decision-making of the Board. In accordance with the requirements of CSRC and Shenzhen Stock Exchange, the "Working Rules for Independent Directors" and the "Working Rules for Independent Directors Concerning Annual Reports, they performed their obligations with due diligence and fully oversaw the preparation and disclosure of the Annual Report of the Company. For details of performance by independent directors of their duties, please refer to the work report of independent directors for 2017 as disclosed at <http://www.cninfo.com.cn>.

VI Performance of Duty by Specialized Committees under the Board in the Reporting Period

(I) Performance of the Audit Committee of the Board of Directors

The members of Audit Committee include independent director Li Changqing (convener), director Su Jian, and independent director Su Qiyun. During the Reporting Period, the Audit Committee of the Board in line with the requirements of CSRC and Shenzhen Stock Exchange, Articles of Association, Working Rules for the Audit Committee of the Board ("Working Rules") and the Working Practices for the Audit Committee of the Board on Annual Report ("Working Practices") performed their duties, and give full play to their expertise and experience, earnestly examine the Company's annual audit, reviewing of financial statement, internal control, and other significant financial information, providing the Board of Directors' scientific and efficient decision-making with professional support.

1. Particulars about the Meetings

During the Reporting Period, the Audit Committee of the Board held a total of five meetings, with details as follows:

(1) The 1st Meeting of the Audit Committee of the 9th Board of Directors for 2018

On 5 March 2018, it held at Conference Room 2, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

- 1) “Internal Auditing Report of the Company for 2017”;
- 2) Internal Control and Audit Office's Auditing Report of the Company for 2017 No. 01-04”;
- 3) “Anti-fraud Risk Assessment Report for 2017”;
- 4) “Internal Auditing Plan of the Company for 2018”;
- 5) “Working Report of the Audit Committee of the Board in 2017”;
- 6) “The Financial Statements of 2017 of the Company” was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- 7) “The Work Report of Accounting Firm for 2017” was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- 8) “Proposal on the Employment of the Accounting Firm for 2018” was reviewed and approved. The Audit Committee continue employ Deloitte Touche Tohmatsu Certified Public Accountants LLP to shoulder the audit of the annual financial statements and the internal audit for 2018. This proposal was submitted to the Board of Directors of the Company for approval.

(2) The 2nd Meeting of the Audit Committee of the 9th Board of Directors for 2018

On 25 April 2018, it was held by communication voting at which the Internal Auditing Report of the Company for the First Quarter of 2018 was reviewed and approved unanimously.

(3) The 3rd Meeting of the Audit Committee of the 9th Board of Directors for 2018

On 29 August 2018, it was held at Conference Room 2, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following Proposals were reviewed and approved unanimously:

- 1) “The Interim Financial Statements for 2018 of the Company” was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- 2) “Internal Auditing Report of the Company for the Second Quarter of 2018”
- 3) Internal Control and Audit Office's Auditing Report of the Company for 2018 No. 1

(4) The 4th Meeting of the Audit Committee of the 9th Board of Directors for 2018

On 29 October 2018, it was held by communication voting at which the following proposals were reviewed and approved unanimously:

- 1) “Internal Auditing Report of the Company for the Third Quarter of 2018”
- 2) Internal Control and Audit Office's Auditing Report of the Company for 2018 No. 2

(5) The 5th Meeting of the Audit Committee of the 9th Board of Directors for 2018

On 26 December 2018, it was held at Conference Room 25B, China Merchants Port Plaza, Shekou Industry Third Road, Shenzhen, at which the Audit Report on the Company's Finance and Internal Control by Deloitte Touche Tohmatsu Certified Public Accountants LLP for 2018 were debriefed

by the Committee members.

2. Performance of Duties to the Audit Work of Financial Statements of the Company

In accordance with relevant requirements of CSRC and Shenzhen Stock Exchange, the specific working rules and procedure for the Audit Committee, during the reporting period, the Audit Committee of the Board of the Company oversaw the audit work of Financial Statements of the Company for 2017 with due diligence, details of which are as follows:

(1) Before the auditors started their work, the Audit Committee discussed with the principal auditor of the accounting firm and determined, inter alia, the timing schedule for the auditing work of the financial statements for the year.

(2) The Audit Committee expressed its audit opinions two times on the financial statements of the Company for 2017.

During the reporting period, the Audit Committee expressed its audit opinions two times on the financial statements of the Company for 2017 in accordance with relevant requirements from CSRC.

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

After the Auditors issued their preliminary audit opinions, the Audit Committee reviewed the Financial Statements again and issued the following opinions: the Company prepared the Financial Statement in full compliance with the New Enterprise Accounting Standards and relevant provisions of the financial control system of the Company, the procedures for the preparation of the Financial Statements were reasonable and proper, which gave a true and fair view of the Company's assets, liabilities, equity interests and operation results as at 31 December 2017. Information included in the Financial Statements was objective and complete. Financial Statements for 2017 which was preliminarily audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP may be submitted for review at the 3rd Meeting of the 9th Board of Directors.

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

During the Reporting Period, the Audit Committee issued letters to Deloitte Touche Tohmatsu Certified Public Accountants LLP to urge them to produce their audit recommendation on the financial statements and the summary statement of adjusting events in a timely manner to help our financial staff finish the preparation of financial statements and related notes for 2017 as soon as possible, so as to ensure the annual audit and information disclosure proceed as scheduled.

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

During the auditing period, the Audit Committee of the Board focused on the problems discovered in process of audit, urged auditors to finish the preparation of their report within a prescribed period

of time and ensured the truthfulness, accuracy and completeness of the annual report. The Certified Public Accountants issued a standard unqualified audit report on 5 March 2018. The Audit Committee considered that the Certified Public Accountants conducted the audit work of 2017 in accordance with China's Independent Auditing Standards, the audit time was sufficient, the deployment of the auditors was appropriate and their practicing capability was excellent, and that the audit report issued sufficiently reflected the Company's financial condition as at 31 December 2017 and its operation results and cash flows for the year 2017 and the audit conclusion made was in line with the actual situation of the Company.

3. Paying attention to the Internal Control and Internal Audit Work of the Company

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

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

The members of Nomination, Remuneration and Evaluation Committee include independent director Yuan Yuhui (Convener), director Yan Shuai, and independent director Su Qiyun. During the Reporting Period, the Nomination, Remuneration and Evaluation Committee earnestly performed their duties, investigated the candidate of the manager and the directors, and examined the remuneration of directors, supervisors and senior executives in term of the requirements and stipulations of CSRC, Articles of Association, Working Rules of the Nomination, Remuneration and Evaluation Committee and responsibilities and obligations empowered by the Board of Directors.

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

1. On 5 March 2018, the 1st Meeting of the Nomination, Remuneration and Evaluation Committee of the 9th Board of Directors for 2018 was held at Conference Room 2, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

- (1) "The Working Report of the Nomination, Remuneration and Evaluation Committee of the Board for 2017";
- (2) "The Report on the Remuneration of the Directors, Supervisors and Senior Management Staff for 2017".

2. On 27 November 2018, the 2nd Meeting of the Nomination, Remuneration and Evaluation Committee of the 9th Board of Directors for 2018 was held by communication voting at which the Proposal on Examining Director Candidates was reviewed and approved unanimously. Upon review by the Board, these director candidates would be elected at a meeting of shareholders.

3. On 13 December 2018, the 3rd Meeting of the Nomination, Remuneration and Evaluation Committee of the 9th Board of Directors for 2018 was held at Conference Room 24D, China Merchants Port Plaza, Shekou Industry Third Road, Shenzhen, at which the following Proposals were reviewed and approved unanimously and was submitted to the Board for review.

- (1) "The Proposal on Hiring CEO, COO, and General Manager of the Company";
- (2) "The Proposal on Hiring Deputy General Manager of the Company";
- (3) "The Proposal on Hiring CFO of the Company";

(4) “The Proposal on Hiring Board Secretary”.

(III) Performance of the Strategy Committee

The members of Strategy Committee include vice Chairman of the Board Deng Renjie (Convener), director and CEO Bai Jingtao, director Song Dexing, independent director Yuan Yuhui, and independent director Li Changqing. During the Reporting Period, members of the Strategy Committee in line with the requirements of CSRC, Article of Association, and the stipulation of Working Rules of the Strategy Committee earnestly performed their duties, conducted research and advised on the investment plans and assets operation projects related to the medium to long term development strategy of the Company.

During the Reporting Period, the Strategy Committee under the Board of Directors held a total of four meetings, details of which are as follows:

1. On 26 January 2018, the 1st Meeting of the Strategy Committee of the 9th Board of Directors for 2018 was held by communication voting at which the Proposal on Capital Increase to Zhoushan Archipelago New Area SinoTrans & CSC RoRo Logistics Co., Ltd. was reviewed and approved unanimously and was submitted to the Board for review.

2. On 5 March 2018, the 2nd Meeting of the Strategy Committee of the 9th Board of Directors for 2018 was held at Conference Room 1, 11/F, Chiwan Haiyun Building, Shenzhen, at which the Proposal on 2017 Performance Report of Strategy Committee of the Board of Directors and Five-year Business Development Planning from 2018-2022 were reviewed and approved unanimously.

3. On 30 November 2018, the 3rd Meeting of the Strategy Committee of the 9th Board of Directors for 2018 was held by communication voting at which the Proposal on Joint Investment and Establishment of China Merchants Hainan Development Investment Co., Ltd was reviewed and approved unanimously and was submitted to the Board for review.

4. On 13 December 2018, the 4th Meeting of the Strategy Committee of the 9th Board of Directors for 2018 was held at Conference Room 24D, China Merchants Port Plaza, Shekou Industry Third Road, Shenzhen, at which the Proposal on Election of Convener for the Strategy Committee under the 9th Board of Directors was reviewed and approved unanimously and was submitted to the Board for review.

VII Performance of Duty by the Supervisory Committee

Indicate by tick mark whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes No

The Supervisory Committee raised no objections in the Reporting Period.

VIII Appraisal of and Incentive for Senior Management

The Company has a mature assessment mechanism and system covering all senior management personnel. The annual comprehensive assessment combines qualitative and quantitative methods with the dimensions including performance, competence, self-discipline, etc. The assessment results of senior management serve as an important basis for appointment and motivation. The Company adjusts and determines the post salary of senior managers based on the factors including operation status, position served and assessment results, and determines the performance bonus of managers

through the factors including annual comprehensive ability assessment, annual key performance indicators appraisal and three-year strategic appraisal results.

IX Internal Control

1. Material Internal Control Weaknesses Identified for the Reporting Period

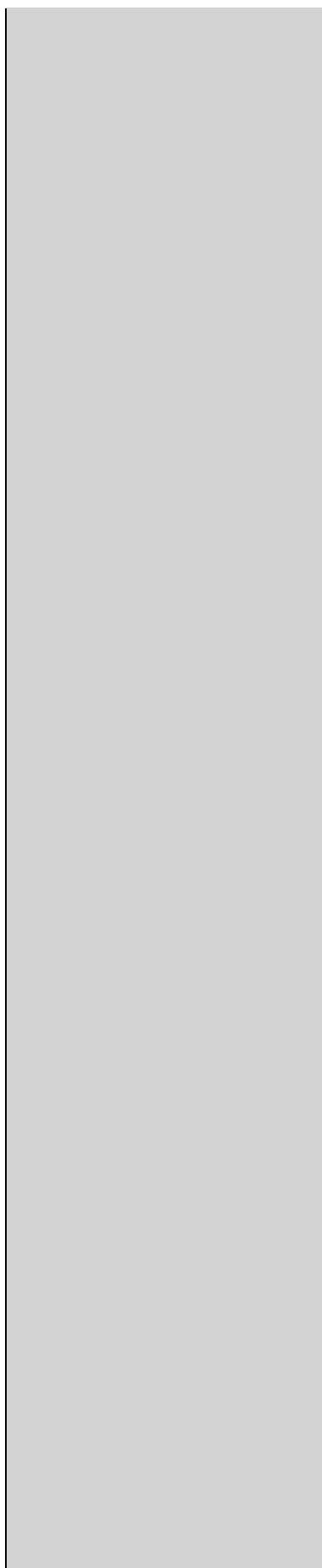
Yes No

2. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	30 March 2019			
Index to the disclosed internal control self-evaluation report	For details, see www.cninfo.com.cn			
Evaluated entities' combined assets as % of consolidated total assets	98%			
Evaluated entities' combined operating revenue as % of consolidated operating revenue	94%			
Identification standards for internal control weaknesses				
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting		
Nature standard	If a defect or defect group give rise to the following events which cannot be prevented or found and made rectification, the defect or defect group are recognized as significant defects: (1) Malpractices of directors, supervisors and senior management; (2) The Company make correction to the financial report issued; (3) Certified Public Accountant find that there is a significant error in the financial report, however, the internal control did not discover it when conducting internal control; (4) The Audit Committee under the Board and	Great defect	Significant defect	Common defect
		Development direction substantially deviates from the strategic goals, investment direction, and business structure, commercial modeled. which completely unable to support the realization of strategic goals	Development direction partly deviates from the strategic goals, investment direction, and business structure, commercial modeled. which unable to support the realization of strategic goals at a larger extent	Development direction slightly deviates from the strategic goals, investment direction, and business structure, commercial modeled. which completely can't fully support the realization of strategic goals
		Strategy implementation is blocked, almost all indicators of strategy implementation cannot	Strategy implementation is blocked, most of indicators of strategy implementation cannot completed as	Strategy implementation is blocked, part of indicators of strategy implementation cannot completed as

Internal Audit Service's supervision to the internal control is invalid.	completed as planned	planned	planned
	Lead to break off of common business/service or it takes half year or above to recover the break off of common business/service	Lead to break off of common business/service or it takes three months or half year below to recover the break off of common business/service	Some daily business is influenced, lead to break off of common business/service or it takes three months below to recover the break off of common business/service
	Badly damage the working enthusiasm of all the employees, will give rise to large scale group events or heavy damage to enterprises culture and enterprises cohesion	In a large extent, damage the working enthusiasm of all the employees, reduce work efficiency, have greatly adverse effect to enterprises culture and enterprises cohesion	damage the working enthusiasm of all the employees, reduce work efficiency, have some adverse effect to enterprises culture and enterprises cohesion
	The employee's ability and professional skills universally cannot meet the enterprise development needs by a large margin	The employee's ability and professional skills in some significant fields cannot meet the enterprise development needs	The employee's ability and professional skills in some fields cannot meet the enterprise development
	Negative news spread in the field of the entire business (including extending to industry	Negative news spread in the field of the entire business, or was paid attention or reported by the	Negative news spread in the field of the entire business, have small damage to the reputation of

		chain),or was paid attention by the national media or public media, the recovery of reputation will take more than six months	local media the recovery of reputation will take three to six months	the enterprise, the recovery of reputation will take three months below
		The enterprise's internal confidential information leakage which badly affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management	The enterprise's internal confidential information leakage which affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management in a large extent	The enterprise's internal confidential information leakage which affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management in a general extent
Quantitative standard	The judging standard was the net profits attributable to the parent Company's shareholders in the consolidated financial statements audited in last year. Misstatement amount $\geq 5\%$ above of judging standard was great defect; 5% judging standard $> 1\%$ misstatement amount was significant defect; misstatement amount $< 1\%$ below of judging standard was general standard.	The judging standard was the net profits attributable to the parent Company's shareholders in the consolidated financial statements audited in last year.		
		Great defect	Significant defect	Common defect
		Have a significant adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed 20% (Including above 20%)	Have a greater adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed 10% to 20% (Including 10%)	Have an adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed 10% below
		Had significant	Had larger	Had adverse



adverse impact to the annual operation profits or cause decrease of annual operation profits when at 5% (including 5%) above of judging standard	adverse impact to the annual operation profits or cause decrease of annual operation profits when at 1% (including 1%) to 5% judging standard	impact to the annual operation profits or cause decrease of annual operation profits when at 1% below of judging standard
Had significant adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 10% (including 10%) above of judging standard	Had larger adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 5% (including 5%) to 10% above of judging standard	Had adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 5% below of judging standard
Great investment mistake incurred which cause direct economy losses when at 5% (including 5%) above of judging standard or the return on investment more than 40% lower than expected	Larger investment mistake incurred which cause direct economy losses when at 1% (including 1%) to 5% of judging standard or the return on investment less than 30%(including 30% to 40%) lower than expected	Great investment mistake incurred which cause direct economy losses when at 1% below of judging standard or the return on investment less than 30% lower than expected
10 death or above , or 50 people serious	3 deaths above to 10 deaths below , or more	less than 3 deaths or above , or less

	injury, or direct economy losses when at 5% (including 5%) above of judging standard	than 10 people but less than 50 people serious injury, or direct economy losses when at 1% (including 1%) to 5% of judging standard	than 10 people serious injury, or direct economy losses when at 1% below of judging standard
	Asset integrity cannot be ensured, when assets losses at 5% (including 5%) above of judging standard	Asset integrity cannot be ensured, when assets losses at 1% (including 1%) to 5% of judging standard	Asset integrity cannot be ensured, when assets losses at 1% below of judging standard
	A large number of great commercial disputes, civil lawsuits and negative influences can't eliminate in a short period of time, may pay compensation at 5% (including 5%) above of judging standard	Several commercial disputes, civil lawsuits, and had obviously influence in a certain area and period, may pay compensation at 1% (including 1%) to 5% of judging standard	Irreconcilable commercial disputes, civil lawsuits happened sometimes, cause a certain influences in local, may pay compensation at 1% below of judging standard
	A serious violation of laws and regulations, investigated by government department and legal department, cause prosecution and class action, may pay	A serious violation of laws and regulations, investigated by government department and legal department, may pay compensation at 0.5% (including	Violation of laws and regulations, investigated by government department and legal department, may pay compensation at 0.5% below of judging standard

	compensation at (including above) 2% of judging standard	0.5%) to 2% of judging standard	
Number of material weaknesses in internal control over financial reporting			0
Number of material weaknesses in internal control not related to financial reporting			0
Number of serious weaknesses in internal control over financial reporting			0
Number of serious weaknesses in internal control not related to financial reporting			0

Notes: The Company acquired the actual control over CM Port (Zhoushan) RoRo Logistics Co., Ltd. and its subsidiaries in August 2018 and over China Merchants Port Holdings Company Ltd. and its subsidiaries in December 2018. The aforementioned companies (hereinafter referred to as “the acquirees”) are all included in the consolidated financial statements for 2018. The Company does not include the acquirees into the range of internal control evaluation pursuant to the relevant waiver provisions in the Answers to Questions Regarding the Regulation of the Implementation of Corporate Internal Control Standardization System of Listed Companies (Issue 1, 2011, General Issue 1) issued by China Securities Regulatory Commission.

The financial data of the acquirees was deducted for the percentage of evaluated entities’ total assets and operating revenue to the total assets and operating revenue in consolidated financial statements

X Independent Auditor’s Report on Internal Control

Applicable Not applicable

Opinion paragraph in the independent auditor’s report on internal control	
We believe that China Merchants Port Group Co., Ltd. has maintained effective internal control over financial reporting in all material respects as of 31 December 2018 as per the Basic Rules for Enterprise Internal Control and relevant regulations.	
Independent auditor’s report on internal control disclosed or not	Disclosed
Disclosure date	30 March 2019
Index to such report disclosed	For details, see www.cninfo.com.cn
Type of the auditor’s opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate by tick mark whether any modified opinion is expressed in the independent auditor’s report

on the Company's internal control.

Yes No

Indicate by tick mark whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board.

Yes No

Part X Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No.

Section XI. Auditor's Report (See attached)

Type of audit opinion	Standard and unqualified auditor's report
Date of signing audit report	29 March 2019
Audit agency	Deloitte Touche Tohmatsu Certified Public Accountants LLP
No. of audit report	De Shi Bao (Shen) Zi (19) No. P01937
Name of CPA	Huang Yue, Jiang Qishen

Section XII. Documents Available for Reference

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

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

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

For and on behalf of the Board

Bai Jingtao

Legal representative of

China Merchants Port Group Co., Ltd.

Dated 30 March 2019

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN
WHARF HOLDINGS LIMITED")

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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AUDITOR'S REPORT

De Shi Bao (Shen) Zi (19) No. P01937
(Page 1, 6 pages)

To the Shareholders of China Merchants Port Group Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of China Merchants Port Group Co., Ltd. (formerly known as "Shenzhen Chiwan Wharf Holdings Limited", hereinafter referred to as "the Company"), which comprise the consolidated and company balance sheets as at 31 December 2018, and the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the consolidated and company's financial position as of 31 December 2018, the consolidated and company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with the Auditing Standards for the Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Auditing Standards for the Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine the followings are key audit matters that need to be addressed in our report.

1. Subsequent measurement of long-term equity investment in associates and joint ventures

As disclosed in Notes (V) 9 to the consolidated financial statements, the Company has made equity investment in several enterprises, over which the Company exercises joint control or has significant influence. In 2018, the Company's income from investment in associates/joint ventures under equity method amounts to RMB 3,913,864,538.60. As at 31 December 2018, the carrying amount of long-term equity investment of the Company in associates/joint ventures amounts to RMB 50,176,577,263.40. Since the investment income from long-term equity investment in associates/joint ventures is significant, with its accuracy depending on the investee's financial status and operation results, we identified the aforesaid subsequent measurement of long-term equity investment in associates/joint ventures as a key audit matter of the consolidated financial statements.

III. Key Audit Matters - continued

1. Subsequent measurement of long-term equity investment in associates and joint ventures - continued

Principal audit procedures we performed for key audit matters are as follows:

- (1) Understood the major associates/joint ventures and their environment, and identified whether the major associates/joint ventures were significant components in terms of financial importance and business nature;
- (2) Understood the certified public accountants of major associates/joint ventures and evaluated their independence and professional competence;
- (3) Identified and assessed the risk of material misstatement in the financial statements of the major associates/joint ventures from the perspective of auditing the consolidated financial statements of the Company by reading the financial statements of the major associates/joint ventures and discussing with the management the financial performance of the major associates/joint ventures and the significant judgments and estimates made in the preparation of the financial statements;
- (4) Discussed with the component certified public accountants of the major associates/joint ventures their assessment of the component audit risk, the identification of key audit areas and the implementation of the corresponding audit procedures to evaluate whether the audit of the component certified public accountants was appropriate;
- (5) Evaluated whether the audit evidence obtained by the component certified public accountants was sufficient and appropriate by reviewing the audit documents of the component certified public accountants of the major associates/joint ventures when we deemed necessary.
- (6) Verified whether the accounting policies and accounting periods adopted by the associates/joint ventures were consistent with the Company's. If not, checked whether the financial statements of the associates/joint ventures have been adjusted according to the accounting policies and accounting period of the Company, and recognized the amount of investment income under equity method on that basis.

III. Key Audit Matters - continued

2. Accounting treatment of business combinations involving enterprises not under common control

As disclosed in Notes (VI) 1 to the consolidated financial statements, on 23 February 2018, the Company acquired 90% of the shares of TCP Participações SA (hereinafter referred to as "TCP") at a price of BRL 2,811,941,923.95 (equivalent to RMB 5,468,066,151.65), and the consideration paid in excess of the fair value of identifiable net assets of TCP on the acquisition date equivalent to RMB 3,969,374,954.86 was recognized as goodwill. Since the business combinations not involving enterprises under common control involves significant judgments and estimates in determining the fair value of identifiable net assets on the acquisition date, the calculation of goodwill, etc., we identified the accounting treatment of the business combinations involving enterprises not under common control as a key audit matter of the consolidated financial statements.

Principal audit procedures we performed for key audit matters are as follows:

- (1) Evaluated the independence, objectiveness and professional competence of the third-party evaluation organization hired by the management through interviews and queries;
- (2) Based on our understanding of the industry and business, judged whether the management's methods and assumptions used in assessing the fair value of the identifiable net assets at the acquisition date were reasonable; compared the gross profit margin of forecast period and the historical gross profit margin, the income growth rate of forecast period and the historical income growth rate, and the development planning of TCP, etc. to evaluate the reasonableness of forecasted financial data and its evaluation results.
- (3) Utilized the work of internal evaluation experts to assess the rationality of evaluation methods and key assumptions used by third-party evaluation organization in the assessment of the fair value of identifiable net assets at the acquisition date, the rationality of the discount rate used, and the accuracy of calculation of the net present value of expected future cash flows.

3. Goodwill impairment

As disclosed in Notes (V) 16 to the consolidated financial statements, as at 31 December 2018, the goodwill in the consolidated financial statements of the Company was RMB 8,335,895,842.35. The management of the Company used the present value of the estimated future cash flows to determine the recoverable amount of the relevant asset group when testing the goodwill for impairment, and the forecast of future cash flows included key assumptions, such as income growth rate, gross profit margin, discount rate, etc. We identified the goodwill impairment as a key audit matter of the consolidated financial statements due to the significant amount of goodwill and that the management needs to make significant judgments and estimates when conducting goodwill impairment testing.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (19) No. P01937
(Page 4, 6 pages)

III. Key Audit Matters - continued

3. Goodwill impairment - continued

Principal audit procedures we performed for key audit matters are as follows:

- (1) Tested the operation effectiveness of internal controls related to goodwill impairment;
- (2) Referred to industry practice to assess whether the management's approach in cash flows forecast is appropriate and whether the assumptions used are reasonable;
- (3) Compared the data used in cash flow forecast with historical data and budget data approved by the management, and assessed the reasonableness of the data used;
- (4) Compared the growth rate of the business volume in the forecast period with the growth rate of the historical business volume and evaluated its appropriateness.
- (5) Compared the gross profit margin of the forecast period with the actual gross profit margin of previous years to assess its appropriateness in combination with the business plan and industry development trend;
- (6) Understood the basis for management to determine the growth rate of the business in the subsequent forecast period and assessed its appropriateness;
- (7) Assessed the appropriateness of the discount rate adopted by the management in combination with market risk-free interest rates, risk factors, etc.;
- (8) Reviewed whether the calculation of the present value of future cash flows was correct.

IV. Other Information

The Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion.

In combination with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the audit work performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Company is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and for the design, performance and maintenance of such internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes an audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Auditing Standards for the Chinese Certified Public Accountants will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could be expected to influence the economic decisions taken based on these financial statements by reasonable users.

As part of an audit in accordance with Auditing Standards for the Chinese Certified Public Accountants, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that was sufficient and appropriate to form our opinion. The risk of not detecting a material misstatement resulting from fraud was higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Understood audit related internal control in order to design audit procedures that were appropriate in the circumstances.
- (3) Evaluated the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the management.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (19) No. P01937
(Page 6, 6 pages)

VI. Auditor's Responsibilities for the Audit of the Financial Statements - continued

- (4) Concluded on the appropriateness of the directors' application of the going concern basis of accounting. Based on audit evidence obtained, concluded on whether the material uncertainty of events or conditions that may cause cast significant doubt on the Company's ability to continue as a going concern existed. If we concluded that a material uncertainty existed, we were required to draw attention in our auditor's report to the related disclosures in the financial statements or to modify our opinion, if such disclosures were inadequate. Our conclusions were based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluated the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represented the underlying transactions and events in a manner that achieved fair presentation.
- (6) Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We were responsible for the direction, supervision and performance of the group audit. We remained solely responsible for our audit opinion.

We communicated with those charged with governance over audit scope, time arrangement and significant audit findings, including any significant deficiencies of internal control that we identified through audit.

We also provided the those charged with governance with a statement that we had complied with relevant ethical requirements of independence, and communicated with those charged with governance over all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and were therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precluded public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be addressed in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountant
(Engagement Partner)

Huang Yue

Chinese Certified Public Accountant

Jiang Qishen

29 March 2019

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated Balance Sheet

Unit: RMB

Item	Notes	31/12/2018	01/01/2018 (restated)	31/12/2017 (restated)
Current assets:				
Cash and bank balances	(V)1	7,070,308,704.75	7,729,460,082.75	7,729,460,082.75
Notes and accounts receivable	(V)2	1,120,839,172.51	909,326,662.63	871,370,660.21
Prepayments	(V)3	124,404,862.87	71,668,202.51	71,668,202.51
Other receivables	(V)4	799,559,226.45	938,579,424.96	938,786,831.94
Inventories	(V)5	108,567,270.02	82,789,282.22	82,789,282.22
Assets held for sale	(V)6	115,356,162.94	-	-
Other current assets	(V)7	1,195,421,189.12	1,199,446,613.69	1,200,476,091.74
Total current assets		10,534,456,588.66	10,931,270,268.76	10,894,551,151.37
Non-current Assets:				
Available-for-sale financial assets				3,083,581,935.68
Long-term receivables	(V)8	793,046,240.11	9,659,365.32	9,669,034.35
Long-term equity investments	(V)9	50,176,577,263.40	43,160,849,807.48	43,160,849,807.48
Other investments in equity instruments	(V)10	247,848,314.30	233,483,968.79	
Other non-current financial assets	(V)11	2,087,872,081.94	2,982,466,950.23	
Investment properties	(V)12	5,890,146,989.51	6,060,625,982.13	6,060,625,982.13
Fixed assets	(V)13	22,994,190,880.43	23,167,393,454.86	23,167,393,454.86
Construction in progress	(V)14	5,499,426,090.06	2,308,007,330.50	2,308,007,330.50
Intangible assets	(V)15	20,761,018,044.54	15,873,713,338.91	15,873,713,338.91
Goodwill	(V)16	8,335,895,842.35	4,051,665,903.24	4,051,665,903.24
Long-term prepaid expenses	(V)17	235,706,437.21	254,930,584.77	254,930,584.77
Deferred tax assets	(V)18	66,708,157.19	42,425,905.07	42,425,905.07
Other non-current assets	(V)19	395,191,485.98	227,749,831.65	227,749,831.65
Total non-current assets		117,483,627,827.02	98,372,972,422.95	98,240,613,108.64
TOTAL ASSETS		128,018,084,415.68	109,304,242,691.71	109,135,164,260.01

The accompanying notes form part of the financial statements.

The financial statements on pages 7 to 153 were signed by the following:

Bai Jingtao
Legal Representative

Wen Ling
Chief Financial Officer

Sun Ligan
Head of Accounting Department

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated Balance Sheet - continued

Unit: RMB

Item	Notes	31/12/2018	01/01/2018 (restated)	31/12/2017 (restated)
Current liabilities:				
Short-term borrowings	(V)20	3,425,291,312.62	2,580,000,000.00	2,580,000,000.00
Notes and accounts payable	(V)21	429,120,690.97	331,606,335.81	331,606,335.81
Receipts in advance	(V)22	29,170,709.86	31,959,751.17	106,944,420.75
Contract liabilities	(V)23	49,993,895.50	43,926,190.25	
Employee benefits payable	(V)24	433,489,555.40	379,770,098.40	379,770,098.40
Taxes payable	(V)25	345,183,422.42	258,555,167.79	258,555,167.79
Other payables	(V)26	2,245,670,528.89	6,570,561,586.96	6,544,589,530.18
Non-current liabilities due within one year	(V)27	2,349,849,449.96	2,393,237,748.47	2,393,237,748.47
Other current liabilities	(V)28	602,659,721.80	385,472,328.45	385,472,328.45
Total current liabilities		9,910,429,287.42	12,975,089,207.30	12,980,175,629.85
Non-current Liabilities:				
Long-term borrowings	(V)29	6,971,479,842.18	7,670,516,491.15	7,670,516,491.15
Bonds payable	(V)30	22,097,467,096.40	10,591,709,808.16	10,591,709,808.16
Long-term payables	(V)31	1,294,190,118.18	1,290,782,441.94	1,290,782,441.94
Projected benefits obligation	(V)32	375,325,127.65	350,750,123.90	350,750,123.90
Provisions	(V)33	34,951,392.27	50,577,924.97	-
Deferred income	(V)34	228,658,214.64	186,491,676.05	222,857,800.33
Deferred tax liabilities	(V)18	2,911,074,941.27	2,015,175,104.46	1,984,303,944.46
Other non-current liabilities	(V)35	3,777,582,522.86	83,594,525.96	54,763,901.68
Total non-current liabilities		37,690,729,255.45	22,239,598,096.59	22,165,684,511.62
TOTAL LIABILITIES		47,601,158,542.87	35,214,687,303.89	35,145,860,141.47
SHAREHOLDERS' EQUITY:				
Share capital	(V)36	1,793,412,378.00	644,763,730.00	644,763,730.00
Capital reserve	(V)37	19,426,912,957.05	18,845,899,356.20	18,845,899,356.20
Other comprehensive income	(V)38	88,925,978.57	(729,621,208.40)	(7,064,646.43)
Special reserve	(V)39	8,231,080.43	4,767,373.45	4,767,373.45
Surplus reserve	(V)40	527,175,908.67	520,074,434.56	520,074,434.56
Unappropriated profit	(V)41	8,915,817,110.21	9,282,631,255.64	8,466,307,917.47
Total shareholders' equity attributable to equity holders of the parent		30,760,475,412.93	28,568,514,941.45	28,474,748,165.25
Minority interests		49,656,450,459.88	45,521,040,446.37	45,514,555,953.29
TOTAL SHAREHOLDERS' EQUITY		80,416,925,872.81	74,089,555,387.82	73,989,304,118.54
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		128,018,084,415.68	109,304,242,691.71	109,135,164,260.01

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Balance Sheet of the Company

Unit: RMB

Item	Notes	31/12/2018	01/01/2018 (restated)	31/12/2017
Current Assets:				
Cash and bank balances		389,841,854.93	230,039,345.73	230,039,345.73
Notes and accounts receivable	(XIV)1	23,444,175.65	12,987,394.84	12,987,394.84
Other receivables	(XIV)2	651,050,233.08	1,172,569,336.18	1,172,569,336.18
Inventories		165,553.46	415,163.18	415,163.18
Other current assets		1,563,111.61	2,210,653.66	2,210,653.66
Total current assets		1,066,064,928.73	1,418,221,893.59	1,418,221,893.59
Non-current Assets:				
Available-for-sale financial assets				23,759,200.00
Long-term receivables		11,004,284.75	11,004,284.75	11,004,284.75
Long-term equity investments	(XIV)3	28,544,261,576.96	2,215,952,842.62	2,215,952,842.62
Other investments in equity instruments		151,746,700.00	147,243,840.00	
Investment properties		12,685,959.06	13,116,783.72	13,116,783.72
Fixed assets		190,804,655.63	204,839,343.34	204,839,343.34
Construction in progress		2,500,843.87	10,631,762.77	10,631,762.77
Intangible assets		57,755,603.44	59,954,618.20	59,954,618.20
Long-term prepaid expenses		3,785,801.32	3,976,969.45	3,976,969.45
Total non-current assets		28,974,545,425.03	2,666,720,444.85	2,543,235,804.85
TOTAL ASSETS		30,040,610,353.76	4,084,942,338.44	3,961,457,698.44

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Balance Sheet of the Company - continued

Unit: RMB

Item	Notes	31/12/2018	01/01/2018 (restated)	31/12/2017
Current Liabilities:				
Short-term borrowings		377,716,000.00	-	-
Notes and accounts payable		13,125,624.29	18,376,556.53	18,376,556.53
Receipts in advance		-	-	98,400.00
Contract liabilities		92,003.00	98,400.00	
Employee benefits payable		26,605,190.52	51,689,614.60	51,689,614.60
Taxes payable		18,826,587.50	1,578,674.01	1,578,674.01
Other payables		717,536,924.18	880,542,349.29	880,542,349.29
Non-current liabilities due within one year		299,531,506.81	-	-
Other current liabilities		200,000,000.00	100,000,000.00	100,000,000.00
Total current liabilities		1,653,433,836.30	1,052,285,594.43	1,052,285,594.43
Non-current Liabilities:				
Bonds payable		-	298,931,506.83	298,931,506.83
Long-term payables		151,710,000.00	150,098,000.00	150,098,000.00
Deferred tax liabilities		34,179,375.00	33,053,660.00	2,182,500.00
Total non-current liabilities		185,889,375.00	482,083,166.83	451,212,006.83
TOTAL LIABILITIES		1,839,323,211.30	1,534,368,761.26	1,503,497,601.26
SHAREHOLDERS' EQUITY				
Share capital		1,793,412,378.00	644,763,730.00	644,763,730.00
Capital reserve		25,517,647,180.04	240,001,254.59	240,001,254.59
Other comprehensive income		102,638,125.00	99,260,980.00	6,647,500.00
Special reserve		470,465.59	-	-
Surplus reserve		527,175,908.67	520,074,434.56	520,074,434.56
Unappropriated profit		259,943,085.16	1,046,473,178.03	1,046,473,178.03
TOTAL SHAREHOLDERS' EQUITY		28,201,287,142.46	2,550,573,577.18	2,457,960,097.18
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		30,040,610,353.76	4,084,942,338.44	3,961,457,698.44

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated Income Statement

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period (restated)
I. Operating income	(V)42	9,703,394,622.58	7,544,635,284.96
Less: Operating costs	(V)42	5,739,241,395.87	4,710,312,660.51
Business taxes and levies	(V)43	235,953,803.51	71,984,283.55
Administrative expenses	(V)44	1,251,865,675.45	853,900,889.90
Research and development expenses		121,989,097.82	95,247,274.67
Financial expenses	(V)45	1,643,418,102.95	955,406,648.46
Including: Interest expense		1,634,101,331.80	1,129,672,527.80
Investment income		272,453,293.86	116,797,403.30
Impairment losses of assets	(V)46	-	632,741,768.60
Impairment losses of credit	(V)47	7,528,580.60	
Add: Other income	(V)48	56,180,127.64	44,158,463.01
Investment income	(V)49	3,967,828,149.48	5,771,294,706.67
Including: Income from investments in associates and joint ventures	(V)49	3,913,864,538.60	4,681,582,632.76
Gains (losses) from changes in fair value	(V)50	(1,074,406,837.68)	-
Gains (losses) on disposal of assets	(V)51	19,258,495.33	(391,053.09)
II. Operating profit		3,672,257,901.15	6,040,103,875.86
Add: Non-operating income	(V)52	67,128,689.98	23,505,578.15
Less: Non-operating expenses	(V)53	125,031,298.57	45,601,286.22
III. Gross profit		3,614,355,292.56	6,018,008,167.79
Less: Income tax expenses	(V)54	728,440,538.60	580,458,478.80
IV. Net profit		2,885,914,753.96	5,437,549,688.99
(I) Categorization by continuity of operation			
1. Net profit of continued operation		2,885,914,753.96	5,437,549,688.99
2. Net profit of discontinued operation		-	-
(II) Categorization by attribution of ownership			
1. Net profit attributable to shareholders of the parent		1,090,418,910.77	2,365,214,907.45
2. Profit or loss attributable to minority shareholder		1,795,495,843.19	3,072,334,781.54

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated Income Statement - continued

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period (restated)
V. Amount of other comprehensive net income after tax	(V)56	204,602,785.68	642,605,602.46
Amount of other comprehensive net income after tax attributable to equity holders of the parent		41,778,087.02	242,204,762.79
(I) Other comprehensive income that will not be reclassified to profit or loss		(48,671,312.79)	65,863,882.85
1. Change as a result of remeasurement of the net defined benefit plan		(7,943,999.30)	5,313,793.20
2. Other comprehensive income under the equity method that will not be reclassified to profit or loss		(46,138,662.23)	60,550,089.65
3. Fair value changes of other investments in equity instruments		5,411,348.74	
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		90,449,399.81	176,340,879.94
1. Other comprehensive income under the equity method that will be reclassified to profit or loss		(7,952,099.73)	175,630,117.53
2. Gains or losses on changes in fair value of available-for-sale financial assets			87,348,744.15
3. Translation differences of financial statements denominated in foreign currencies		98,401,499.54	(86,637,981.74)
Amount of other comprehensive net income after tax attributable to minority shareholders		162,824,698.66	400,400,839.67
VI. Total comprehensive income attributable to:		3,090,517,539.64	6,080,155,291.45
Shareholders of the parent		1,132,196,997.79	2,607,419,670.24
Minority shareholders		1,958,320,541.85	3,472,735,621.21
VII. Earnings per share			
(I) Basic earnings per share		0.61	1.32
(II) Diluted earnings per share		0.61	1.32

Business combination involving enterprises under common control occurred during 2018, and the net profit of the acquiree generated before the business combination is RMB 2,685,592,888.44. The net profit of the acquiree generated in 2017 is RMB 4,928,289,403.49.

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Income Statement of the Company

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period
I. Operating income	(XIV)4	243,899,253.07	262,128,083.88
Less: Operating costs	(XIV)4	160,065,451.42	147,940,894.54
Business taxes and levies		47,542,310.81	2,028,572.84
Administrative expenses		122,905,018.75	70,514,131.56
Research and development expenses		742,954.48	264,150.94
Financial expenses		34,174,062.13	(8,048,217.56)
Including: Interest expense		36,872,089.57	23,359,008.38
Interest income		20,843,903.27	25,260,320.71
Impairment losses of assets		-	(7,730.22)
Impairment losses of credit		-	-
Add: Other income		271,927.46	-
Investment income	(XIV)5	193,138,161.44	648,579,235.35
Including: Income from investments in associates and joint ventures	(XIV)5	63,015,142.10	49,683,858.86
Gains (losses) on disposal of assets		(937,948.47)	304,464.57
II. Operating profit		70,941,595.91	698,319,981.70
Add: Non-operating income		1,336,230.70	33,035,528.92
Less: Non-operating expenses		867,312.18	241,366.11
III. Gross profit		71,410,514.43	731,114,144.51
Less: Income tax expenses		395,773.33	(396,443.74)
IV. Net profit		71,014,741.10	731,510,588.25
V. Amount of other comprehensive net income after tax		3,377,145.00	975,000.00
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		3,377,145.00	-
1. Change as a result of remeasurement of the net defined benefit plan		-	-
2. Other comprehensive income under the equity method that will not be reclassified to profit or loss		-	-
3. Fair value changes of other investments in equity instruments		3,377,145.00	-
(II) Other comprehensive income that will be reclassified to profit or loss		-	975,000.00
1. Other comprehensive income 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		-	975,000.00
3. Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income		74,391,886.10	732,485,588.25

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated Cash Flow Statement

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period (restated)
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		9,581,481,387.06	7,491,616,295.63
Receipts of tax refunds		6,203,721.12	2,026,413.44
Other cash receipts relating to operating activities	(V)57(1)	963,935,271.59	627,697,273.07
Sub-total of cash inflows		10,551,620,379.77	8,121,339,982.14
Cash payments for goods purchased and services received		2,647,715,026.47	2,127,952,256.75
Cash payments to and on behalf of employees		1,808,824,527.76	1,415,998,152.93
Payments of all types of taxes		762,131,488.97	514,231,751.73
Other cash payments relating to operating activities	(V)57(2)	1,044,373,911.73	588,120,784.45
Sub-total of cash outflows		6,263,044,954.93	4,646,302,945.86
Net Cash Flows from Operating Activities	(V)58(1)	4,288,575,424.84	3,475,037,036.28
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		200,000.00	342,998,439.88
Cash receipts from investments income		1,813,166,370.38	1,632,392,218.45
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		19,846,988.10	19,718,639.98
Net cash receipts from disposal of subsidiary and other operating units		-	7,617,940,434.09
Other cash receipts relating to investing activities	(V)57(3)	156,615,992.14	218,174,398.17
Sub-total of cash inflows		1,989,829,350.62	9,831,224,130.57
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		2,437,080,643.74	2,511,160,012.03
Cash payments to acquire investments		4,084,107,008.20	2,290,174,234.90
Net cash payment to acquire subsidiary and other operating units	(V)57(5)	8,931,096,795.81	1,887,623,658.13
Other cash payments relating to investing activities	(V)57(4)	1,686,107,391.23	1,058,395,077.56
Sub-total of cash outflows		17,138,391,838.98	7,747,352,982.62
Net Cash Flows from Investing Activities		(15,148,562,488.36)	2,083,871,147.95
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		296,363,615.57	166,540,000.00
Including: cash receipts from capital contributions from minority owners of subsidiary		40,100,000.00	166,540,000.00
Cash receipts from borrowings		21,763,411,408.42	7,719,939,575.00
Cash receipts from issue of bonds		10,621,000,000.00	2,599,850,000.00
Other cash receipts relating to financing activities	(V)57(6)	3,876,395,683.27	-
Sub-total of cash inflows		36,557,170,707.26	10,486,329,575.00
Cash repayments of borrowings		23,593,666,839.99	6,729,078,966.70
Cash payments for distribution of dividends or profit or interest		3,942,108,074.86	4,462,491,329.19
Including: Payments for distribution of dividends or profit to minorities		1,929,962,094.72	349,393,736.16
Other cash payments relating to financing activities	(V)57(7)	146,196,535.06	83,248,718.01
Sub-total of cash outflows		27,681,971,449.91	11,274,819,013.90
Net Cash Flows from Financing Activities		8,875,199,257.35	(788,489,438.90)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(371,390,771.83)	(294,425,747.23)
V. Net Increase (Decrease) in Cash and Cash Equivalents		(2,356,178,578.00)	4,475,992,998.10
Add: Opening balance of Cash and Cash Equivalents	(V)58(2)	7,729,460,082.75	3,253,467,084.65
VI. Closing Balance of Cash and Cash Equivalents	(V)58(2)	5,373,281,504.75	7,729,460,082.75

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Cash Flow Statement of the Company

Unit: RMB

Item	Notes	Amount incurred in the current period	Amount incurred in the previous period
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		229,302,378.14	269,045,995.41
Other cash receipts relating to operating activities		29,331,866.91	716,765,626.94
Sub-total of cash inflows		258,634,245.05	985,811,622.35
Cash payments for goods purchased and services received		74,086,330.85	78,023,594.34
Cash payments to and on behalf of employees		121,661,642.64	111,426,044.20
Payments of all types of taxes		9,401,709.94	10,127,012.26
Other cash payments relating to operating activities		279,797,604.56	247,511,704.35
Sub-total of cash outflows		484,947,287.99	447,088,355.15
Net Cash Flows from Operating Activities		(226,313,042.94)	538,723,267.20
II. Cash Flows from Investing Activities:			
Cash receipts from investments income		445,875,054.92	63,576,674.42
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		766,830.38	2,693,776.59
Other cash receipts relating to investing activities		635,013,754.63	683,875,000.00
Sub-total of cash inflows		1,081,655,639.93	750,145,451.01
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		162,248,840.21	19,183,612.16
Other cash payments relating to investing activities		374,513,229.40	685,067,880.47
Sub-total of cash outflows		536,762,069.61	704,251,492.63
Net Cash Flows from Investing Activities		544,893,570.32	45,893,958.38
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		256,263,615.57	-
Cash receipts from borrowings		566,016,000.00	163,436,000.00
Cash receipts from issue of bonds		200,000,000.00	99,850,000.00
Sub-total of cash inflows		1,022,279,615.57	263,286,000.00
Cash repayments of borrowings		300,000,000.00	380,000,000.00
Cash payments for distribution of dividends or profit or interest		873,011,086.61	333,589,040.71
Other cash payments relating to financing activities		1,497,344.37	402,325.25
Sub-total of cash outflows		1,174,508,430.98	713,991,365.96
Net Cash Flows from Financing Activities		(152,228,815.41)	(450,705,365.96)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(6,549,202.77)	(1,274,170.98)
V. Net Increase (Decrease) in Cash and Cash Equivalents		159,802,509.20	132,637,688.64
Add: Opening balance of Cash and Cash Equivalents		230,039,345.73	97,401,657.09
VI. Closing Balance of Cash and Cash Equivalents		389,841,854.93	230,039,345.73

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

Item	2018								
	Attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others		
I. Closing balance of the preceding year	644,763,730.00	167,480,381.24	19,800,344.49	4,767,373.45	520,074,434.56	3,566,083,142.17	-	1,644,073,503.71	6,567,042,909.62
Add: Changes in accounting policies	-	-	(722,556,561.97)	-	-	816,323,338.17	-	6,484,493.08	100,251,269.28
Corrections of prior period errors	-	-	-	-	-	-	-	-	-
Business combination involving enterprises under common control	-	18,678,418,974.96	(26,864,990.92)	-	-	4,900,224,775.30	-	43,870,482,449.58	67,422,261,208.92
Others	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	644,763,730.00	18,845,899,356.20	(729,621,208.40)	4,767,373.45	520,074,434.56	9,282,631,255.64	-	45,521,040,446.37	74,089,555,387.82
III. Changes for the year	1,148,648,648.00	581,013,600.85	818,547,186.97	3,463,706.98	7,101,474.11	(366,814,145.43)	-	4,135,410,013.51	6,327,370,484.99
(I) Total comprehensive income	-	-	41,778,087.02	-	-	1,090,418,910.77	-	1,958,320,541.85	3,090,517,539.64
(II) Owners' contributions and reduction in capital	1,148,648,648.00	581,013,600.85	776,769,099.95	-	-	-	-	3,092,504,057.82	5,598,935,406.62
1. Capital contribution from shareholders	1,148,648,648.00	-	-	-	-	-	-	1,594,806,295.50	2,743,454,943.50
2. Capital contribution from other equity investment holder	-	-	-	-	-	-	-	-	-
3. Share-based payment recognized in shareholders' equity	-	-	-	-	-	-	-	-	-
4. Business combination involving enterprises under common control	-	(583,183,507.54)	776,769,099.95	-	-	-	-	-	193,585,592.41
5. Others	-	1,164,197,108.39	-	-	-	-	-	1,497,697,762.32	2,661,894,870.71
(III) Profit distribution	-	-	-	-	7,101,474.11	(1,457,233,056.20)	-	(920,434,015.30)	(2,370,565,597.39)
1. Transfer to surplus reserve	-	-	-	-	7,101,474.11	(7,101,474.11)	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(850,443,359.86)	-	-	(850,443,359.86)
4. Others	-	-	-	-	-	(599,688,222.23)	-	(920,434,015.30)	(1,520,122,237.53)
(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	-	-	-	3,463,706.98	-	-	-	5,019,429.14	8,483,136.12
1. Withdrawn in the period	-	-	-	24,165,961.75	-	-	-	49,870,501.76	74,036,463.51
2. Utilized in the period	-	-	-	(20,702,254.77)	-	-	-	(44,851,072.62)	(65,553,327.39)
(VI) Others	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	1,793,412,378.00	19,426,912,957.05	88,925,978.57	8,231,080.43	527,175,908.67	8,915,817,110.21	-	49,656,450,459.88	80,416,925,872.81

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated Statement of Changes in Shareholders' Equity - continued

Unit: RMB

Item	2017								
	Attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others		
I. Closing balance of the preceding year	644,763,730.00	167,480,381.25	(8,039,646.43)	4,145,765.65	520,074,434.56	3,381,390,887.86	-	927,178,183.53	5,636,993,736.42
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-
Business combination involving enterprises under common control	-	13,716,765,033.15	-	-	-	4,254,259,872.38	-	41,705,041,719.67	59,676,066,625.20
Others	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	644,763,730.00	13,884,245,414.40	(8,039,646.43)	4,145,765.65	520,074,434.56	7,635,650,760.24	-	42,632,219,903.20	65,313,060,361.62
III. Changes for the year	-	4,961,653,941.80	975,000.00	621,607.80	-	830,657,157.23	-	2,882,336,050.09	8,676,243,756.92
(I) Total comprehensive income	-	-	242,204,762.79	-	-	2,365,214,907.45	-	3,472,735,621.21	6,080,155,291.45
(II) Owners' contributions and reduction in capital	-	4,961,653,941.80	(241,229,762.79)	-	-	-	-	1,551,760,081.00	6,272,184,260.01
1. Capital contribution from shareholders	-	-	-	-	-	-	-	131,153,105.53	131,153,105.53
2. Capital contribution from other equity investment holder	-	4,790,837,053.25	-	-	-	-	-	(4,790,837,053.25)	-
3. Share-based payment recognized in shareholders' equity	-	-	-	-	-	-	-	-	-
4. Business combination involving enterprises under common control	-	170,816,888.55	(241,229,762.79)	-	-	-	-	-	(70,412,874.24)
5. Others	-	-	-	-	-	-	-	6,211,444,028.72	6,211,444,028.72
(III) Profit distribution	-	-	-	-	-	(1,534,557,750.22)	-	(2,145,447,695.86)	(3,680,005,446.08)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(319,802,810.08)	-	(280,975,918.30)	(600,778,728.38)
4. Others	-	-	-	-	-	(1,214,754,940.14)	-	(1,864,471,777.56)	(3,079,226,717.70)
(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	-	-	-	621,607.80	-	-	-	3,288,043.74	3,909,651.54
1. Withdrawn in the period	-	-	-	17,456,696.76	-	-	-	33,537,670.52	50,994,367.28
2. Utilized in the period	-	-	-	(16,835,088.96)	-	-	-	(30,249,626.78)	(47,084,715.74)
(VI) Others	-	-	-	-	-	-	-	-	-
IV. Closing balance of the year	644,763,730.00	18,845,899,356.20	(7,064,646.43)	4,767,373.45	520,074,434.56	8,466,307,917.47	-	45,514,555,953.29	73,989,304,118.54

The accompanying notes form part of the financial statements.

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

Item	2018						Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	
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
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
III. Changes for the year	1,148,648,648.00	25,277,645,925.45	3,377,145.00	470,465.59	7,101,474.11	(786,530,092.87)	25,650,713,565.28
(I) Total comprehensive income	-	-	3,377,145.00	-	-	71,014,741.10	74,391,886.10
(II) Owners' contributions and reduction in capital	1,148,648,648.00	25,277,645,925.45	-	-	-	-	26,426,294,573.45
1. Capital contribution from shareholders	1,148,648,648.00	25,276,764,780.38	-	-	-	-	26,425,413,428.38
2. Share-based payment recognized in shareholders' equity	-	-	-	-	-	-	-
3. Others	-	881,145.07	-	-	-	-	881,145.07
(III) Profit distribution	-	-	-	-	7,101,474.11	(857,544,833.97)	(850,443,359.86)
1. Transfer to surplus reserve	-	-	-	-	7,101,474.11	(7,101,474.11)	-
2. Transfer to general reserve	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(850,443,359.86)	(850,443,359.86)
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	-	-	-	470,465.59	-	-	470,465.59
1. Withdrawn in the period	-	-	-	2,621,280.84	-	-	2,621,280.84
2. Utilized in the period	-	-	-	(2,150,815.25)	-	-	(2,150,815.25)
(VI) Others	-	-	-	-	-	-	-
IV. Closing balance of the year	1,793,412,378.00	25,517,647,180.04	102,638,125.00	470,465.59	527,175,908.67	259,943,085.16	28,201,287,142.46

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of Changes in Shareholders' Equity of the Company - continued

Unit: RMB

Item	2017						Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	
I. Closing balance of the preceding year	644,763,730.00	240,001,254.59	5,672,500.00	1,027,543.25	520,074,434.56	634,765,399.86	2,046,304,862.26
Add: Changes in accounting policies	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
II. Opening balance of the year	644,763,730.00	240,001,254.59	5,672,500.00	1,027,543.25	520,074,434.56	634,765,399.86	2,046,304,862.26
III. Changes for the year	-	-	975,000.00	(1,027,543.25)	-	411,707,778.17	411,655,234.92
(I) Total comprehensive income	-	-	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	-	-	-	-	-	(319,802,810.08)	(319,802,810.08)
1. Transfer to surplus reserve	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(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	-	-	-	(1,027,543.25)	-	-	(1,027,543.25)
1. Withdrawn in the period	-	-	-	2,239,851.36	-	-	2,239,851.36
2. Utilized in the period	-	-	-	(3,267,394.61)	-	-	(3,267,394.61)
(VI) Others	-	-	-	-	-	-	-
IV. Closing balance of the 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

The accompanying notes form part of the financial statements.

(I) GENERAL INFORMATION OF THE COMPANY

China Merchants Port Holdings Company Limited (formerly known as "Shenzhen Chiwan Wharf Holdings Limited", hereinafter referred to as the "Company") was a stock limited company incorporated in Shenzhen, Guangdong Province, on 16 January 1993.

On 30 October 2018, as approved by the Reply on Approving Issuance of Shares to Purchase Assets and Collection of Funds from Shenzhen Chiwan Wharf Holdings Limited to China Merchants Investment Development Company Limited (Zheng Jian Xu Ke [2018] No. 1750) issued by China Securities Regulatory Commission ("CSRC"), the Company issued 1,148,648,648 shares of A-stock to China Merchants Investment Development Company Limited ("CMID") to acquire 39.45% equity of China Merchants Port Holdings Company Limited ("CMPORT"). The Company has adopted this name since completion of the acquisition.

The headquarters of the Company is located in Shenzhen, Guangdong Province. The Company and its subsidiaries (collectively the "Group") are principally engaged in the rendering of port service, bonded logistics service and other business such as property development and investment.

The Company's and consolidated financial statements have been approved by the Board of Directors on 28 March 2019.

See Notes (VII) "Equity in other entities" for details of the scope of consolidated financial statements in the current period are subsidiaries acquired through business combination under common control. See Note (VI) "Changes in the consolidated scope" for details of changes in the scope of consolidated financial statements in the current period.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation of financial statements

The Group has adopted the Accounting Standards for Business Enterprises ("ASBE") 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS - continued

Basis of accounting and principle of measurement - continued

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.

Fair value measurements are categorized 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 assessed its ability to continue as a going concern for the 12 months from 31 December 2018 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

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

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

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with the ASBE, and present truly and completely, the Company's and consolidated financial position as of 31 December 2018, and the Company's and consolidated results of operations and cash flows for the year then ended.

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

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

An operating cycle refers to the period since when an enterprise purchases assets for processing purpose till the realization of those assets in cash or cash equivalents. The Group are principally engaged in the rendering of port service, bonded logistics service and other business such as property development and investment with an operating cycle of one year.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company operates. Therefore, the Company chooses RMB as their functional currency. The Company's subsidiaries chooses their functional currency on the basis of the primary economic environment in which they operate. The Company 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.

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

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

5.2 Business combinations not involving enterprises under common control and goodwill

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.

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.

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

6. Preparation of consolidated financial statements - continued

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 or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

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

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

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

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

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

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

6. Preparation of consolidated financial statements - continued

For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not involving enterprises under common control, this should be dealt with based on whether this belongs to 'package deal': if it belongs to 'package deal', transactions will be dealt as transactions to acquire control. If it does not belong to 'package deal', transactions to acquire control on acquisition date will be under accounting treatment, the fair value of acquirees' shares held before acquisition date will be revalued, and the difference between fair value and book value will be recognized in profit or loss of the current period; if acquirees' shares held before acquisition date involve in changes of other comprehensive income and other equity of owners under equity method, this will be transferred to income of acquisition date.

When the Group loses control over a subsidiary due to disposal of equity investment or other reasons, 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.

When the Group loses control of a subsidiary in two or more arrangements (transactions), terms and conditions of the arrangements (transactions) and their economic effects are considered. One or more of the following indicate that the Group shall account for the multiple arrangements as a 'package deal': (i) they are entered into at the same time or in contemplation of each other; (ii) they form a complete transaction designed to achieve an overall commercial effect; (iii) the occurrence of one transaction is dependent on the occurrence of at least one other transaction; (iv) one transaction alone is not economically justified, but it is economically justified when considered together with other transactions. Where the transactions of disposal of equity investments in a subsidiary until the loss of control are assessed as a package deal, these transactions are accounted for as one transaction of disposal of a subsidiary with loss of control. Before losing control, the difference of consideration received on disposal and the share of net assets of the subsidiary continuously calculated from acquisition date is recognized as other comprehensive income. When losing control, the cumulated other comprehensive income is transferred to profit or loss of the period of losing control. If the transactions of disposal of equity investments in a subsidiary are not assessed as a package deal, these transactions are accounted for as unrelated transactions.

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

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

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

Investments in joint ventures are accounted for using the equity method by the Group, which is detailed in Notes (III) 14.3.2, a long-term equity investment is subject to for using the equity method.

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

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

9. Foreign currency transactions - continued

9.1 Transactions denominated in foreign currencies - continued

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognized as "exchange differences arising on translation of financial statements denominated in foreign currencies " in other comprehensive income, and in profit and loss for the period upon disposal of the foreign operation.

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 as other comprehensive income.

9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions; The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognized as other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at average exchange rate during the accounting period of consolidated financial statements. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation attributable to the owners' equity of the Company and presented under owners' equity, to profit or loss in the period in which the disposal occurs.

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

9. Foreign currency transactions - continued

9.2 *Translation of financial statements denominated in foreign currencies* - continued

In case of a disposal of part equity investments or other reason leading to lower interest percentage in foreign operations but does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to minority interests and are not recognized in profit and loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

10. Financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss; transaction costs relating to other categories of financial assets and financial liabilities are included in the value initially recognized. For accounts receivable recognized that do not contain a significant financing component or a financing component included in the contracts less than one year which are not considered by the Group, which are within the scope of *Accounting Standard for Business Enterprises No.14 - Revenue* (hereinafter referred to as "new standards for revenue"), transaction prices defined in the standards shall be adopted on initial recognition.

The effective interest method is a method that is used in the calculation of the amortized cost of a financial asset or a financial liability and in the allocation of the interest income or interest expense in profit or loss over the relevant period.

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 to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Group estimates future cash flows by considering all the contractual terms of the financial asset or financial liability (for example, prepayment, extension, call option or similar options) but shall not consider the expected credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative credit loss allowance (only applicable to financial assets).

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

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

If 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, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial assets measured at amortized cost, which include cash and bank balances, notes receivable and accounts receivable and other receivables and etc..

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"): the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and 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. Financial assets at FVTOCI are presented as other debt investments. Other debt investments due within one year (inclusive) since the balance sheet date are presented as non-current assets due within one year. Other debt investments due within one year (inclusive) upon acquisition are presented as other current assets.

On initial recognition, the Group may irrevocably designate non-trading equity instruments, other than contingent consideration recognized through business combination not involving enterprises under common control, as financial assets at FVTOCI on an individual basis. Such financial assets at FVTOCI are presented as other equity instrument.

Financial assets measured at fair value through profit or loss ("FVTPL") include those classified as financial assets at FVTPL and those designated as financial assets at FVTPL, which are presented as held-for-trading financial assets other than derivative financial assets. Such financial assets at FVTPL which may fall due more than one year since the balance sheet date and will be held more than one year are presented as other non-current financial assets.

- Any financial assets that does not qualify for amortized cost measurement or measurement at FVTOCI or designated at FVTOCI are classified into financial assets at FVTPL.
- Upon initial recognition, in order to eliminate or significantly reduce accounting mismatch and qualified hybrid financial instrument combines financial asset with embedded derivatives, the Group will irrevocably designated it as financial liabilities at FVTPL.

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

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets -continued

A financial asset is classified as held for trading if one of the following conditions is satisfied:

- It has been acquired principally for the purpose of selling in the near term; or
- 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
- It is a derivative that is not a financial guarantee contract or designated and effective as a hedging instrument.

10.1.1 Financial assets measured at amortized cost

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognized in profit or loss.

For financial assets measured at amortized cost, the Group recognizes interest income using effective interest method. The Group calculates and recognizes interest income through book value of financial assets multiplying effective interest, except for the following circumstances:

- For purchased or originated credit-impaired financial assets with credit impairment, the Group calculates and recognizes its interest income based on amortized cost of the financial asset and the effective interest through credit adjustment since initial recognition.

10.1.2 Financial assets at FVTOCI

Impairment losses or gains related to financial assets at FVTOCI, interest income measured using effective interest method and exchange gains or losses are recognized into profit or loss for the current period, except for the above circumstances, changes in fair value of the financial assets are included in other comprehensive income. Amounts charged to profit or loss for every period equal to the amount charged to profit or loss as it is measured at amortized costs. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income shall be removed from other comprehensive income and recognized in profit or loss.

Non-trading equity instrument investments are designated as financial assets at FVTOCI, the cumulative gains or losses previously recognized in other comprehensive income allocated to the part derecognized are transferred and included in retained earnings. During the period in which the Group holds the non-trading equity instrument, revenue from dividends is recognized in profit or loss for the current period when (1) the Group has established the right of collecting dividends; (2) it is probable that the associated economic benefits will flow to the Group; and (3) the amount of dividends can be measured reliably.

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

10. Financial instruments - continued

10.1 Classification, recognition and measurement of financial assets -continued

10.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Gain or loss arising from changes in fair values and dividends and interests related to the financial assets are recognized in profit or loss.

10.2 Impairment of financial instruments

The Group makes accounting treatment on impairment and recognizes loss allowance for expected credit losses ("ECL") on financial instruments measured at amortized cost, financial instruments classified as at FVTOCI, lease receivables and contract assets.

The Group makes a loss allowance against amount of lifetime ECL of the contract assets and accounts receivable that exclude significant financing component or do not consider the financing component in the contract within one year arising from transactions adopting New Standards for Revenue, contract assets and accounts receivable that include significant financing component and lease receivables arising from transactions adopting New Standards for Lease.

For other financial instrument, other than purchased or originated credit-impaired financial assets, the Group assesses changes in credit risks of the relevant financial asset since initial recognition at each balance sheet date. If the credit loss of the financial instrument has been significantly increased since initial recognition, the Group will make a loss allowance at an amount of expected credit loss during the whole life; if not, the Group will make a loss allowance for the financial instrument at an amount in the future 12-month expected credit losses. Except for the financial assets classified as at FVTOCI, increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment. For the financial assets classified as at FVTOCI, the Group recognizes credit loss allowance in other comprehensive income and recognizes the loss/gain on impairment in profit or loss, while the Group does not decrease the carrying amount of such financial assets in the balance sheet.

The Group has makes a loss allowance against amount of expected credit losses during the whole life in the prior accounting period. However, at the balance sheet date, the credit risk on a financial instrument has not increased significantly since initial recognition; the Group will measure the loss allowance for that financial instrument at an amount in the future 12-month expected credit losses. Reversed amount of loss allowance arising from such circumstances shall be included in profit or loss as impairment gains.

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

10. Financial instruments - continued

10.2 Impairment of financial instruments - continued

10.2.1 Significant increase of credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. For loan commitments, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition in the application of criteria related to the financial instrument for impairment.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- (1) Significant changes in internal price indicators of credit risk as a result of a change in credit risk;
- (2) Other changes in the rates or terms of an existing financial instrument that would be significantly different if the instrument was newly originated or issued at the balance sheet date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher income coverage).
- (3) Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life. These indicators include the credit spread, the credit swap prices for the borrower, the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost and other market information related to the borrower, such as changes in the price of a borrower's debt and equity instruments.
- (4) Significant changes in actual or expected external credit rating for the financial instruments;
- (5) An actual or expected internal credit rating downgrade for the borrower
- (6) Adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations;
- (7) An actual or expected significant change in the operating results of the debtor;
- (8) Significant increases in credit risk on other financial instruments of the same borrower;
- (9) Significant adverse change in the regulatory, economic, or technological environment of the debtor;
- (10) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the debtor's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring.
- (11) Significant changes in circumstances expected to reduce the debtor's economic incentive to make scheduled contractual payments;

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

10. Financial instruments - continued

10.2.1 Significant increase of credit risk - continued

- (12) Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the financial instrument;
- (13) Significant changes in the expected performance and behavior of the debtor;
- (14) Changes in the entity's credit management approach in relation to the financial instrument;
- (15) Past due of contract payment.

At balance sheet date, if the Group judges that the financial instrument solely has lower credit risk, the Group will assume that the credit risk of the financial instrument has not been significantly increased since initial recognition.

10.2.2 Credit-impaired financial assets

When the Group expected occurrence of one or more events which may cause adverse impact on future cash flows of a financial asset, the financial asset will become a credit-impaired financial assets. Objective evidence that a financial asset is impaired includes but not limited to the following observable events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting a concession to the debtor;
- (4) It becoming probable that the debtor 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 or the debtor;
- (6) Purchase or originate a financial asset with a large scale of discount, which reflects facts of credit loss incurred.

10.2.3 Determination of expected credit loss

The Group uses a provision matrix to determine the credit losses for accounts receivable, contract assets and debt investment based on a portfolio basis. The Group classifies financial instruments into different groups based on common risk characteristics. Common credit risk characteristics include credit risk rating, the date of initial recognition, remaining contractual maturity, industry of borrower and geographical location of the borrower etc.

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

10. Financial instruments - continued

10.2 Impairment of financial assets - continued

10.2.3 Determination of expected credit loss - continued

The Group determines expected credit losses of relevant financial instruments using the following methods:

- For a financial asset, a credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive;
- For a lease receivable, a credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive;
- For a financial asset with credit-impaired at the balance sheet date, but not purchased or originated credit-impaired, a credit losses is the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The factors reflected in methods of measurement of expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; reasonable and supportable information about past events, current conditions and forecasts on future economic status at balance sheet date without unnecessary additional costs or efforts.

10.2.4 Write-down of financial assets

When the Group will no longer reasonably expect that the contractual cash flows of financial assets can be collected in aggregate or in part, the Group will directly write down the carrying amount of the financial asset, which constitutes derecognition of relevant financial assets.

10.3 Transfer of financial assets

The Group will derecognize a financial asset if one of the following conditions is satisfied: (i) the contractual rights to the cash flows from the financial asset expire; (ii) 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 (iii) 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.

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

10. Financial instruments - continued

10.3 Transfer of financial assets - continued

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, the Group will recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognize an associated liability. The Group will measure relevant liabilities as follows:

- For transferred financial assets carried at amortized cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortized cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortized cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- For transferred financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, for financial asset categorized into those measured at amortized cost and financial asset categorized into those measured at FVTOCI, the difference between (1) the carrying amount of the financial asset transferred and (2) the sum of the consideration received from the transfer and accumulated changes in fair value initially recorded in other comprehensive income is recognized in profit or loss. For the non-tradable equity instrument designated as financial assets at FVTOCI, cumulative gain or loss that has been recognized in other comprehensive income should be removed from other comprehensive income but be recognized in retained earnings.

For a part of transfer of a financial asset that satisfies the derecognition criteria, the carrying amount of the transferred financial asset is allocated between the part that is derecognized and the part that is continuously involved, based on the respective fair values of those parts on transfer date. The difference between (1) 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; and (2) the carrying amount allocated to the part derecognized on derecognition date; is recognized in profit or loss. For the non-tradable equity instrument designated as financial assets at FVTOCI, cumulative gain or loss that has been recognized in other comprehensive income should be removed from other comprehensive income but be recognized in retained earnings.

(III) THE COMPANY'S 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 does not satisfy the derecognition criteria, the Group will continuously recognize the transferred financial asset in its entirety. Considerations received due to transfer of assets should be recognized as a liability upon receipts.

10.4 Classification of financial liabilities equity instruments

Financial instruments issued by the Group are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial liability and equity instruments on initial recognition.

10.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities.

10.4.1.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL consist of financial liabilities held for trading (including derivatives classified as financial liabilities) and those designated as at FVTPL. Except for derivative financial liabilities presented separately, the financial liabilities at FVTPL are presented as held-for-trading financial liabilities.

A financial liability is classified as held for trading if one of the following conditions is satisfied:

- It has been acquired principally for the purpose of repurchasing in the near term; or
- 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
- It is a derivative that is not a financial guarantee contract or designated and effective as a hedging instrument.

A financial liability may be designated as at FVTPL on initial recognition when one of the following conditions is satisfied: (i) Such designation eliminates or significantly reduces accounting mismatch; or (ii) The Group makes management and performance evaluation on a fair value basis, in accordance with the Group's formally documented risk management or investment strategy, and reports to key management personnel on that basis. (iii) The qualified hybrid financial instrument combines financial asset with embedded derivatives.

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

10. Financial instruments - continued

10.4 Classification of financial liabilities equity instruments - continued

10.4.1 Classification, recognition and measurement of financial liabilities - continued

10.4.1.1 Financial liabilities at FVTPL - continued

Transaction financial liabilities are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest expenses paid on the financial liabilities are recognized in profit or loss.

The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, other changes in fair values are included in profit or loss for the current period. Upon the derecognition of such liability, the accumulated amount of change in fair value that is attributable to changes in the credit risk of that liability, which is recognized in other comprehensive income, is transferred to retained earnings. Any dividend or interest income earned on the financial liabilities are recognized in profit or loss. If the impact of the change in credit risk of such financial liability dealt with in the above way would create or enlarge an accounting mismatch in profit or loss, the Group shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss.

10.4.1.2 Other financial liabilities

Other financial liabilities, except for financial liabilities arising from transfer of financial assets does not satisfy derecognition criteria or continue involvement of transferred financial assets, are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in profit or loss.

That the Group and its counterparty modify or renegotiate the contract does not result in derecognition of a financial liability subsequently measured at amortized cost but result in changes in contractual cash flows, the Group will recalculate the carrying amount of the financial liability, with relevant gain or loss recognized in profit or loss. The Group will determine carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the financial liability's original effective interest rate. For all costs or expenses arising from modification or renegotiation of the contract, the Group will adjust the modified carrying amount of the financial liability and make amortization during the remaining term of the modified financial liability.

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

10. Financial instruments - continued

10.4 Classification of financial liabilities equity instruments - continued

10.4.1 Classification, recognition and measurement of financial liabilities - continued

10.4.1.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are measured at the higher of: (1) amount of loss provision; and (2) the amount initially recognized less cumulative amortization amount determined based on new standards for revenue.

10.4.2 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 (the debtor) and the creditor to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

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

10.4.3 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. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Changes of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, dividends paid do not affect total amount of shareholders' equity.

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

10. Financial instruments - continued

10.5 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, 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 and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

11. Accounts receivable

The Group makes internal credit ratings on customers and determines expected losses rate of accounts receivable. Basis for determining ratings and methods for bad debt provision are as follows:

Internal credit rating	Basis for determining portfolio	Average expected loss rate (%)
A	Customers can make repayments within credit term and have good credit records based on historical experience. The probability of unpayment of due amount are extremely low in the foreseeable future.	0.00-0.10
B	The customer may have overdue payment based on historical experience but they can make repayments.	0.10-0.30
C	The evidences indicate that the overdue credit risks of the customer are significantly increased and there is probability of unpayment and default.	0.30-50.00
D	The evidences indicate that the accounts receivable are impaired and the customer has significant financial difficulty. The amounts cannot be recovered in the foreseeable future.	50.00-100.00

12. Inventories

12.1 Categories of inventories

Inventories include raw materials, merchandise and reusable materials and etc. 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.

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

12. Inventories - continued

12.2 Valuation method of inventories upon delivery

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

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

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

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

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

12.4 Inventory count system

The perpetual inventory system is maintained for stock system.

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

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

13. Assets held for sale

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.

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

13. Assets held for sale - continued

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.

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

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

14. Long-term equity investments - continued

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.

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 (ASBE No. 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.

(III) THE COMPANY'S 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

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.

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.

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

14. Long-term equity investments - continued

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.

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.

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

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.

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	8 - 99 years	5.00	0.96 - 11.88
Buildings	10 - 50 years	5.00	1.90 - 9.50
Machinery and equipment, furniture and fixture and other equipment	3 - 20 years	5.00	4.75 - 31.67
Motor vehicles and cargo ships	5 - 25 years	5.00	3.80 - 19.00

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.

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

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.

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 and port operating right.

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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

19. Intangible assets - continued

Category	Amortization method	Estimated useful lives (years)	Residual value (%)
Land use rights	Straight-line method	40 - 99	-
Port operating right	Straight-line method	30 - 35	-
Others	Straight-line method	5 - 50	-

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.

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.

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

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.

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

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

During the accounting period of rendering service to employees of the Group, amount which should be paid according to defined contribution plans is recognized as liabilities, and recognized in profit or loss or related costs of assets.

For defined benefit plans, the Group calculates defined benefit plan obligations using projected unit credit method and the service cost resulting from employee service in the current period is recorded in profit or loss or the cost of related assets. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on settlements);
- Net interest of net liabilities or assets of defined benefit plan (including interest income of planned assets, interest expenses of defined benefit plan liabilities and effect of asset ceiling); and
- Changes arising from remeasurement of net liabilities or net assets of defined benefit plans

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

22.2 The accounting treatment of post-employment benefits - continued

Service costs and net interest of net liabilities and net assets of defined benefit plans are recognized in profit or loss of current period or costs of related assets. Remeasurement of the net defined benefit liability (asset) (including actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)) are recognized in other comprehensive income.

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.

24. Revenue

The Group's revenue is mainly from the following business types:

- (1) Port service;
- (2) Bonded logistics service
- (3) Other business such as property development and investment.

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

24. Revenue - continued

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to charge due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

If one of the following criteria is met and it is a performance obligation performed over time, the Group recognizes the revenue within a certain period of time according to the progress of the performance: (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. Otherwise, the Group recognizes revenue at a certain point in time when "control" of the goods or services is transferred to the customer.

The Group adopts input method, i.e. the value of goods or services transferred to customers to determine the appropriate progress of performance. Where the progress cannot be determined reasonably, the revenue is recognized based on the amount of cost that is expected to be compensated based on the cost already incurred, until the progress of performance is reasonably determined.

Contract asset refers to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables. Contract liabilities refers to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. Contract assets and contract liabilities under the same contract are set out on a net basis.

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

24. Revenue - continued

If the contract includes two or more performance obligations, at contract inception, the Group allocates the transaction price to single performance obligation according to relative proportion of the stand-alone selling prices of the goods or services promised by single performance obligation. However, where there is conclusive evidence that the contract discount or variable consideration is only related to one or more (not all) performance obligations in the contract, the Group shall allocate the contract discount or variable consideration to relevant one or more performance obligations. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group shall consider all information that is reasonably available to the Group and maximize the use of observable inputs and apply estimates methods consistently in similar circumstances.

If the contract includes significant financing component, the Group determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when "control" of the goods or services is obtained by the customer. The difference between the transaction price and the contract consideration shall be amortized within the contract period using effective interest rate. If the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the Group needs not to consider the significant financing component.

Principal and agent

The Group determines whether it is a principal or an agent at the time of the transaction based on whether it owns the "control" of the goods or services before the transfer of such goods or services to the customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and the revenue shall be recognized based on the total consideration received or receivable; otherwise, the Group is an agent, and the revenue shall be recognized based on the amount of commission or handling fee that is expected to be charged, and such amount is determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties or according to the established commission amount or proportion.

Costs to fulfill a contract

If the costs incurred in fulfilling a contract are not within the scope of other standard other than new standards for revenue, the Group shall recognized an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: (1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; (2) the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and (3) the costs are expected to be recovered. The asset mentioned above shall be amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognized in profit or loss for the period.

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

24. Revenue - continued

Impairment of contract costs

In determination of impairment losses of assets related to contract costs, firstly impairment losses of other assets related to the contract recognized based on other relevant accounting standards; secondly, the Group shall recognized an impairment loss to the extent that the carrying amount of an asset exceeds: (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less; the estimated costs that relate to providing those goods or services.

The Group shall, after the impairment has been provided, recognized in profit or loss a reversal of some or all of an impairment loss previously recognized when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the carrying amount that would have been determined if no impairment loss had been recognized previously.

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.

25.1 The accounting treatment of government grants related to assets

Government grants, such as special funds for modern logistics project and special funds for energy-saving and emission reduction of transportation, are government grants related to assets as they are all related to the construction and use of assets.

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

25. Government grants - continued

25.2 The accounting treatment of government grants related to income

The Group's government grant, such as financial support funds of business tax converted to VAT and reward for energy saving, if used to compensate the related expenses or losses to be incurred in subsequent periods, is determined to be 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.

(III) THE COMPANY'S 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

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

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

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

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

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

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) THE COMPANY'S 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. Discontinued operation

Discontinued operation refers to the separately identifiable components that have been disposed of or classified as held for sale and meet one of the following conditions:

- (1) The component represents an independent main business or a major business area;
- (2) This component is a part of a related plan that intends to dispose an independent main business or a separate main operating area;
- (3) This component is a subsidiary acquired exclusively for resale.

29. 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.

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

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

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

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

Goodwill impairment

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Changes in significant accounting policies and accounting estimates

The Group has adopted the *Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments* (Cai Kuai [2017] No. 7), the *Accounting Standards for Business Enterprises No.23—Transfer of Financial Assets* (Cai Kuai [2017] No. 8), the *Accounting Standards for Business Enterprises No.24 – Hedging Accounting* (Cai Kuai [2017] No. 9) and the *Accounting Standards for Business Enterprises No.37 – Presentation of Financial Instruments* (Cai Kuai [2017] No. 14) (the four standards mentioned above are collectively referred to as "New Standards of Financial Instruments" while the "Original Revenue Standard" refers to the standards of financial instruments prior to amendment.) since 1 January 2018. At the same time, the Group has adopted the New Revenue Standards revised by MoF in 2017 since 1 January 2018.

(1) New Standards for Revenue

The New Standards for Revenue have introduced the 5-step method for recognition and measurement of revenue and added more instructions on specific transactions (or events). The accounting policies for recognition and measurement of revenue is referred to Note III 24. The New Standards for Revenue require the entity to adjust the retained earnings at the beginning of initial adoption (i.e. 1 January 2018) of the new standards for the cumulative affected figures and amounts of other relative items in the financial statements, and not to adjust information in comparable period. At the adoption of New Standards Revenue, the Group solely adjusts the cumulative affected figures in contract not yet been completed at the initial adoption date.

Compared to Original Standards for Revenue, effects of implementation of New Standards for Revenue on relevant items of the consolidated financial statements for the year are as follows:

Unit: RMB

Item	31 December 2017	Reclassification	1 January 2018
Current assets:			
Notes and accounts receivable	871,370,660.21	37,956,002.42	909,326,662.63
Current liabilities:			
Receipts in advance	106,944,420.75	(74,984,669.58)	31,959,751.17
Contract liabilities		43,926,190.25	43,926,190.25
Other payables	6,544,589,530.18	25,972,056.78	6,570,561,586.96
Non-current liabilities:			
Provisions	-	50,577,924.97	50,577,924.97
Deferred income	222,857,800.33	(36,366,124.28)	186,491,676.05
Other non-current liabilities	54,763,901.68	28,830,624.28	83,594,525.96

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Changes in significant accounting policies and accounting estimates - continued

(1) New Standards for Revenue - continued

Compared to Original Standards for Revenue, effects of implementation of New Standards for Revenue on relevant items of the Company's financial statements for the year are as follows:

Item	31 December 2017	Reclassification	1 January 2018
Current liabilities:			
Receipts in advance	98,400.00	(98,400.00)	-
Contract liabilities	/	98,400.00	98,400.00

RMB

(2) New Standards of Financial Instruments

In terms of the classification and measurement of financial assets, in accordance with the New Standards of Financial Instruments, an entity shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the contractual cash flow characteristics of the financial assets and the entity's business model for managing the financial assets. The original classifications of financial assets, such as loans and receivables, held-to-maturity investments and available-for-sale financial assets in the Original Standards of Financial Instruments are no longer adopted. For investments in non-tradable equity instruments, the entity shall generally classify them as measured at fair value through profit or loss, and for investments in unquoted equity instruments, the entity is allowed to designate them as measured at fair value through other comprehensive income provided that such designation is irrevocable and the accumulated changes in fair value initially recorded in other comprehensive income cannot be charged forward to profit or loss at disposal.

In terms of the impairment of financial assets, financial assets classified as at amortized cost, financial assets classified as at fair value through other comprehensive profit, and contract assets are within the scope of New Standards of Financial Instruments. The New Standards of Financial Instruments require to replace the previous incurred credit loss model with the expected credit loss model. As required by the new impairment model, a three-phase model shall be adopted, so that provisions for credit losses will be recognized as the expected credit losses within 12 months or over the entire duration based on whether credit risks of relevant financial instruments have been increased significantly from the initial recognition. Provisions for impairments of accounts receivable, contract assets, and leasing receivables can be calculated at the expected credit losses over the entire duration.

CHINA MERCHANTS PORT GROUP CO., LTD.
(FORMERLY KNOWN AS "SHENZHEN CHIWAN WHARF HOLDINGS LIMITED")

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Changes in significant accounting policies and accounting estimates - continued

(2) New Standards of Financial Instruments - continued

The Group made retrospective adjustment according to the New Standards of Financial Instruments for the recognition and measurement of financial instruments prior to 1 January 2018. The Group has not adjusted the comparative financial information. For the differences between the original carrying amount of financial instruments and the carrying amount of financial instruments measured by the New Standards of Financial Instruments, the Group adjusted the retained earnings or other comprehensive income at 1 January 2018. As at 1 January 2018, impacts of the New Standards of Financial Instruments to the consolidated financial statements are set out as follows.

Summary of effects on the Group's initial implementation of New Standards of Financial Instruments since 1 January 2018

Unit: RMB

Item	Carrying amount impact based on the original standards of financial instruments (31 December 2017)	Effects of implementation of New Standards for Financial Instruments on consolidated balance sheet			Carrying amount impact on the New Standards of Financial Instruments (1 January 2018)
		Reclassification		Remeasurement	
		Transferred from available-for-sale financial assets	Expected credit losses	From measured at cost to measured at fair value	
Other receivables	938,786,831.94	-	(207,406.98)	-	938,579,424.96
Other current assets	1,200,476,091.74	-	(1,029,478.05)	-	1,199,446,613.69
Available-for-sale financial assets (Note)	3,083,581,935.68	(3,083,581,935.68)	-	-	-
Long-term receivables	9,669,034.35	-	(9,669.03)	-	9,659,365.32
Investments in other equity instruments (Note)	-	109,999,328.79	-	123,484,640.00	233,483,968.79
Other non-current financial assets (Note)	-	2,973,582,606.89	-	8,884,343.34	2,982,466,950.23
Deferred tax liabilities	1,984,303,944.46	-	-	30,871,160.00	2,015,175,104.46
Other comprehensive income	(7,064,646.43)	(815,170,041.97)	-	92,613,480.00	(729,621,208.40)
Retained profits	8,466,307,917.47	815,170,041.97	(1,246,554.06)	2,399,850.26	9,282,631,255.64
Minority interest	45,514,555,953.29	-	-	6,484,493.08	45,521,040,446.37

Note: The Group has implemented the New Standards of Financial Instruments since 1 January 2018. The original available-for-sale financial assets are reclassified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, and are remeasured at fair value on 1 January, thereby adjusting the investments in other equity instruments by RMB 233,483,968.79 and other non-current financial assets by RMB 2,982,466,950.23.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Changes in significant accounting policies and accounting estimates - continued

(2) New Standards of Financial Instruments - continued

Summary of effects on the Company's initial implementation of New Standards of Financial Instruments since 1 January 2018

Unit: RMB

Item	Carrying amount impact based on the original standards of financial instruments (31 December 2017)	Effects of implementation of New Standards for Financial Instruments on consolidated balance sheet			Carrying amount impact on the New Standards of Financial Instruments (1 January 2018)
		Reclassification	Remeasurement		
		Transferred from available-for-sale financial assets	Expected credit losses	Transferred from available-for-sale financial assets	
Available-for-sale financial assets	23,759,200.00	(23,759,200.00)	-	-	-
Investments in other equity instruments (Note)	-	23,759,200.00	-	123,484,640.00	147,243,840.00
Deferred tax liabilities	2,182,500.00	-	-	30,871,160.00	33,053,660.00
Other comprehensive income	6,647,500.00	-	-	92,613,480.00	99,260,980.00

Note: The Group has implemented the New Standards of Financial Instruments since 1 January 2018. The original available-for-sale financial assets are reclassified as financial assets at fair value through other comprehensive income, and are remeasured at fair value on 1 January, thereby adjusting the investments in other equity instruments by RMB 147,243,840.00.

Reconciliation of the Group's credit loss provision at 1 January 2018

Unit: RMB

Item	Provision for credit loss recognized based on Original Standards of Financial Instruments	Remeasurement of expected loss provision	Impairment provision recognized based on New Standards of Financial Instruments
Provision for credit loss for financial assets:			
Provision for credit loss for other receivables	24,816,684.83	207,406.98	25,024,091.81
Including: Provision for credit loss for interest receivable	-	14,145.23	14,145.23
Provision for credit loss for dividend receivable	-	193,261.75	193,261.75
Provision for credit loss for other receivable	24,816,684.83	-	24,816,684.83
Provision for credit loss for other current assets	-	1,029,478.05	1,029,478.05
Provision for credit loss for long-term receivables	-	9,669.03	9,669.03
Total	24,816,684.83	1,246,554.06	26,063,238.89

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Changes in significant accounting policies and accounting estimates - continued

(3) Presentation of financial statements

The Group started adopting the Notice of the Revised Format of 2018 Financial Statements for General Business Enterprise (Cai Kuai (2018) No. 15, hereinafter referred to as the "Cai Kuai No.15 Document") released by the MoF on 15 June 2018 since the preparation of financial statements for the year of 2018. Cai Kuai No.15 Document revised the presenting accounts in the balance sheet and income statement, added line items of "Notes and Accounts Receivable", "Notes and Accounts Payable" and "Research and Development Expenses", revised the presenting contents of the line items of "Other Receivables", "Fixed Assets", "Construction in Progress", "Other Payables", "Long-term Payables" and "Administrative Expenses", removed the line items of "Notes Receivable", "Accounts Receivable", "Dividends Receivable", "Interest Receivable", "Disposal of Fixed Assets", "Engineering Materials", "Notes Payable", "Accounts Payable", "Interest Payable", "Dividends Payable" and "Special Payables", added line items of "Including: Interest Expenses" and "Interest Income" under "Financial Expenses", and adjusted the presenting location of some accounts in the income statement. The Company has accounted for the above changes in presenting accounts retrospectively, and adjusted comparable data for prior year.

Above changes in accounting policies are approved in the 3rd session of the 9th board of directors meeting of the Company.

32. Changes in significant accounting estimates

(1) Changes in accounting estimates and reasons

As at 27 November 2018, the Company held the 8th temporary session of the 9th board of directors meeting in 2018 and the 5th temporary session of the 9th board of supervisors meeting in 2018, and reviewed and approved the Proposal on Changes in Accounting Estimates of Fixed Assets. The Company reviewed the estimated useful life and estimated net residual value of fixed assets based on the current performance and use status of fixed assets. In order to more objectively and fairly reflect the financial position and operating results of the Group, it is decided to adjust the depreciation years of the Group's fixed assets and the net residual value rate of all fixed assets within the scope of the Group's consolidation(expected new subsidiaries which changes in the scope of consolidation). The details of adjustments are as follows:

(a) Adjustments of fixed assets in depreciation years

Category	Useful life before adjustment	Useful life after adjustment
Port and wharf equipment	5 – 50 years	5 - 40 years
Buildings	5 - 40 years	10 - 30 years
Machinery equipment, furniture and other equipment	5 - 15 years	3 - 20 years
Vehicles and vessels	5 - 20 years	5 - 25 years

(b) The net residual value of fixed assets is adjusted from 10% to 5%.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

32. Changes in significant accounting estimates - continued

(2) Financial effect of changes in accounting estimates

The above adjustments of fixed assets in depreciation years and net residual rate have been implemented since December 1, 2018.

According to the "Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Accounting Estimates, and Corrections of Errors", the adjustments of fixed assets in the depreciation years and the net residual value rate are changes in accounting estimates, and shall be treated using the prospective approach, which is not required to make retrospective adjustments. Financial positions and operating results of the Group in prior years will not be affected.

The Group increased the depreciation expense of fixed assets in 2018 by RMB 41,405,189.48, reduced the consolidated net profit in 2018 by RMB 38,076,037.04, and reduced the unconsolidated net assets by RMB 20,076,037.04 in the end of 2018, due to the above changes in accounting estimates.

IV. TAXES

1. Major taxes and tax rates

Taxes	Tax basis	Tax rate
Enterprise income tax	Taxable income	16.5%-34% (Note1)
	Dividend income tax	5%, 10%, 25% (Note2)
Value-added Tax ("VAT") (Note 3)	Income from sale of goods (Note 4)	10%-17%
	Income from transportation, loading and unloading business and part of modern service industries	6%
	Income from sale of real estate, property management, real estate lease, etc.	5%
Social contribution tax (Note 5)	Income	0.65%-7.6%
Deed tax	Land use right and property transfer amount	3%-5%
Property tax	70% of cost of property or rental income	1.2% or 12%
City maintenance and construction tax	VAT paid	1%-7%
Education surtax	VAT paid	3%

Note 1: The Group's enterprise income tax is calculated based on the current tax rate stipulated by local tax laws. Among them, the Company are subject to an enterprise income tax rate of 25%, the subsidiaries set up in Hong Kong are subject to an enterprise income tax rate of 16.5%, the subsidiaries set up in China are subject to an enterprise income tax rate of 25%, and the other overseas subsidiaries are subject to enterprise income tax rates between 28% and 34%.

IV. TAXES - continued

1. Major taxes and tax rates - continued

Note 2: Foreign investors who receive dividends of profits from Chinese subsidiaries in 2008 and thereafter generally shall pay withholding income tax at a rate of 10% in accordance with the relevant provisions of the PRC enterprise income tax. For companies incorporated in certain regions (including Hong Kong and Singapore), if the companies are actual owners holding more than 25% interest in the subsidiaries in China, they will enjoy a preferential tax rate of 5%.

The Company obtains dividends distributed by overseas subsidiaries and should pay enterprise income tax at a rate of 25% in accordance with relevant Chinese tax laws. The Company obtains taxable income outside of China, and the amount of income tax that has been paid abroad can be offset with the current taxable amount. The credit limit is the taxable amount calculated in accordance with the provisions of the Enterprise Income Tax Law.

Note 3: The VAT amount is the balance of the output tax less the deductible input tax, and the output tax is calculated in accordance with the sales income and the corresponding tax rate stipulated in the relevant tax laws of China.

Note 4: Pursuant to the *Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment of VAT* issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 32 Document), effective from 1 May 2018, the taxable sales or imports of goods at original applicable VAT rate of 17% and 11% shall be subject to a VAT rate of 16% and 10% respectively.

Note 5: The social contribution tax is the tax paid by the overseas subsidiaries of the Group to the local government.

2. Tax preference

Some subsidiaries of the Group in China are subject to tax preference of "3-year exemption followed by 3-year half reduction".

Some subsidiaries of the Group in China are recognized as high-tech enterprises or encouraged industrial enterprises in the region and are subject to an enterprise income tax rate of 15%. The Group's subsidiaries outside China may be subject to enterprise income tax preference in accordance with relevant local tax policies.

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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	Closing balance	Opening balance (restated)
Cash	349,650.07	598,357.70
RMB	77,877.30	124,499.32
USD	29,909.14	35,736.85
HKD	57,342.60	45,542.09
BRL	11,402.34	-
Others	173,118.69	392,579.44
Bank deposit (Note1)	6,118,508,644.13	7,716,378,695.65
RMB	3,401,709,911.75	4,349,905,231.94
USD	1,326,034,833.97	795,546,066.36
HKD	432,603,546.37	2,330,366,650.86
EUR	359,682,134.06	218,799,953.75
BRL	539,493,644.44	-
Others	58,984,573.54	21,760,792.74
Other cash and bank balances (Note 2)	951,450,410.55	12,483,029.40
RMB	951,450,410.55	12,483,029.40
Total	7,070,308,704.75	7,729,460,082.75
Including: The total amount of funds deposited overseas	2,809,011,079.47	3,108,783,498.70

Note 1: The bank deposits of the Group deposited overseas and restricted for remittance to China at the end of the year totaled RMB 1,002,027,200.00.

Note 2: The structured deposits that cannot be readily withdrawn on demand in the other cash and bank balances of the Group totaled RMB 695,000,000.00, the structured deposits that can be readily withdrawn on demand totaled RMB 240,119,139.15, the deposit totaled RMB 15,458,463.23, and the balance of the margin maintenance account was RMB 872,808.17.

2. Notes and accounts receivable

(1) Summary of notes and accounts receivable

Unit: RMB

Item	Closing balance	Opening balance (restated)
Notes receivable	11,608,669.43	16,910,891.14
Accounts receivable	1,109,230,503.08	892,415,771.49
Total	1,120,839,172.51	909,326,662.63

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NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2. Notes and accounts receivable - continued

(2) Notes receivable

(a) Classification of notes receivable

Unit: RMB

Category	Closing balance	Opening balance (restated)
Bank acceptance	11,608,669.43	16,910,891.14
Less: Provision for credit losses	-	-
Carrying amount	11,608,669.43	16,910,891.14

(b) As at 31 December 2018, there are no notes receivable pledged.

(c) As at 31 December 2018, there are no notes receivable endorsed or discounted which are not yet due at the balance sheet date.

(d) As at 31 December 2018, there are no notes reclassified to accounts receivable due to the drawers' inability to settle the note.

(3) Accounts receivable

(a) Disclosure of accounts receivable by categories

Unit: RMB

Credit rating	Expected credit loss rate (%)	Closing balance		
		Carrying amount	Provision	Book value
A	0.00-0.10	323,319,258.26	32,331.93	323,286,926.33
B	0.10-0.30	614,037,476.13	1,144,038.38	612,893,437.75
C	0.30-50.00	155,462,941.77	2,079,476.01	153,383,465.76
D	50.00-100.00	59,928,872.52	40,262,199.28	19,666,673.24
Total		1,152,748,548.68	43,518,045.60	1,109,230,503.08

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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2. Notes and accounts receivable - continued

(3) Accounts receivable - continued

(b) Changes in provision for credit loss of accounts receivable

Unit: RMB

Item	2018		
	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
At 31 December 2017	-	43,295,671.74	43,295,671.74
Remeasurement of provision for expected credit loss	-	-	-
At 1 January 2018	-	43,295,671.74	43,295,671.74
Provision for expected credit loss for the year	3,895,740.28	289,954.60	4,185,694.88
Reversal of expected credit loss for the year	(3,780,327.65)	(3,507,559.23)	(7,287,886.88)
Effect of changes in the scope of consolidation	3,572,789.46	-	3,572,789.46
Effect of changes in foreign exchange	(432,355.77)	184,132.17	(248,223.60)
At 31 December 2018	3,255,846.32	40,262,199.28	43,518,045.60

(c) The top five balances of accounts receivable classified by debtor

Unit: RMB

Name of customer	Carrying amount	Aging	Proportion of the amount to the total accounts receivable (%)
Client A	90,579,511.81	More than 1 year but not exceeding 2 years and more than 3 years	7.86
Client B	69,081,097.25	More than 1 year but not exceeding 2 years, more than 2 year but not exceeding 3 years	5.99
Client C	45,161,278.00	More than 1 year but not exceeding 2 years, more than 2 year but not exceeding 3 years, more than 3 years	3.92
Client D	38,820,531.88	More than 1 year but not exceeding 2 years	3.37
Client E	34,756,078.85	More than 1 year but not exceeding 2 years	3.02
Total	278,398,497.79		24.16

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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. Prepayments

(1) Aging analysis of prepayment

Unit: RMB

Aging	Closing balance		Opening balance (restated)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	124,276,781.51	99.90	71,176,428.52	99.32
More than 1 year but not exceeding 2 years	4,000.00	-	367,773.99	0.51
More than 2 years but not exceeding 3 years	81.36	-	-	-
More than 3 years	124,000.00	0.10	124,000.00	0.17
Total	124,404,862.87	100.00	71,668,202.51	100.00

(2) The Group has no significant prepayments aged more than one year.

(3) The 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 (%)
Sri Lanka Ports Authority	Non-related party	35,488,756.51	28.53
Judicial Insurance	Non-related party	8,694,880.32	6.99
Shenzhen Administration of Transportation and Public Services	Non-related party	6,030,000.00	4.85
Saham Assurance Togo S.A.	Non-related party	4,571,510.40	3.67
Shenzhen Jet Technology Co., Ltd.	Non-related party	3,829,746.60	3.08
Total		58,614,893.83	47.12

4. Other receivables

(1) Summary of other receivables

Unit: RMB

Item	Closing balance	Opening balance (restated)
Interest receivable	33,041,147.73	14,131,083.11
Dividend receivable	259,804,145.16	193,068,488.25
Other receivables	506,713,933.56	731,379,853.60
Total	799,559,226.45	938,579,424.96

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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Other receivables - continued

(2) Interest receivable

(a) Classification of interest receivable

Unit: RMB

Item	Closing balance	Opening balance (restated)
Interest receivable from related parties	25,986,030.98	7,002,104.12
Others	7,088,190.97	7,143,124.22
Total	33,074,221.95	14,145,228.34
Less: Provision for credit loss	33,074.22	14,145.23
Book value	33,041,147.73	14,131,083.11

(b) As at 31 December 2018, the Group has no significant overdue interest.

(3) Dividend receivable

(a) Presentation of dividend receivable

Unit: RMB

Name of investee	Closing balance	Opening balance (restated)
China Nanshan Development (Group) Incorporation ("Nanshan Group")	175,692,500.00	193,261,750.00
Shanghai International Port (Group) Co., Ltd.	50,118,027.14	-
Qingdao Qianwan United Container Terminal Co., Lt.	25,000,000.00	-
Zhanjiang Port (Group) Co., Ltd.	9,253,682.23	-
Total	260,064,209.37	193,261,750.00
Less: Provision for credit loss	260,064.21	193,261.75
Book value	259,804,145.16	193,068,488.25

(b) Significant dividend receivable aged more than 1 year

Unit: RMB

Name of investee	Closing balance	Aging	Why unrecovered	Impaired or not
Nanshan Group	70,277,000.00	More than 1 year but not exceeding 2 years	Undergoing relevant formalities and expected to be recovered at the end of 2019	Not

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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Other receivables - continued

(4) Other receivables

(a) Disclosure of other receivables by categories

As part of the Group's credit risk management, the Group conducts internal credit ratings for its customers and determines the expected loss rate for other receivables for each rating. Such expected average loss rates are based on actual historical impairments and taking into account the current and future economic conditions.

As at 31 December 2018, the credit risk and expected credit loss of other receivables of each category of customers are presented as below:

Unit: RMB

Credit rating	Expected credit loss rate (%)	Closing balance			Total
		Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	
A	0.00-0.10	-	-	-	-
B	0.10-0.30	506,719,623.66	-	-	506,719,623.66
C	0.30-50.00	-	-	-	-
D	50.00-100.00	-	-	35,596,931.73	35,596,931.73
Carrying amount		506,719,623.66	-	35,596,931.73	542,316,555.39
Provision for credit loss		5,690.10	-	35,596,931.73	35,602,621.83
Book value		506,713,933.56	-	-	506,713,933.56

(b) Changes in provision for credit loss of other receivables

Unit: RMB

Item	2018			
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
At 31 December 2017	-	-	24,816,684.83	24,816,684.83
Remeasurement of provision for expected credit loss	-	-	-	-
At 1 January 2018	-	-	24,816,684.83	24,816,684.83
Provision for expected credit loss for the year	5,690.10	-	9,955,180.00	9,960,870.10
Reversal of expected credit loss for the year	-	-	(200,000.00)	(200,000.00)
Effect of changes in the scope of consolidation	-	-	1,020,000.00	1,020,000.00
Effect of changes in foreign exchange	-	-	5,066.90	5,066.90
At 31 December 2018	5,690.10	-	35,596,931.73	35,602,621.83

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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Other receivables - continued

(4) Other receivables - continued

(c) Other payables presented by the nature

Unit: RMB

Item	Closing balance	Opening balance (restated)
Operation compensation(Note)	176,625,857.32	400,848,897.19
Temporary payments	187,153,302.95	130,219,643.59
Deposits	39,657,003.56	14,149,471.86
Others	138,880,391.56	210,978,525.79
Total	542,316,555.39	756,196,538.43
Less: Provision for credit loss	35,602,621.83	24,816,684.83
Book value	506,713,933.56	731,379,853.60

Note: It is the compensation paid by the holding company of the non-controlling shareholder of the non-wholly owned subsidiary of the Group for the operation of the subsidiary.

(d) There are no other receivables that have been written off in 2018.

(e) The top five balances of other receivable classified by debtor

Unit: RMB

Name of customer	Nature	Closing balance	Aging	Proportion of the amount to the other receivable (%)	Bad debt provision
Global Terminal Limited	Operation compensation	175,997,722.02	More than 2 years but not exceeding 3 years (inclusive)	32.45	-
Chu Kong River Trade Terminal Co., Ltd.	Temporary payments	59,975,890.00	More than 3 years	11.06	-
Shenzhen Qianhaiwan Bonded Port Area	Temporary payments	43,796,162.41	More than 3 years	8.08	-
Tianjin Haitian Bonded Logistics Co., Ltd.	Temporary payments	34,300,000.00	More than 3 years	6.32	-
Port de Djibouti S.A.	Temporary payments	24,411,770.72	More than 3 years	4.50	-
Total		338,481,545.15		62.41	-

5. Inventories

(1) Categories of inventories

Unit: RMB

Item	Closing balance			Opening balance (restated)		
	Carrying amount	Provision for decline in value of inventories	Book value	Carrying amount	Provision for decline in value of inventories	Book value
Raw materials	89,572,663.06	2,584,953.53	86,987,709.53	68,729,097.33	2,793,815.04	65,935,282.29
Finished goods	4,629,610.81	-	4,629,610.81	100,509.49	-	100,509.49
Others	16,949,949.68	-	16,949,949.68	16,753,490.44	-	16,753,490.44
Total	111,152,223.55	2,584,953.53	108,567,270.02	85,583,097.26	2,793,815.04	82,789,282.22

NOTES TO FINANCIAL STATEMENTS
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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Inventories - continued

(2) Provision for decline in value of inventories

Unit: RMB

Item	Opening balance (restated)	Provision	Decrease		Closing balance
			Reversal	Write-off	
Raw materials	2,793,815.04	-	-	208,861.51	2,584,953.53

(3) As at 31 December 2018, the Group has no capitalized borrowing cost in the balance of inventories.

6. Assets held for sale

Unit: RMB

Item	Carrying amount at the end of the year	Fair value at the end of the year	Estimated disposal expenses	Schedule
Long-term assets held for sale	115,356,162.94	216,379,774.36	-	Removal before 29 June 2019
Less: Provision for impairment of assets held for sale	-			
Carrying amount	115,356,162.94			

Note: It is the land with an area about 133.61 mu and the attached buildings on the east side of Zhuchi Deepwater Port on the south side of Zhongshan East Road in Shantou City held by the Company's subsidiary Shantou CMPort Group Co., Ltd. (hereinafter referred to as "Shantou CMPort"). On 29 December 2018, Shantou Land Reserve Center signed a land acquisition agreement with Shantou CMPort, which stipulated that Shantou CMPort should transfer the above-mentioned land and attached buildings to Shantou Land Reserve Center at RMB 216,379,774.36, and the transfer of the above-mentioned land and attached buildings should be completed within 6 months after the agreement is signed.

7. Other current assets

Unit: RMB

Item	Closing balance	Opening balance(restated)
Loan to the associates of related parties (Note 1)	1,029,478,047.00	980,134,545.00
Prepaid taxes	7,872,157.38	978,566.31
Entrusted loans	-	120,000,000.00
Others (Note 2)	159,100,462.79	99,362,980.43
Total	1,196,450,667.17	1,200,476,091.74
Less: Provision for credit loss	1,029,478.05	1,029,478.05
Book value	1,195,421,189.12	1,199,446,613.69

Note 1: The closing balance is the Group's loan to Khor Ambado FZCo, an associate of China Merchants Group Co., Ltd. (hereinafter referred to as "China Merchants Group"), which is a floating rate loan due within one year, and is secured with the interests of associates of the holding shareholder of Khor Ambado FZCo.

Note 2: Mainly for the year-end retained VAT amount of subsidiaries in China.

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V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Long-term receivables

(1) Long-term receivables

Unit: RMB

Item	Closing balance			Opening balance (restated)		
	Carrying amount	Provision for credit loss	Book value	Carrying amount	Provision for credit loss	Book value
Advances to shareholders	793,840,080.19	793,840.08	793,046,240.11	9,669,034.35	9,669.03	9,659,365.32

- (2) There are no long-term receivables derecognized due to the transfer of financial assets at the end of the year.
- (3) There are no assets and liabilities arising from the transfer and further involvement of long-term receivables at the end of the year.

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FOR THE YEAR ENDED 31 DECEMBER 2018

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9. Long-term equity investments

Unit: RMB

Investees	Accounting method	1 January 2018 (restated)	Effect of changes in the scope of consolidation	Changes of this year								31 December 2018	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	Effect of translation of financial statements denominated in foreign currencies		
I. Joint ventures													
Euro-Asia Oceangate S.à r.l.	Equity method	2,543,905,022.59	-	-	-	108,552,693.45	31,873.27	-	111,712,525.45	-	128,082,970.46	2,668,860,034.32	-
Port of Newcastle (Note1)	Equity method	-	-	2,160,442,453.52	-	8,870,390.98	(5,640,777.39)	-	44,549,625.54	-	3,231,523.18	2,122,353,964.75	-
Zhanjiang Port (Group) Co., Ltd.	Equity method	2,053,843,683.66	-	-	-	(36,596,428.75)	-	-	9,740,718.14	-	-	2,007,506,536.77	-
Qingdao Qianwan United Container Terminal Co., Ltd.	Equity method	1,523,008,583.00	-	-	-	141,704,248.41	-	(2,550,500.00)	150,000,000.00	-	-	1,512,162,331.41	-
Laizhou Laiyin Port Business Co., Ltd.	Equity method	783,668,303.84	-	-	-	48,450,765.57	-	-	38,562,004.83	-	-	793,557,064.58	-
Others	Equity method	2,029,488,434.19	-	6,964,120.00	-	158,922,580.81	-	-	76,500,000.00	-	6,987,087.43	2,125,862,222.43	-
Subtotal		8,933,914,027.28	-	2,167,406,573.52	-	429,904,250.47	(5,608,904.12)	(2,550,500.00)	431,064,873.96	-	138,301,581.07	11,230,302,154.26	-
II. Associates													
Shanghai International Port (Group) Co., Ltd. (A Share) (Note 2)	Equity method	20,140,460,412.59	-	453,700,695.53	-	2,571,370,986.64	(99,859,568.82)	180,954,063.75	1,059,194,508.74	-	127,990.00	22,187,560,070.95	-
Nanshan Group	Equity method	3,437,393,142.72	-	-	-	220,478,175.60	(16,230,971.37)	1,530,681,674.94	111,041,999.99	-	-	5,061,280,021.90	-
Terminal Link SAS	Equity method	3,563,936,186.34	-	-	-	357,885,181.99	2,954,661.32	1,505,998.13	15,671,554.15	-	22,649,011.63	3,933,259,485.26	-
Dalian Port Co., Ltd.(A Share and H Share)	Equity method	3,188,107,183.18	-	-	-	112,882,708.11	(4,941,315.60)	47,470.88	62,438,928.00	-	(29,775,775.90)	3,203,881,342.67	647,382,998.60
China Merchants Hainan Development Investment Co., Ltd. (Note 3)	Equity method	-	-	525,000,000.00	-	-	-	-	-	-	-	525,000,000.00	-
Others	Equity method	3,897,038,855.37	-	1,000,000.00	-	221,343,235.79	(13,426,099.03)	26,900,981.70	290,453,065.22	-	192,890,279.75	4,035,294,188.36	-
Subtotal		34,226,935,780.20	-	979,700,695.53	-	3,483,960,288.13	(131,503,293.50)	1,740,090,189.40	1,538,800,056.10	-	185,891,505.48	38,946,275,109.14	647,382,998.60
Total		43,160,849,807.48	-	3,147,107,269.05	-	3,913,864,538.60	(137,112,197.62)	1,737,539,689.40	1,969,864,930.06	-	324,193,086.55	50,176,577,263.40	647,382,998.60

V. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9. Long-term equity investments - continued

Note 1: As at 6 February 2018, China Merchants Union (BVI) Limited (hereinafter referred to as "CMU"), a joint venture between the Group and China Merchants Group (Hong Kong) Co., Ltd. (hereinafter referred to as "CMHK"), and its wholly-owned subsidiary Gold Newcastle Property Holding Pty Limited (hereinafter referred to as "Gold Newcastle") signed an acquisition agreement. The agreement stipulates that the Group will purchase from CMU its wholly-owned subsidiaries Gold Newcastle and Gold Newcastle's joint ventures Port of Newcastle Investments (Holdings) Pty Limited, Port of Newcastle Investments (Property Holdings) Pty Limited, Port of Newcastle Investments (Holdings) Trust, Port of Newcastle Investments (Property Holdings) Trust (hereinafter collectively referred to as "Port of Newcastle") is a 50% interest, and thus Port of Newcastle becomes a joint venture of the Group.

Port of Newcastle is made up of several entities and trusts, and has acquired all the rights and interests of the largest port on the east coast of Australia for about 98 years since 30 May 2014 via lease and sublease. Gold Newcastle is an entity established in Australia by CMU in order to hold a number of assets, including Port of Newcastle. The remaining 50% equity of Port of Newcastle is held by independent third parties.

The transaction was completed this year with a final consideration of AUD 605 million (RMB 2,944,265,945.15), including an interest-bearing shareholder loan of AUD 162.5 million (RMB 783,823,491.63) from CMU to Port of Newcastle.

The Group believes that the Group and other joint venture parties jointly control Port of Newcastle. Therefore, the Group accounts for Port of Newcastle as a joint venture.

Note 2: In 2018, the Group purchased 72,199,132 shares of Shanghai International Port (Group) Co., Ltd. directly from the open market. As of 31 December 2018, the equity held by the Group in Shanghai International Port (Group) Co., Ltd. has increased from 26.45% to 26.77%.

Note 3: It was jointly established on 18 December 2018 by the Company's subsidiary Chiwan Wharf Holdings (Hong Kong) Limited and related parties CMHK, Jumbo Pacific Holdings Limited, China Merchants Expressway Network & Technology Holdings Co., Ltd., China Merchants Industrial Investment Co., Ltd., and Sinotrans(HK)Logistics Co., Ltd. The registered capital is RMB 3,500 million, among which Chiwan Wharf Holdings (Hong Kong) Limited subscribed and contributed RMB 525 million with shareholding proportion of 15%.

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

10. Other investments in equity instruments

Unit: RMB

Investees	Closing balance	Opening balance (restated)	Nature	Cash dividends for this year
China Ocean Shipping Agency (Shenzhen) Co., Ltd	141,547,500.00	136,994,640.00	The intention of holding is neither for sale nor profits in short-term	7,788,975.00
Others	106,300,814.30	96,489,328.79	The intention of holding is neither for sale nor profits in short-term	440,000.00
Total	247,848,314.30	233,483,968.79		8,228,975.00

Note: The Group implemented the new financial instruments standard from 1 January 2018, and reclassified some of the equity instrument investments listed in available-for-sale financial assets at the end of the previous year to this item.

(1) Investment in equity instruments

Unit: RMB

Item	Closing balance	Opening balance (restated)
Cost of equity instruments	108,289,950.79	104,397,628.79
Increase in the current year	3,892,322.00	
Fair value	247,848,314.30	233,483,968.79
Changes of fair value included in OCI	139,558,363.51	129,086,340.00

11. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance (restated)
Financial assets measured at fair values and changes of which are recorded into current period profit or loss	2,087,872,081.94	2,982,466,950.23
Including: Equity instrument investment	2,087,872,081.94	2,982,466,950.23

Note: The Group implemented the new financial instruments standard from 1 January 2018, and reclassified some of the equity instrument investments listed in available-for-sale financial assets at the end of the previous year to this item.

(1) Investment in equity instruments

Unit: RMB

Item	Closing balance	Opening balance (restated)
Cost of equity instruments	1,173,690,773.13	1,158,810,992.06
Fair value	2,087,872,081.94	2,982,466,950.23
Changes of fair value included in profit or loss of the current period	914,181,308.81	1,823,655,958.17

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

12. Investment properties

(1) Investment properties measured under cost method

Unit: RMB

Item	Land use rights	Buildings	Total
I. Total original carrying amount			
1. Opening balance (restated)	28,632,130.84	6,278,583,514.39	6,307,215,645.23
2. Increase in the current year	-	14,022,292.33	14,022,292.33
(1) Purchase	-	12,229,350.87	12,229,350.87
(2) Other increase	-	1,792,941.46	1,792,941.46
3. Decrease in the current year	-	-	-
4. Closing balance	28,632,130.84	6,292,605,806.72	6,321,237,937.56
II. Total accumulated depreciation			
1. Opening balance (restated)	14,982,319.41	231,607,343.69	246,589,663.10
2. Increase in the current year	513,472.44	183,987,812.51	184,501,284.95
(1) Accrual of depreciation	513,472.44	182,734,964.93	183,248,437.37
(2) Other increase	-	1,252,847.58	1,252,847.58
3. Decrease in the current year	-	-	-
4. Closing balance	15,495,791.85	415,595,156.20	431,090,948.05
III. Total accumulated amount of provision for impairment losses of investment property			
1. Opening balance (restated)	-	-	-
2. Increase in the current year	-	-	-
3. Decrease in the current year	-	-	-
4. Closing balance	-	-	-
IV. Total book value of investment property			
1. Closing balance	13,136,338.99	5,877,010,650.52	5,890,146,989.51
2. Opening balance (restated)	13,649,811.43	6,046,976,170.70	6,060,625,982.13

(2) Investment properties without ownership certificates

Unit: RMB

Item	Closing balance	Opening balance (restated)
Buildings and land use rights	43,119,291.89	37,101,489.68

13. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance (restated)
Fixed assets	22,994,155,151.43	23,167,379,576.44
Disposal of fixed assets	35,729.00	13,878.42
Total	22,994,190,880.43	23,167,393,454.86

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

13. Fixed assets - continued

(1) Fixed assets

Unit: RMB

Item	Port and terminal facilities	Buildings	Mechanical equipment, furniture and others	Motor vehicles, cargo ships and tugboats	Total
I. Total original carrying amount					
1. Opening balance (restated)	21,717,431,562.53	1,109,711,967.12	9,556,587,164.50	1,202,757,027.75	33,586,487,721.90
2. Increase in the current year	1,444,412,678.73	49,885,407.01	1,268,003,739.58	186,161,101.23	2,948,462,926.55
(1)Purchase	17,188,457.11	1,525,213.89	92,428,334.50	26,960,609.63	138,102,615.13
(2)Transfer from construction in progress	71,825,427.47	42,131,895.04	358,429,373.77	148,125,344.43	620,512,040.71
(3)Effect of changes in the scope of consolidation	1,355,398,794.15	6,228,298.08	817,146,031.31	11,075,147.17	2,189,848,270.71
3. Decrease in the current year	1,619,698,235.98	22,009,112.14	234,172,039.22	49,119,866.78	1,924,999,254.12
(1)Disposal or retire	143,249,072.49	634,179.50	234,172,039.22	49,119,866.78	427,175,157.99
(2)Transfer to construction in progress	1,476,449,163.49	19,581,991.18	-	-	1,496,031,154.67
(3)Transfer to investment properties	-	1,792,941.46	-	-	1,792,941.46
4. Effect of changes in foreign exchange	293,091,861.70	11,378,173.47	1,737,493.30	28,467,389.87	334,674,918.34
5. Closing balance	21,835,237,866.98	1,148,966,435.46	10,592,156,358.16	1,368,265,652.07	34,944,626,312.67
II. Total accumulated depreciation					
1. Opening balance (restated)	4,286,051,154.44	208,977,381.63	5,392,312,327.64	474,303,769.96	10,361,644,633.67
2. Increase in the current year	854,950,356.83	39,456,897.49	977,003,813.94	73,149,393.38	1,944,560,461.64
(1)Accrual of depreciation	585,606,826.05	39,456,897.49	606,453,094.44	67,154,391.45	1,298,671,209.43
(2)Effect of changes in the scope of consolidation	269,343,530.78	-	370,550,719.50	5,995,001.93	645,889,252.21
3. Decrease in the current year	182,416,870.31	2,837,281.84	169,430,690.69	35,400,272.26	390,085,115.10
(1)Disposal or retire	95,233,231.01	566,086.84	169,430,690.69	35,400,272.26	300,630,280.80
(2)Transfer to construction in progress	87,183,639.30	1,018,347.42	-	-	88,201,986.72
(3)Transfer to investment properties	-	1,252,847.58	-	-	1,252,847.58
4. Effect of changes in foreign exchange	(11,415,084.52)	1,583,244.14	(16,454,108.66)	3,173,617.91	(23,112,331.13)
5. Closing balance	4,947,169,556.44	247,180,241.42	6,183,431,342.23	515,226,508.99	11,893,007,649.08
III. Total accumulated amount of provision for impairment losses of investment property					
1. Opening balance (restated)	57,419,468.96	-	44,042.83	-	57,463,511.79
2. Increase in the current year	-	-	0.37	-	0.37
3. Decrease in the current year	-	-	-	-	-
4. Closing balance	57,419,468.96	-	44,043.20	-	57,463,512.16
IV. Total book value of investment property					
(1) Closing balance	16,830,648,841.58	901,786,194.04	4,408,680,972.73	853,039,143.08	22,994,155,151.43
(2) Opening balance (restated)	17,373,960,939.13	900,734,585.49	4,164,230,794.03	728,453,257.79	23,167,379,576.44

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

13. Fixed assets - continued

(2) Fixed assets leased in through financial leasing

Unit: RMB

Item	Carrying amount	Accumulated depreciation	Book value
Port and terminal facilities	5,318,357,246.96	85,260,010.27	5,233,097,236.69
Buildings	133,330,273.37	6,028,470.75	127,301,802.62
Mechanical equipment, furniture and others	360,238,863.33	214,493,738.80	145,745,124.53
Motor vehicles, cargo ships and tugboats	38,350,000.00	28,100,712.71	10,249,287.29
Total	5,850,276,383.66	333,882,932.53	5,516,393,451.13

(3) Fixed assets leased out through finance leasing

Unit: RMB

Item	Closing balance	Opening balance (restated)
Port and terminal facilities	844,843,802.95	971,151,561.19
Buildings	242,804,849.53	289,588,337.69
Mechanical equipment, furniture and others	139,712.96	255,687.15
Total	1,087,788,365.44	1,260,995,586.03

(4) Fixed assets without ownership certificates

Unit: RMB

Item	Closing balance	Opening balance (restated)
Buildings, Port and terminal facilities	1,590,990,468.38	1,746,684,998.44

(5) Other issues

Unit: RMB

Item	Amount	Note
The original amounts of fixed assets fully depreciated but still in use at 31 December 2018	1,680,807,123.39	
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	427,175,157.99	
Net book value of fixed assets disposed or retired in the current period	126,544,877.19	
Gains or losses on disposal or retire of fixed assets	(13,944,505.56)	

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

14. Construction in progress

(1) Summary of construction in progress

Unit: RMB

Item	Closing balance			Opening balance(restated)		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Port and terminal facilities	4,104,748,962.75	-	4,104,748,962.75	1,772,774,735.44	-	1,772,774,735.44
Berths and yards	1,023,331,798.30	-	1,023,331,798.30	12,388,194.50	-	12,388,194.50
Infrastructure	40,000,912.00	-	40,000,912.00	35,095,018.11	-	35,095,018.11
Ship under construction	22,985,373.73	-	22,985,373.73	142,411,112.12	-	142,411,112.12
Equipment	-	-	-	213,801,119.70	-	213,801,119.70
Others	308,359,043.28	-	308,359,043.28	131,537,150.63	-	131,537,150.63
Total	5,499,426,090.06	-	5,499,426,090.06	2,308,007,330.50	-	2,308,007,330.50

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

14. Construction in progress - continued

(2) The top ten balances of construction in progress

Unit: RMB

Item	Budget amount	Opening balance(restated)	Increase in the current period	Effect of changes in scope of consolidation	Decrease in the current period	Effect of changes in foreign exchange	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
Reconstruction Project of container, oil terminal and tank area, HIPG	2,776,464,530.76	-	1,334,002,333.13	-	-	50,259,451.57	1,384,261,784.70	49.86	49.86	-	-	-	Self-funding
Guangao project Phase II, Shantou Port	2,875,500,000.00	726,456,652.38	523,789,103.07	-	-	-	1,250,245,755.45	43.48	43.48	-	-	-	Self-funding
TCP berth expansion project	1,071,009,228.80	-	590,710,536.81	456,392,978.15	-	(80,506,818.84)	966,596,696.12	90.25	90.25	8,473,403.78	8,473,403.78	7.44	Self-funding and loan
Berth 3 of Houshigang District, Xiamen Port	1,000,000,000.00	679,113,997.53	58,742,500.98	-	97,650.00	-	737,758,848.51	73.78	98.78	56,757,132.89	17,491,904.90	4.77	Self-funding and loan
Reconstruction project of Berth 1#-4#, Haixing Wharf	1,174,090,000.00	210,348,590.96	206,977,637.18	-	-	-	417,326,228.14	35.54	35.54	-	-	-	Self-funding
Logistics park project Phase I, Djibouti international free trade zone	255,311,040.00	33,958,350.80	165,744,909.11	-	-	5,684,437.02	205,387,696.93	80.45	85.00	-	-	-	Self-funding
Reclamation project, Zhangzhou Wharf	57,855,731.00	-	56,809,343.00	-	-	-	56,809,343.00	98.19	98.00	-	-	-	Self-funding
Project of Grain Dispatch Warehouse at Berth2#,3# Phase III, Machong Port	680,000,000.00	1,760,873.59	53,039,774.09	-	-	-	54,800,647.68	8.06	8.06	-	-	-	Self-funding
Liaogeshou project, Guangdong Yide Port	105,357,118.22	4,499,011.90	39,495,974.81	-	642,881.78	-	43,352,104.93	41.15	41.15	880,381.52	880,381.52	4.66	Bank loan
RTG remote control system Phase III, Mawan Wharf	34,726,400.00	24,057,992.68	6,544,920.51	-	-	-	30,602,913.19	88.13	88.13	-	-	-	Self-funding
Total	10,030,314,048.78	1,680,195,469.84	3,035,857,032.69	456,392,978.15	740,531.78	(24,562,930.26)	5,147,142,018.65			66,110,918.19	26,845,690.20		

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

15. Intangible assets

(1) Summary of intangible assets

Unit: RMB

	Land use rights	Terminal management rights	Others	Total
I. Total original carrying amount				
1. Opening balance (restated)	13,012,429,380.15	5,171,928,708.25	356,221,955.06	18,540,580,043.46
2. Increase in the current year	198,446,998.71	5,682,157,733.65	761,163,308.23	6,641,768,040.59
(1) Purchase	-	20,653,099.07	38,786,280.95	59,439,380.02
(2) Effect of changes in the scope of consolidation	198,446,998.71	5,661,504,634.58	649,313,168.73	6,509,264,802.02
(3) Other increase	-	-	73,063,858.55	73,063,858.55
3. Decrease in the current year	213,014,868.97	-	4,347,166.59	217,362,035.56
(1) Disposal	711,000.00	-	3,961,765.86	4,672,765.86
(2) Other decrease	212,303,868.97	-	385,400.73	212,689,269.70
4. Effect of changes in foreign exchange	100,017,007.56	(342,565,782.79)	11,031,872.58	(231,516,902.65)
5. Closing balance	13,097,878,517.45	10,511,520,659.11	1,124,069,969.28	24,733,469,145.84
II. Accumulated amortization				
1. Opening balance (restated)	2,180,627,622.16	336,212,844.34	150,026,238.05	2,666,866,704.55
2. Increase in the current year	276,118,161.35	1,023,071,295.99	133,128,803.32	1,432,318,260.66
(1) Accrual of amortization	256,213,827.21	217,063,102.49	53,717,661.08	526,994,590.78
(2) Effect of changes in the scope of consolidation	19,895,447.17	806,008,193.50	73,484,560.81	899,388,201.48
(3) Other increase	8,886.97	-	5,926,581.43	5,935,468.40
3. Decrease in the current year	31,916,438.47	-	3,959,215.55	35,875,654.02
(1) Disposal	228,249.74	-	3,959,215.55	4,187,465.29
(2) Other decrease	31,688,188.73	-	-	31,688,188.73
4. Effect of changes in foreign exchange	9,068,369.38	(90,587,828.63)	(9,338,750.64)	(90,858,209.89)
5. Closing balance	2,433,897,714.42	1,268,696,311.70	269,857,075.18	3,972,451,101.30
III. Total provision for impairment losses				
1. Opening balance	-	-	-	-
2. Increase in the current year	-	-	-	-
3. Decrease in the current year	-	-	-	-
4. Closing balance	-	-	-	-
IV. Total book value				
1. Closing balance	10,663,980,803.03	9,242,824,347.41	854,212,894.10	20,761,018,044.54
2. Opening balance (restated)	10,831,801,757.99	4,835,715,863.91	206,195,717.01	15,873,713,338.91

(2) Land use rights without ownership certificates on 31 December 2018:

Unit: RMB

Item	Closing balance	Opening balance (restated)
Land use rights	1,383,494,095.83	2,202,883,733.38

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

16. Goodwill

(1) Carrying amount of goodwill

Unit: RMB

Investee	Opening balance (restated)	Increase	Decrease	Effect of changes in foreign exchange	Closing balance
TCP Participações S.A.(hereinafter referred as "TCP")(Note1)	-	3,969,374,954.86	-	314,854,984.25	4,284,229,939.11
Mega Shekou Container Terminals Limited (Note2)	1,815,509,322.42	-	-	-	1,815,509,322.42
China Merchants Port Holdings Co., Ltd(Note3)	993,992,000.00	-	-	-	993,992,000.00
Shantou CMPort Group Co., Ltd. (Note4)	552,317,736.65	-	-	-	552,317,736.65
Shenzhen Mawan Project(Note5)	408,773,001.00	-	-	-	408,773,001.00
Others	281,073,843.17	-	-	-	281,073,843.17
Total	4,051,665,903.24	3,969,374,954.86	-	314,854,984.25	8,335,895,842.35

Note1: TCP is incorporated in Brazil, were included in the scope of consolidation from February 2018, refer to the details in Notes (VI) 1.

Note2: The goodwill recognized at the time of company reorganization consisting of Shekou Container Terminals Limited., Shenzhen United Express Container Terminal Co., Ltd and Anxun Express Container Terminal (Shenzhen) Co., Ltd by China Merchants Port Holdings Co., Ltd.

Note3: In December 2018, the Group had the ownership of the goodwill formed when the ultimate controlling shareholder merges with China Merchants Port Holdings based on requirements of business combination involving enterprises under common control.

Note4: The goodwill formed in August 2018, when the Group merged with Shantou CMPort Group Co., Ltd. under non common control.

Note5: Shenzhen Mawan Project including Shenzhen Mawan Wharf Co., Ltd., Shenzhen Mawan Port Co., Ltd. and Shenzhen Mawan Terminals Co., Ltd.

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

16. Goodwill - continued

(2) Details of goodwill impairment

The Group conducts impairment testing on the entire group of subsidiaries that generate goodwill as an asset group. The recoverable amount of each subsidiary that generates goodwill is determined by the present value of the estimated future cash flows of each subsidiary. The management of the Group estimates the future cash flows based on the 5-year detailed forecast period and the subsequent forecast period. The estimated future cash flows for the detailed forecast period are based on the business plan established by the management; the expected future cash flows for the subsequent forecast period are determined in conjunction with the level of the final year of the detailed forecast period, combined with the Group's business plans, industry trends and inflation rates. The key assumptions used by the Group in estimating future cash flows include growth in business volume, gross profit margin and discount rate. After the impairment test, the management of the Group believes that any reasonable change in the above assumptions will not result in the book value of the net assets of the subsidiaries generating the goodwill being lower than the recoverable amount.

17. Long-term prepaid expenses

Unit: RMB

Item	Opening balance (restated)	Effect of changes in the scope of consolidation	Increase in the current period	Amortization in the current period	Other decrease	Closing balance
Construction expenditure of Tonggu sea-route	177,084,607.57	-	-	12,517,222.60	-	164,567,384.97
Relocation project of Nanhai Rescue Bureau	41,165,331.01	-	-	1,057,781.52	-	40,107,549.49
Expenditures for the improvement of leased fixed assets	21,819,104.34	-	1,812,481.57	2,468,047.74	-	21,163,538.17
Others	14,861,541.85	-	4,193,305.83	3,002,422.89	6,184,460.21	9,867,964.58
Total	254,930,584.77	-	6,005,787.40	19,045,474.75	6,184,460.21	235,706,437.21

18. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without offsetting

Unit: RMB

Item	Closing balance		Opening balance(restated)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deductible losses	86,136,992.42	23,604,794.05	23,413,934.04	5,853,483.51
Deferred income	50,033,346.52	11,382,687.30	53,396,038.93	12,048,346.61
Provision for credit loss	32,805,128.88	8,213,219.45	31,601,788.61	7,859,088.01
Depreciation of fixed assets	22,036,522.49	4,514,995.56	8,969,515.16	2,236,628.81
Provisions	19,470,820.00	6,620,078.85	-	-
Amortization of computer software	16,453,443.95	4,113,360.99	16,552,962.31	4,138,240.58
Organization costs	14,386,394.26	3,287,938.27	17,866,660.19	3,849,377.27
Provision for impairment losses of assets	2,258,081.96	481,468.22	4,319,993.78	811,641.14
Others	17,635,287.26	4,489,614.50	26,630,589.20	5,629,099.14
Total	261,216,017.74	66,708,157.19	182,751,482.22	42,425,905.07

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

18. Deferred tax assets and deferred tax liabilities - continued

(2) Deferred tax liabilities without offsetting

Unit: RMB

Item	Closing balance		Opening balance(restated)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Withholding dividend income tax	17,819,027,902.41	1,138,273,886.12	13,476,065,349.28	730,874,825.97
Fair value adjustment of assets acquired by business combination	6,415,001,869.22	1,431,954,458.35	4,836,948,279.07	874,093,308.95
Changes in fair value of other equity investments	136,717,500.00	34,179,375.00	132,214,640.00	33,053,660.00
Changes in fair value of other non-current financial assets	930,040,371.21	105,285,399.58	1,814,771,615.06	190,566,523.96
Depreciation of fixed assets	754,359,502.42	174,592,634.60	749,768,170.23	183,301,560.91
Others	114,027,794.35	26,789,187.62	13,140,901.85	3,285,224.67
Total	26,169,174,939.61	2,911,074,941.27	21,022,908,955.49	2,015,175,104.46

(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 (restated)
Deferred tax assets	-	66,708,157.19	-	42,425,905.07
Deferred tax liabilities	-	2,911,074,941.27	-	2,015,175,104.46

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance (restated)
Deductible temporary differences	237,418,074.51	264,023,276.51
Deductible losses	1,291,865,454.88	674,971,756.09
Total	1,529,283,529.39	938,995,032.60

Note: The Group recognizes deferred income tax assets based on the future taxable income that is probable to be used to offset the deductible temporary differences and deductible losses, deferred income tax assets that are deductible for temporary differences and deductible losses that exceed future taxable income.

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

18. Deferred tax assets and deferred tax liabilities - continued

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

Unit: RMB

Year	Closing balance	Opening balance (restated)	Note
2018	-	145,446,400.54	
2019	132,642,333.11	168,593,695.34	
2020	110,359,740.81	136,937,771.64	
2021	151,793,398.29	97,773,769.06	
2022	320,679,566.41	126,192,766.36	
2023	576,351,741.67	-	
No expiration date	38,674.59	27,353.15	
Total	1,291,865,454.88	674,971,756.09	

19. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance (restated)
Prepayments of land use rights	175,908,026.15	175,807,391.86
Prepayments of fixed assets	174,039,051.91	14,666,643.64
Prepayments of terminal franchise	30,383,609.79	29,974,884.20
Others	14,860,798.13	7,300,911.95
Total	395,191,485.98	227,749,831.65

20. Short-term borrowings

(1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance (restated)
Credit loan	3,425,291,312.62	2,540,000,000.00
Credit guaranteed loan (Note)	-	40,000,000.00
Total	3,425,291,312.62	2,580,000,000.00

Note: The loan was guaranteed by Qingdao Port Merchants International Container Terminal Co., Ltd., which is a subsidiary of the Group.

(2) As at 31 December 2018, the Group has no short-term loans that were overdue.

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

21. Notes and accounts payable

(1) Summary of notes and accounts payable

Unit: RMB

Item	Closing balance	Opening balance (restated)
Notes payable	-	-
Accounts payable	429,120,690.97	331,606,335.81
Total	429,120,690.97	331,606,335.81

(2) Accounts payable

(a) Details of accounts payable are as follows:

Unit: RMB

Item	Closing balance	Opening balance (restated)
Service fee	132,946,488.81	63,471,208.22
Construction fee	115,371,240.88	120,248,846.99
Material purchase	76,365,058.49	81,737,391.88
Rental fee	10,564,893.93	18,658,503.66
Equipment payments	659,317.15	11,756,211.33
Others	93,213,691.71	35,734,173.73
Total	429,120,690.97	331,606,335.81

(b) Significant accounts payable aged more than one year

Unit: RMB

Item	Amount	Reason for outstanding
CCCC Third Harbor Engineering Co., Ltd.	36,262,727.66	According to the contract, it has not been paid for the completion.
Shenzhen Land and Resources Bureau	21,642,795.50	The government planning project has not been completed, and the certificates of property rights has not been processed.

22. Receipts in advance

(1) Summary of receipts in advance

Unit: RMB

Item	Closing balance	Opening balance (restated)
Service fee receipt in advance	23,038,672.44	29,458,721.86
Rental fee receipt in advance	5,536,804.56	1,669,309.14
Other	595,232.86	831,720.17
Total	29,170,709.86	31,959,751.17

(2) There is no significant receipts in advance aged more than one year at the end of the year.

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

23. Contract liabilities

(1) Summary of contract liabilities

Unit: RMB

Item	Closing balance	Opening balance (restated)
Service fee received in advance	24,353,966.50	17,336,038.22
Port charges received in advance	11,657,235.81	13,053,987.04
Warehousing fee received in advance	8,705,589.57	9,628,695.56
Other	5,277,103.62	3,907,469.43
Total	49,993,895.50	43,926,190.25

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

(3) Statement of material changes in the contract liabilities:

The amount of revenue recognized in the book value of contract liabilities at the beginning of 2018 is RMB 43,926,190.25, including contract liabilities arising from settled unfinished funds resulting from the advance payment of labor contracts amounted to RMB 13,053,987.04, the contractual liabilities arising from the settled unfinished funds formed by the pre-collection warehousing fee contract amounted to RMB 9,628,695.56, and the contractual liabilities arising from the settlement of unfinished funds formed by other contracts amounted to RMB 3,907,469.43.

(4) Qualitative and quantitative analysis of Contract liabilities

The contract liability is mainly the amount received by the Group to provide port services to customers. The payment is collected according to the contract payment time. The Group recognizes contract revenue based on the progress of the contract. The contract liabilities will be recognized as income after the Group fulfills its performance obligations.

24. Employee benefits payable

(1) Details of employee benefits payable are as follows

Unit: RMB

Item	Opening balance (restated)	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	Closing balance
1.Short-term benefits	379,876,734.70	30,144,586.64	1,758,280,674.14	1,736,587,857.25	431,714,138.23
2.Post-employment benefits - Projected benefits obligation	299,320.00	2,131,376.20	146,194,303.52	146,338,349.81	2,286,649.91
3.Termination benefits	-	-	15,538,374.32	15,538,374.32	-
4.Others	(405,956.30)	-	4,113,746.06	4,219,022.50	(511,232.74)
Total	379,770,098.40	32,275,962.84	1,924,127,098.04	1,902,683,603.88	433,489,555.40

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

24. Employee benefits payable - continued

(2) Short-term benefits

Unit: RMB

Item	Opening balance (restated)	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	Closing balance
I. Wages and salaries, bonuses, allowances and subsidies	356,127,716.69	29,532,679.53	1,519,476,886.86	1,495,746,353.47	409,390,929.61
II. Staff welfare	-	-	50,293,470.22	50,293,470.22	-
III. Social insurance charges	2,284,921.87	558,496.86	76,887,740.31	74,585,632.47	5,145,526.57
Including: Medical insurance	2,256,946.66	-	57,578,876.98	55,417,484.38	4,418,339.26
Work injury insurance	-	-	6,929,715.22	6,929,715.22	-
Maternity insurance	-	-	3,430,651.30	3,430,651.30	-
Others	27,975.21	558,496.86	8,948,496.81	8,807,781.57	727,187.31
IV. Housing funds	-	-	82,135,287.67	82,135,287.67	-
V. Labor union and employee education funds	21,464,096.14	43,396.64	23,379,295.45	27,720,114.47	17,166,673.76
VI. Others	-	10,013.61	6,107,993.63	6,106,998.95	11,008.29
Total	379,876,734.70	30,144,586.64	1,758,280,674.14	1,736,587,857.25	431,714,138.23

(3) Projected benefits obligation

Unit: RMB

Item	Opening balance	Effect of changes in the scope of consolidation	Increase in the current year	Decrease in the current year	Closing balance
I. Basic pension	-	1,614,246.59	106,347,884.56	106,341,694.26	1,620,436.89
II. Unemployment insurance	-	517,129.61	2,197,297.41	2,163,268.90	551,158.12
III. Enterprise annuity plan	299,320.00	-	37,649,121.55	37,833,386.65	115,054.90
Total	299,320.00	2,131,376.20	146,194,303.52	146,338,349.81	2,286,649.91

Note: The Company and its subsidiaries participates in the social security contributions and the unemployment insurance plan established by government institutions as required. According to such plans, the Group contributes in proportion to the local government. Except for the above-mentioned deposit fees, the Group have no outstanding contributions to be paid to the social security contributions and the unemployment insurance plan. The corresponding expenses are included in the current profit and loss or the cost of related assets when incurred.

25. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance (restated)
Enterprise income tax	271,954,754.74	218,660,609.24
VAT	8,200,265.65	9,363,588.24
Others	65,028,402.03	30,530,970.31
Total	345,183,422.42	258,555,167.79

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

26. Other payables

(1) Other payables

Unit: RMB

Item	Closing balance	Opening balance (restated)
Interest payable	555,545,627.60	248,861,288.63
Dividends payable	66,052,207.09	207,240,883.54
Other payables	1,624,072,694.20	6,114,459,414.79
Total	2,245,670,528.89	6,570,561,586.96

(2) Interest payable

Unit: RMB

Item	Closing balance	Opening balance (restated)
Corporate bond interest	492,300,138.05	213,605,656.91
Long-term loan interest	57,176,593.29	29,371,285.14
Short-term loan interest	2,074,199.59	3,400,732.73
Others	3,994,696.67	2,483,613.85
Total	555,545,627.60	248,861,288.63

As at 31 December 2018, there is no significant other overdue interest payables.

(3) Dividends payable

Unit: RMB

Item	Closing balance	Opening balance (restated)
Ordinary share dividends	66,052,207.09	207,240,883.54
Including: Yihai Kerry Investment Co., Ltd. ("Yihai Kerry")	37,402,426.09	37,402,426.09
Sinotrans South China Co., Ltd	25,949,781.00	25,949,781.00
Qingdao Port (Group) Co., Ltd	2,700,000.00	15,336,000.00
Payable to Hongkong International Enterprise Co., Ltd. ("HK International")	-	128,552,676.45

As at 31 December 2018, the dividend payable for more than one year is RMB 63,352,207.09, dividends not yet received by the investor.

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

26. Other payables - continued

(4) Other payables

(a) Disclosure of other payables by nature

Unit: RMB

Item	Closing balance	Opening balance (restated)
Amount payable for construction and quality warranty	660,870,685.70	737,770,664.40
Deposits	149,705,612.54	111,475,378.58
Prepaid expenses	140,305,423.54	63,222,555.07
Customer discount	128,787,894.63	130,349,250.94
Balance of land use rights transfer	93,258,350.90	93,258,350.90
Port construction and security fee	62,255,593.38	62,730,234.66
Equity acquisition(Note)	-	4,473,272,642.90
Others	388,889,133.51	442,380,337.34
Total	1,624,072,694.20	6,114,459,414.79

Note: The amount at the beginning of the year was an unpaid purchase due to the acquisition of the equity interest in Hambantota International Port Group (Private) Limited (hereinafter referred to as "HIPG").

(b) Significant Other payables aged more than one year

Unit: RMB

Company name	Closing balance	Nature
China Merchants Zhangzhou Co., Ltd.	93,258,350.90	Payments to be paid after confirmation by both parties
Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC)	75,414,386.66	Payments to be paid after confirmation by both parties
CCCC Third Harbor Engineering Co., Ltd.	37,743,418.00	The contracted settlement condition has not been reached
CCCC Fourth Harbor Engineering Co., Ltd.	32,307,249.00	The contracted settlement condition has not been reached
Shantou Transportation Bureau	31,358,355.47	Payments to be paid after confirmation by both parties
Shenzhen Merchants Construction Co., Ltd.	28,223,077.10	The contracted settlement condition has not been reached
Qingdao Maritime Bureau	20,713,982.12	Outstanding port construction fee
China Merchants property Co., Ltd.	12,090,083.93	Outstanding property management fee
Shantou Finance Bureau	10,000,000.00	Payments to be paid after confirmation by both parties
Guangdong Hengtai Tong Industrial Co., Ltd.	10,000,000.00	The contracted settlement condition has not been reached
China First Metallurgical Group Co., Ltd	8,175,706.55	The contracted settlement condition has not been reached
Harman Technology (Shenzhen) Co., Ltd.	5,884,632.48	The contracted settlement condition has not been reached
Ningbo Communications Engineering Construction Group Co., Ltd.	5,633,275.00	The contracted settlement condition has not been reached
Total	370,802,517.21	

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

27. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance (restated)
Long-term loans due within one year	1,913,116,720.26	773,035,147.51
Including: Credit loan	375,382,058.46	127,230,000.00
Guaranteed loan	1,090,500,000.00	338,000,000.00
Mortgage loan	447,234,661.80	307,805,147.51
Bonds payable due within one year	299,531,506.81	1,555,654,132.52
Long-term payable due within one year	30,635,607.84	45,068,468.44
Long-term employee benefits payable due within one year	19,100,000.00	19,480,000.00
Other non-current liabilities due within one year	87,465,615.05	-
Total	2,349,849,449.96	2,393,237,748.47

28. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance (restated)
Joint venture loan	241,927,341.05	230,331,618.08
Short-term bonds payable	200,000,000.00	100,000,000.00
Accrued professional agency fee	116,064,056.75	38,342,089.20
Others	44,668,324.00	16,798,621.17
Total	602,659,721.80	385,472,328.45

Changes of short-term bonds payable

Unit: RMB

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance	Amount issued in the current period	Interest accrued at par during the period	Discount or premium amortization	Repayment in the current period	Closing balance
4.740%, RMB 100 million, Super & Short-term Commercial Paper	100,000,000.00	21/08/2017	270days	100,000,000.00	100,000,000.00	-	1,805,095.90	-	100,000,000.00	-
4.730%, RMB 200 million, Super & Short-term Commercial Paper	200,000,000.00	24/04/2018	267days	200,000,000.00	-	200,000,000.00	6,349,863.00	-	-	200,000,000.00
total	300,000,000.00			300,000,000.00	100,000,000.00	200,000,000.00	8,154,958.90	-	100,000,000.00	200,000,000.00

29. Long-term borrowings

(1) Classification of long-term loans

Unit: RMB

Item	Closing balance	Opening balance (restated)
Credit borrowings	2,032,494,533.83	741,493,000.00
Guaranteed borrowings (Note1)	3,657,846,864.58	4,121,000,000.00
Mortgage borrowings (Note2)	3,194,255,164.03	3,581,058,638.66
Total	8,884,596,562.44	8,443,551,638.66
Less: Long-term borrowings due within one year	1,913,116,720.26	773,035,147.51
Including: Credit borrowings	375,382,058.46	127,230,000.00
Guaranteed borrowings	1,090,500,000.00	338,000,000.00
Mortgage borrowings	447,234,661.80	307,805,147.51
Long-term borrowings due after one year	6,971,479,842.18	7,670,516,491.15

During the year, the annual interest rate of the borrowing is 1.20% to 8.29%.

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

29. Long-term borrowings - continued

(1) Classification of long-term loans - continued

Note1: The loan was guaranteed by Shenzhen Mawan Terminals Co., Ltd., China Merchants Port Services (Shenzhen) Co., Ltd. ("CMPS"), and China Merchants Port Holdings Co., Ltd ("CMPH").

Note2: As at 31 December 2018, the Group obtained the long-term loan amounted to RMB 3,194,255,164.03 is firm subject to the entire share capital of Colombo International Container Terminals Limited and the entire interest of Thesar Maritime Limited, and the land use rights, fixed assets and construction in progress held by Guangdong Yide Port Co., Ltd. (hereinafter referred to as "Yide Port")(31 December 2017:RMB 3,581,058,638.66).

Details of mortgage loan are as follows:

Unit: RMB

Company name	Closing balance	Opening balance (restated)	collateral
China Development Bank Corporation	1,543,473,787.28	1,839,649,776.16	The entire equity of Colombo International Container Terminals Limited held by the Group
International Finance Corporation	529,891,283.72	595,413,018.76	The entire equity of Thesar Maritime Limited held by the Group
African Development Bank	243,463,562.79	273,568,143.76	
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	200,499,404.66	225,291,412.50	
The Opec Fund For International Development	171,856,632.57	193,106,925.00	
Societe de Promotion et de Participation pour la Cooperation Economique S.A	171,856,632.55	193,106,925.00	
Deutsche Investitions-und Entwicklungsgesellschaft MBH	143,213,860.46	160,922,437.48	
China Construction Bank Shunde Branch	190,000,000.00	100,000,000.00	Yide Port fixed assets and construction in progress (refer to the details in Notes (V) 55).
Total	3,194,255,164.03	3,581,058,638.66	

30. Bonds payable

(1) Bonds payable

Unit: RMB

Program	Closing balance	Opening balance (restated)
4.375%, USD 900 million corporate bond	6,126,655,733.91	-
5.000%, USD 600 million corporate bond	4,062,553,267.60	-
4.750%, USD 500 million corporate bond	3,414,652,244.84	3,249,996,583.73
5.000%, USD 500 million corporate bond	3,408,446,692.17	3,240,255,080.35
4.890%, RMB 2.5 billion corporate bond	2,500,000,000.00	2,500,000,000.00
3.500%, USD 200 million corporate bond	1,369,419,343.41	1,302,526,637.25
IPCA + 7.8164%,BRL 428 million corporate bond	715,739,814.47	-
5.150%, RMB 500 million corporate bond	500,000,000.00	-
2.970%, RMB 300 million corporate bond	299,531,506.81	298,931,506.83
7.125%, USD 200 million corporate bond	-	1,305,654,132.52
6.380%, RMB 250 million corporate bond	-	250,000,000.00
Total	22,396,998,603.21	12,147,363,940.68
Deduct :Bonds payable due within one year	299,531,506.81	1,555,654,132.52
Bonds payable due after one year	22,097,467,096.40	10,591,709,808.16

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

30. Bonds payable - continued

(2) Changes of bonds payable

Unit: RMB

Name of bonds	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance (restated)	Effect of changes in scope of consolidation	Amount issued in the current period	Interest accrued at par during the period	Discount or premium amortization	Discount or premium amortization	Effect of changes in foreign exchange	Closing balance
4.375%, USD 900 million corporate bond	USD 900,000,000.00	06/08/2018	5	USD 900,000,000.00	-	-	5,901,408,380.77	104,784,513.81	3,708,529.28	-	221,538,823.86	6,126,655,733.91
5.000%, USD 600 million corporate bond	USD 600,000,000.00	06/08/2018	10	USD 600,000,000.00	-	-	3,913,954,048.05	79,835,819.95	1,697,641.11	-	146,901,578.44	4,062,553,267.60
4.750%, USD 500 million corporate bond	USD 500,000,000.00	03/08/2015	10	USD 500,000,000.00	3,249,996,583.73	-	-	157,143,889.47	1,969,224.45	-	162,686,436.66	3,414,652,244.84
5.000%, USD 500 million corporate bond	USD 500,000,000.00	04/05/2012	10	USD 500,000,000.00	3,240,255,080.35	-	-	165,413,763.15	5,848,608.07	-	162,343,003.75	3,408,446,692.17
4.890%, RMB 2.5 billion corporate bond	RMB 2,500,000,000.00	21/04/2017	5	RMB 2,500,000,000.00	2,500,000,000.00	-	-	122,743,557.86	-	-	-	2,500,000,000.00
3.500%, USD 200 million corporate bond	USD 200,000,000.00	03/08/2015	5	USD 200,000,000.00	1,302,526,637.25	-	-	46,316,093.76	1,659,288.43	-	65,233,417.73	1,369,419,343.41
IPCA + 7.8164%, BRL 428 million corporate bond	BRL 428,047,000.00	07/11/2016	6	BRL 428,047,000.00	-	794,778,392.21	-	76,470,918.04	10,826,025.73	-	(89,864,603.47)	715,739,814.47
5.150%, RMB 500 million corporate bond	RMB 500,000,000.00	06/02/2018	3	RMB 500,000,000.00	-	-	500,000,000.00	23,561,925.18	-	-	-	500,000,000.00
2.970%, RMB 300 million corporate bond	RMB 300,000,000.00	11/10/2016	3	RMB 300,000,000.00	298,931,506.83	-	-	8,910,000.04	599,999.98	-	-	299,531,506.81
7.125%, USD 200 million corporate bond	USD 200,000,000.00	18/06/2008	10	USD 200,000,000.00	1,305,654,132.52	-	-	43,833,617.64	1,392,506.05	1,322,800,000.00	15,753,361.43	-
6.380%, RMB 250 million corporate bond	RMB 250,000,000.00	24/03/2015	3	RMB 250,000,000.00	250,000,000.00	-	-	3,636,600.00	-	250,000,000.00	-	-
CDI + 3.40%, BRL 100 million corporate bond	BRL 100,000,000.00	07/11/2016	3	BRL 100,000,000.00	-	196,567,218.72	-	8,854,671.29	2,899,768.68	187,090,000.00	(12,376,987.40)	-
CDI + 3.90%, BRL 60 million corporate bond	BRL 60,095,000.00	07/11/2016	5	BRL 60,095,000.00	-	117,291,020.45	-	7,124,061.79	2,526,023.19	112,431,735.50	(7,385,308.14)	-
Total					12,147,363,940.68	1,108,636,631.38	10,315,362,428.82	848,629,431.98	33,127,614.97	1,872,321,735.50	664,829,722.86	22,396,998,603.21
Less: Bonds payable due within one year					1,555,654,132.52							299,531,506.81
Bonds payable due after one year					10,591,709,808.16							22,097,467,096.40

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

31. Long-term payables

(1) Summary of long-term payables

Unit: RMB

Item	Closing balance	Opening balance (restated)
Long-term payables	1,285,984,226.34	1,292,874,742.87
Special payables	38,841,499.68	42,976,167.51
Total	1,324,825,726.02	1,335,850,910.38
Less: Long-term payables due within one year	30,635,607.84	45,068,468.44
Long-term payables due after one year	1,294,190,118.18	1,290,782,441.94

(2) Details of long-term payables

Unit: RMB

Item	Closing balance	Opening balance (restated)
Terminal management rights (Note1)	823,360,554.03	788,587,599.72
Payable to minority shareholders of subsidiaries (Note2)	390,658,146.52	371,899,413.63
Financing lease payments	71,965,525.79	116,052,229.49
Rental of port land	-	16,335,500.03
Total	1,285,984,226.34	1,292,874,742.87
Deduct :long-term payable due within one year	30,635,607.84	45,068,468.44
long-term payable due after one year	1,255,348,618.50	1,247,806,274.43

Note 1: As at 12 August 2011, the Group reached a 35-year construction, operation and transfer agreement through the subsidiary Colombo International Container Terminals Limited and the Sri Lanka Port Authority on the construction, operation, management and development of the Colombo Port South Container Terminal (hereinafter referred to as for "BOT"). The above-mentioned terminal operating rights purchase amount is determined by discounting the amount to be paid in the future according to the current market interest rate according to the BOT agreement. As at 31 December 2018 and 31 December 2017, the amount was RMB 823,360,554.03 and RMB 788,587,599.72 respectively.

Note2: It is an unsecured loan from minority shareholder of Thesar Maritime Limited, a subsidiary of the Company, which has an annual interest rate of 4.65%.

(3) Special payables

Unit: RMB

Item	Closing balance	Opening balance (restated)
Refunds of Harbor Construction Fee(Note)	36,061,435.67	40,491,828.56
Employee housing fund	2,780,064.01	2,484,338.95
Total	38,841,499.68	42,976,167.51

Note: According to the "Port Construction Fee Management Measures" promulgated by the Ministry of Finance, this payment is dedicated to the construction of water transport infrastructure. The refund of the construction fee collected by the Group from the Shenzhen Municipal Transportation Bureau.

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

32. Long-term employee benefits payable

(1) Summary of long-term employee benefits payable

Unit: RMB

Item	Closing balance	Opening balance (restated)
Post-employment benefits-net debt of projected benefits obligation(Note)	385,323,310.21	358,010,123.90
Termination benefits	9,101,817.44	12,220,000.00
Total	394,425,127.65	370,230,123.90
Less:		
Long-term employee benefits payable due within one year	19,100,000.00	19,480,000.00
Long-term employee benefits payable due after one year	375,325,127.65	350,750,123.90

(2) Changes in projected benefits obligation

Present value of projected benefits obligation:

Unit: RMB

Item	2018	2017
I. Opening balance(restated)	358,010,123.90	835,963.38
II. Benefit cost included in current period income	10,313,678.43	10,084,051.60
1.Current service cost	2,163,678.43	3,934,051.60
2.Post service cost	(7,460,000.00)	-
3.Interest adjustment	15,610,000.00	6,150,000.00
III. Benefit cost included in other comprehensive income	34,693,502.67	(23,529,891.08)
1.Actuarial gains (losses)	34,562,392.88	(23,510,000.00)
2.Effect of currency rate changes	131,109.79	(19,891.08)
IV. Others changes	(17,693,994.79)	370,620,000.00
1.Benefits paid	(17,693,994.79)	(6,560,000.00)
2.Changes in the scope of consolidation	-	377,180,000.00
V. Closing balance	385,323,310.21	358,010,123.90

Note: Shantou China Merchants Port Co., Ltd., a subsidiary of the Company, provides supplementary post-employment benefit plans for retirees on 31 October 2016.

The Group hired a third-party actuary to estimate the present value of its above-mentioned retirement benefit plan obligations in an actuarial manner based on the expected cumulative welfare unit method. The Group recognizes the Group's liabilities based on the actuarial results. The relevant actuarial gains or losses are included in other comprehensive income and cannot be reclassified into profit or loss in the future. Past service costs are recognized in profit or loss for the period in which the plan is revised. The net interest is determined by multiplying the defined benefit plan net debt or net assets by the appropriate discount rate.

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33. Provisions

Unit: RMB

Item	Closing balance	Opening balance (restated)	Reason
Pending litigation (Note)	19,470,820.72	-	Note
Sales discount	15,480,571.55	50,577,924.97	
Total	34,951,392.27	50,577,924.97	

Note: Is the estimated amount of compensation expected by TCP, the company's subsidiary, due to pending obligation.

34. Deferred income

Unit: RMB

Item	Opening balance (restated)	Increase	Effect of changes in the scope of consolidation	Decrease	Closing balance
Government grants	186,491,676.05	3,534,716.00	48,183,333.33	9,551,510.74	228,658,214.64

Related to government grants:

Unit: RMB

Liabilities	Opening balance (restated)	Increase	Effect of changes in the scope of consolidation	Recognized in Other comprehensive income	Closing balance	Related to assets /Related to income
Modern logistics special funds	116,000,000.00	-	-	639,999.96	115,360,000.04	Related to assets
Ro-ro terminal subsidy	-	-	48,183,333.33	408,333.33	47,775,000.00	Related to assets
Qianwan Bonded Logistics Park Project	16,057,853.92	202,466.00	-	956,018.84	15,304,301.08	Related to assets
Subsidized grain transfer project subsidy	8,428,571.41	-	-	285,714.29	8,142,857.12	Related to assets
Central budgetary support for bulk grain transfer terminal projects	7,685,416.67	-	-	212,500.00	7,472,916.67	Related to assets
AMPI	7,709,657.14	-	-	961,620.72	6,748,036.42	Related to assets
Oil to electricity project	6,801,927.59	-	-	784,837.92	6,017,089.67	Related to assets
Automated terminal operation and dispatching system special support project	3,802,263.98	3,300,000.00	-	1,939,793.67	5,162,470.31	Related to assets
Research and development of fully automated intelligent terminal information investment based on cloud platform architecture	3,984,700.64	-	-	1,247,677.57	2,737,023.07	Related to assets
Warfare gate subsidy	2,117,903.97	-	-	262,008.73	1,855,895.24	Related to assets
Green low carbon port project	1,825,070.02	-	-	421,170.00	1,403,900.02	Related to assets
Others	12,078,310.71	32,250.00	-	1,431,835.71	10,678,725.00	Related to assets
Total	186,491,676.05	3,534,716.00	48,183,333.33	9,551,510.74	228,658,214.64	Related to assets

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

35. Other non-current liabilities

Unit: RMB

Item	Closing balances	Opening balance(restated)
TCP Operating rights liability (Note1)	3,260,547,002.45	-
Obligation to minority shareholders due to acquisition (Note2)	579,195,304.56	-
Berth priority call right (Note3)	25,305,830.90	28,830,624.28
Others	-	54,763,901.68
Total	3,865,048,137.91	83,594,525.96
Less: Other non-current liabilities due in one year	87,465,615.05	-
Including: TCP Operating rights liability	87,465,615.05	-
Other non-current liabilities due after one year	3,777,582,522.86	83,594,525.96

Note1: As Notes (VI) 1, As at 23 February 2018, CMPH, a subsidiary of the Company, acquired a 90% stake in TCP and incorporate it into the consolidated financial statements of the Group. TCP has right to operate the port of paranagua The relevant concession arrangement allows for operations in the relevant port for up to 2048. At the year end, with the relevant authority, concession payment is payable on a monthly basis and is adjusted from time to time, among other conditions, with reference to an official inflation index in Brazil.

Note2: As Notes (VI) 1, in February 2018, CMPH, a subsidiary of the Company, acquired a 90% stake in TCP. According to the agreement, TCP minority shareholders can choose to sell their 10% stake in TCP to China Merchants Port Holdings at a higher price than the market price or the BRL 320 million two years later. The Group recognizes the total amount of obligations related to the purchase of minority interests as liabilities.

Note3: According to the berth priority call right agreed in the contract signed with the customer in 2003, the total amount is USD 14 million. The Group must give priority to the berthing requirements of the contract customers during the contract period. The Group amortized the berth priority right within 20 years. In 2018, the amount includes in operating income is RMB 3,524,793.38.

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

36. Share capital

Unit: RMB

Item	Opening balance	Changes for the period					Closing balance
		New issue of share	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
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	-	1,148,648,648.00	-	-	52,050.00	1,148,700,698.00	1,148,700,698.00
Total restricted tradable shares	160,106.00	1,148,648,648.00	-	-	52,050.00	1,148,700,698.00	1,148,860,804.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	464,859,300.00	-	-	-	(3,976.00)	(3,976.00)	464,855,324.00
2. Foreign capital shares listed domestically	179,744,324.00	-	-	-	(48,074.00)	(48,074.00)	179,696,250.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	644,603,624.00	-	-	-	(52,050.00)	(52,050.00)	644,551,574.00
III. Total shares	644,763,730.00	1,148,648,648.00	-	-	-	1,148,648,648.00	1,793,412,378.00
2017							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-
3. Other domestic shares	305,100.00	-	-	-	(144,994.00)	(144,994.00)	160,106.00
4. Other foreign shares	-	-	-	-	-	-	-
Total restricted tradable shares	305,100.00	-	-	-	(144,994.00)	(144,994.00)	160,106.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	464,866,050.00	-	-	-	(6,750.00)	(6,750.00)	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	644,458,630.00	-	-	-	144,994.00	144,994.00	644,603,624.00
III. Total shares	644,763,730.00	-	-	-	-	-	644,763,730.00

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37. Capital Reserve

Unit: RMB

Item	Opening balance (restated)	Increase	Decrease	Closing balance
2018				
Capital premium	18,848,680,489.20	1,164,197,108.39	583,183,507.54	19,429,694,090.05
Including: Capital contributed by investors	4,954,397,136.25	-	-	4,954,397,136.25
Differences arising from business combination involving enterprises under common control	13,894,283,352.95	-	583,183,507.54	13,311,099,845.41
Others(Note)	-	1,164,197,108.39	-	1,164,197,108.39
Other capital reserve	(2,781,133.00)	-	-	(2,781,133.00)
Including: Transfer from capital reserve under the previous accounting system	(2,781,133.00)	-	-	(2,781,133.00)
Total	18,845,899,356.20	1,164,197,108.39	583,183,507.54	19,426,912,957.05

Note: The income generated by China Merchants Port Holdings in the disposal of the company's equity in June 2018, referred to Notes (VI) 2.

Unit: RMB

Item	Opening balance (restated)	Increase	Decrease	Closing balance
2017				
Capital premium	13,887,026,547.40	4,961,653,941.80	-	18,848,680,489.20
Including: Capital contributed by investors	163,560,083.00	4,790,837,053.25	-	4,954,397,136.25
Differences arising from business combination involving enterprises under common control	13,723,466,464.40	170,816,888.55	-	13,894,283,352.95
Other capital reserve	(2,781,133.00)	-	-	(2,781,133.00)
Including: Transfer from capital reserve under the previous accounting system	(2,781,133.00)	-	-	(2,781,133.00)
Total	13,884,245,414.40	4,961,653,941.80	-	18,845,899,356.20

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

38. Other comprehensive income

Unit: RMB

Item	Opening balance (restated)	Amount incurred in current year						Closing balance
		Amount before income tax incurred in current year	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	Less: Income tax expense	After-tax income attributable to the parent company owner	After-tax income attributable to minority shareholders	The impact of business combination under common control	
2018:								
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	(742,874,052.89)	(127,586,823.04)	-	1,125,715.00	(48,671,312.79)	(80,041,225.25)	867,218,499.76	75,673,134.08
Including: Change as a result of remeasurement of the net defined benefit plan liability or asset	-	(20,136,880.35)	-	-	(7,943,999.30)	(12,192,881.05)	7,943,999.30	-
Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss	-	(116,954,783.85)	-	-	(46,138,662.23)	(70,816,121.62)	46,138,662.23	-
Changes in fair value of other equity instruments	(742,874,052.89)	9,504,841.16	-	1,125,715.00	5,411,348.74	2,967,777.42	813,135,838.23	75,673,134.08
II. Other comprehensive income that will be reclassified subsequently to profit or loss	13,252,844.49	333,315,323.72	-	-	90,449,399.81	242,865,923.91	(90,449,399.81)	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	(20,157,413.77)	-	-	(7,952,099.73)	(12,205,314.04)	7,952,099.73	100,000.00
Translation differences of financial statements denominated in foreign currencies	13,152,844.49	353,472,737.49	-	-	98,401,499.54	255,071,237.95	(98,401,499.54)	13,152,844.49
Total	(729,621,208.40)	205,728,500.68	-	1,125,715.00	41,778,087.02	162,824,698.66	776,769,099.95	88,925,978.57

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

39. Other comprehensive income - continued

Unit: RMB

Item	Opening balance (restated)	Amount incurred in current year						Closing balance
		Amount before income tax incurred in current year	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	Less: Income tax expense	After-tax income attributable to the parent company owner	After-tax income attributable to minority shareholders	The impact of business combination under common control	
2017:								
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	-	176,570,902.51	-	-	65,863,882.85	110,707,019.66	(65,863,882.85)	-
Including: Change as a result of remeasurement of the net defined benefit plan liability or asset	-	23,085,250.68	-	-	5,313,793.20	17,771,457.48	(5,313,793.20)	-
Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss	-	153,485,651.83	-	-	60,550,089.65	92,935,562.18	(60,550,089.65)	-
II. Other comprehensive income that will be reclassified subsequently to profit or loss	(8,039,646.43)	759,286,170.35	265,589,702.16	27,661,768.24	176,340,879.94	289,693,820.01	(175,365,879.94)	(7,064,646.43)
Including: Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss	100,000.00	445,196,749.12	-	-	175,630,117.53	269,566,631.59	(175,630,117.53)	100,000.00
Gains or losses on change in fair value of available-for-sale financial assets	5,572,500.00	514,409,289.75	265,589,702.16	27,661,768.24	87,348,744.15	133,809,075.20	(86,373,744.15)	6,547,500.00
Translation differences of financial statements denominated in foreign currencies	(13,712,146.43)	(200,319,868.52)	-	-	(86,637,981.74)	(113,681,886.78)	86,637,981.74	(13,712,146.43)
Total	(8,039,646.43)	935,857,072.86	265,589,702.16	27,661,768.24	242,204,762.79	400,400,839.67	(241,229,762.79)	(7,064,646.43)

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

40. Special reserve

Unit: RMB

Item	Opening balance (restated)	Increase	Decrease	Closing balance
2018:				
Production safety reserve	4,767,373.45	24,165,961.75	20,702,254.77	8,231,080.43
2017:				
Production safety reserve	4,145,765.65	17,456,696.76	16,835,088.96	4,767,373.45

41. Surplus reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
2018:				
Statutory surplus reserve	520,074,434.56	7,101,474.11	-	527,175,908.67
2017:				
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.

According to the resolution of the board of directors, the company appropriates a statutory surplus reserve of RMB 7,101,474.11 based on 10% of net profit for 2018 (2017: zero appropriation to surplus reserve).

42. Unappropriated profit

Unit: RMB

Item	Amount	Proportion of appropriation or allocation
2018:		
Unappropriated profit at the end of prior year before adjustment	3,566,083,142.17	
Adjustment of total unappropriated profit at the beginning of year	5,716,548,113.47	Note1
Unappropriated profit at the beginning of year after adjustment	9,282,631,255.64	
Add: Net profit attributable to shareholders of the Company for the year	1,090,418,910.77	
Less: Appropriation to statutory surplus reserve	7,101,474.11	Note2
Appropriation to discretionary surplus reserve	-	
Appropriation to risk preparation	-	
Ordinary shares' dividends payable	850,443,359.86	Note3
Ordinary shares' dividends converted into share capital	-	
Others	599,688,222.23	Note4
Unappropriated profit at the end of the year	8,915,817,110.21	

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

41. Unappropriated profit - continued

Unit: RMB

Item	Amount	Proportion of appropriation or allocation
2017:		
Unappropriated profit at the end of prior year before adjustment	3,381,390,887.86	
Adjustment of total unappropriated profit at the beginning of year	4,254,259,872.38	Note1
Unappropriated profit at the beginning of year after adjustment	7,635,650,760.24	
Add: Net profit attributable to shareholders of the Company for the year	2,365,214,907.45	
Less: Appropriation to statutory surplus reserve	-	
Appropriation to discretionary surplus reserve	-	
Appropriation to risk preparation	-	
Ordinary shares' dividends payable	319,802,810.08	
Ordinary shares' dividends converted into share capital	-	
Others	1,214,754,940.14	Note4
Unappropriated profit at the end of the year	8,466,307,917.47	

Note1: Details of adjustment to total unappropriated profit at the beginning of year:

As Notes (III) 31, due to the impact of changes in accounting policies, the Group increased the unappropriated profit at the beginning of the year by RMB 816,323,338.17.

As Notes (VI) 2, due to the impact of business combination under common control, the unappropriated profit at the beginning of the year was increased by RMB 4,900,224,775.30, and the unappropriated profit at the beginning of the previous year was RMB 4,254,259,872.38.

Note2: 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.

Note3: Profit distribution decided after the balance sheet date

According to the resolution of the shareholders' meeting of March 28, 2018, the company will distribute cash dividends of RMB 13.19 (including tax) for every 10 shares based on the total shares of 644,763,730 shares as of the end of 2017, and a total cash dividend of RMB 850,443,359.86.

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41. Unappropriated profit - continued

Note4: As Notes (VI) 2, on 25 December 2018, the Company acquired 39.45% equity of China Merchants Port Holdings and included it as a subsidiary of the business combination under the same control. The Group included the corresponding financial statements in the preparation of the consolidated financial statements. The proportion of its shareholding of 39.45% is calculated and the amount of the profit distribution of the China Merchants Port Holdings is calculated and reported.

Note5: Resolution of profit distribution after the balance sheet date

According to the 2018 annual profit distribution plan adopted by the Company at the 5th meeting of the 9th Board of Directors held on March 28, 2019, the company distributed cash dividends based on the total shares of 1,793,412,378 shares as of December 31, 2018. RMB 204,449,011.09. The above dividend distribution plan has yet to be reviewed and approved by the shareholders meeting.

43. Operating income and operating costs

Unit: RMB

Item	2018		2017(restated)	
	Income	Cost	Income	Cost
Principal operating	9,570,796,336.11	5,517,782,669.86	7,460,150,682.76	4,481,568,589.16
Other operating	132,598,286.47	221,458,726.01	84,484,602.20	228,744,071.35
Total	9,703,394,622.58	5,739,241,395.87	7,544,635,284.96	4,710,312,660.51

44. Taxes and levies

Unit: RMB

Item	2018	2017(restated)
Property tax	50,993,199.89	28,897,407.11
Stamp duty	45,775,414.65	350,759.93
Land holding tax	15,095,001.85	13,874,451.73
City construction and maintenance tax	5,258,434.33	6,155,605.48
Education surcharges	4,059,161.54	4,014,776.21
Others(Note)	114,772,591.25	18,691,283.09
Total	235,953,803.51	71,984,283.55

Note: Others including: 1. Contribution for the financing of social security, a tax based on the corporation's income, the amount is BRL 28,039,842.78; 2. Tax for service based on services provided, the amount is BRL 23,229,627.12.

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

45. Administrative expenses

Unit: RMB

Item	2018	2017(restated)
Employee's salary	702,986,443.49	534,635,252.36
Fees paid to agencies	233,972,825.17	38,630,088.41
Depreciation expenses	42,634,581.68	28,699,209.39
Amortization of intangible assets	14,013,965.69	14,109,534.56
Others	258,257,859.42	237,826,805.18
Total	1,251,865,675.45	853,900,889.90

46. Financial expenses

Unit: RMB

Item	2018	2017(restated)
Interest expense	1,672,764,416.74	1,159,304,941.02
Less: Capitalized interest expenses	38,663,084.94	29,632,413.22
Less: Interest income	272,453,293.86	116,797,403.30
Exchange differences	235,825,068.78	(74,223,354.90)
Handling fee	37,531,206.16	9,788,095.70
Others	8,413,790.07	6,966,783.16
Total	1,643,418,102.95	955,406,648.46

47. Impairment losses of assets

Unit: RMB

Item	2018	2017(restated)
I. Bad debt losses		(7,843,782.40)
II. Impairment on long-term equity investments	-	640,585,551.00
Total	-	632,741,768.60

48. Impairment credit loss

Unit: RMB

Item	2018	2017
I. Impairment of credit loss on notes receivable and accounts receivable	(3,102,192.00)	
II. Impairment of credit loss on other receivables	9,760,870.10	
III. Impairment of credit loss on long-term receivables	784,171.05	
IV. Others	85,731.45	
Total	7,528,580.60	

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49. Other income

Unit: RMB

Item	2018	2017 (restated)	Related to assets / related to income
Recognition of deferred income	9,551,510.74	13,023,645.38	Related to assets
Shenzhen Municipal Finance Committee policy subsidy	5,767,400.00	-	Related to income
2017 annual port business support subsidy	5,602,326.79	-	Related to income
Central Infrastructure Investment--Brazil TCP Terminal Item (Previous Work Part) Grant Fund	5,161,467.89	-	Related to income
Electricity subsidy	4,040,714.30	-	Related to income
2017 Port Container Throughput Business Increase Subsidy	3,500,000.00	-	Related to income
Special fund for the development of modern logistics industry in Shenzhen	3,000,000.00	-	Related to income
Refund of withholding tax payment	2,334,770.36	-	Related to income
Financial subsidy of Container Throughput Trade	1,999,631.00	-	Related to income
Shenzhen Economic, Trade and Information Technology Committee 2017 Foreign Economic and Trade Development Special funds (cross-border e-commerce) subsidies (trade clearance facilitation platform)	1,904,900.00	-	Related to income
Enterprise subsidy of Shenzhen Science and Technology Innovation Committee (the first batch of the fourth batch)	1,685,000.00	-	Related to income
Shenzhen Science and Technology Innovation Committee 2017 Corporate Research and Development Funding Fund	1,450,000.00	-	Related to income
Research and development funding	1,239,000.00	881,000.00	Related to income
Shenzhen Science and Technology Innovation Committee - the third batch of enterprise funding in the high-tech zone	1,037,000.00	-	Related to income
Fujian Provincial Port and Shipping Development Special Fund	1,029,000.00	-	Related to income
2017 International Capacity Cooperation Grant Fund	-	15,000,000.00	Related to income
2016 port business subsidy funds	-	5,058,295.00	Related to income
Qianhai cross-border e-commerce support funds	-	4,920,000.00	Related to income
Funding for cross-border e-commerce projects for special funds for central foreign trade and economic development	-	2,040,000.00	Related to income
Others	6,877,406.56	3,235,522.63	Related to income
Total	56,180,127.64	44,158,463.01	

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

50. Investment income

(1) Details of investment income

Unit: RMB

Item	2018	2017(restated)
Long-term equity investments income under equity method	3,913,864,538.60	4,681,582,632.76
Investment income on sale of long-term equity investments	-	750,788,928.68
Investment income on sale of available-for-sale financial assets		265,589,701.73
Investment income on available-for-sale financial assets		73,333,443.50
Investment income on other equity instruments	8,228,975.00	
Investment income on other non-current financial assets	45,661,915.63	
Others	72,720.25	-
Total	3,967,828,149.48	5,771,294,706.67

There are no major restrictions on the remittance of the Group's investment income.

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

Unit: RMB

Investee	2018	2017 (restated)	Reason for changes
Shanghai International Port (Group) Co., Ltd.	2,571,370,986.64	2,986,681,299.47	Changes in net profit of investee
Terminal Link SAS	357,885,181.99	304,871,290.69	Changes in net profit of investee
Nanshan Group	220,478,175.60	380,486,882.72	Changes in net profit of investee
Qingdao Qianwan United Container Terminal Co., Ltd.	141,704,248.41	163,655,930.56	Changes in net profit of investee
Dalian Port Co., Ltd.	112,882,708.11	105,414,178.27	Changes in net profit of investee
Euro-Asia Oceangate, S.a` r.l.	108,552,693.45	74,107,255.10	Changes in net profit of investee
COHA (Laizhou)	48,450,765.57	42,846,672.03	Changes in net profit of investee
Port of Newcastle	8,870,390.98	-	Changes in net profit of investee
China International Marine Containers (Group) Shares Limited	-	165,369,876.99	Sales of long-term equity investment
Zhanjiang Port (Group) Co., Ltd.	(36,596,428.75)	(32,515,588.04)	Changes in net profit of investee
Others	380,265,816.60	490,664,834.97	Changes in net profit of investee
Total	3,913,864,538.60	4,681,582,632.76	

51. Gains(losses) on changes in fair value

Unit: RMB

Item	2018	2017(restated)
Other non-current financial assets	(948,440,538.45)	-
Including: Financial assets measured at fair value through profit or loss	(948,440,538.45)	-
other non-current liabilities	(125,966,299.23)	-
Including: Financial liabilities measured at fair value through profit or loss	(125,966,299.23)	-
Total	(1,074,406,837.68)	-

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

52. Gains (losses) on disposal of assets

Unit: RMB

Item	2018	2017 (restated)	Amount recognized as non-recurring gain and loss in the current period
Gains (losses) on disposal of non-current assets	19,258,495.33	(391,053.09)	19,258,495.33
Including: Gains (losses) on disposal of fixed assets	18,151,195.97	(3,719,537.83)	18,151,195.97
Others	1,107,299.36	3,328,484.74	1,107,299.36

53. Non-operating income

Unit: RMB

Item	2018	2017 (restated)	Amount recognized as non-recurring gain and loss in the current period
Compensation received for contracts violation	945,809.03	633,155.24	945,809.03
Insurance compensation received	540,000.00	-	540,000.00
Government grants	634,505.42	482,082.82	634,505.42
Others	65,008,375.53	22,390,340.09	65,008,375.53
Total	67,128,689.98	23,505,578.15	67,128,689.98

53. Non-operating expenses

Unit: RMB

Item	2018	2017 (restated)	Amount recognized as non-recurring gain and loss in the current period
Penalties	49,204,874.59	276,000.00	49,204,874.59
Losses on retirement of non-current assets	32,095,701.53	44,424.51	32,095,701.53
Donation	12,070,408.91	42,165,120.27	12,070,408.91
Others	31,660,313.54	3,115,741.44	31,660,313.54
Total	125,031,298.57	45,601,286.22	125,031,298.57

54. Income tax expenses

Unit: RMB

Item	2018	2017(restated)
Current tax expenses	510,367,919.37	488,899,010.45
Deferred income tax	218,072,619.23	91,559,468.35
Total	728,440,538.60	580,458,478.80

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

54. Income tax expenses - continued

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

Item	Unit: RMB	
	2018	2017 (restated)
Accounting profit	3,614,355,292.56	6,018,008,167.79
Income tax expenses calculated at 25%	903,588,823.14	1,504,502,041.95
Effect of non-deductible expenses and losses	317,900,855.16	252,110,058.94
Accrued income tax expenses	509,742,164.89	337,151,647.63
Effect of previous deductible losses and deductible temporary differences unrecognized as deferred tax assets	118,205,066.38	78,120,672.31
Effect of tax-free income (Note)	(682,015,134.39)	(898,437,828.02)
Effect of tax preference policy	(309,855,093.00)	(325,608,548.39)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(137,300,892.53)	(325,633,891.21)
Effect of recognition of deductible losses of previously-unrecognized deferred tax assets	(44,825,432.51)	(26,783,743.21)
Effect of adjustments to previous year income tax	(3,138,487.61)	95,154.17
Tax adjustments result in changes in the opening deferred tax assets / liabilities balance	-	395,301.67
Others	56,138,669.07	(15,452,387.04)
Income tax expenses	728,440,538.60	580,458,478.80

Note: Effect of tax-free income is mainly effect on income tax on gain of investments in joint venture and associates.

55. Assets with restricted ownership or usage right

Item	Unit: RMB	
	Closing balance	Opening balance(restated)
Cash and bank balances (Note 1)	1,697,027,200.00	-
Fixed assets (Note 2.Note 3)	5,825,207,339.57	6,990,903,829.37
Equity investment in Colombo International Container Terminals Limited (Note 4)	1,526,241,901.61	1,436,892,458.07
Equity investment in Thesar Maritime Limited (Note 4)	767,331,789.70	729,773,420.12
Intangible assets (Note 3)	161,408,030.71	164,783,981.14
Construction in process (Note 3)	43,352,104.93	4,499,011.90
Total	10,020,568,366.52	9,326,852,700.60

Note1: See Notes (V) 1 for restrict cash.

Note2: See Notes (V) 13 financial leased fixed assets.

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

55. Assets with restricted ownership or usage right - continued

Note3: Guangdong Yide Port Co. Ltd. acquired mortgage loans by pledged land with use right and property right, fixed assets and construction in process, details referred to notes (V) 29.

As at December 31, 2018, the book value of the mortgage land use right in the Port of Suide was RMB 161,408,030.71, the book value of the mortgaged fixed assets was RMB 307,836,672.27, and the book value of the mortgaged construction in progress was RMB 43,352,104.93. TCP purchases fixed assets by way of a mortgage, and the book value of the fixed assets is RMB 977,216.17.

Note4: See notes (V) 29 pledged equity and equity investment.

56. Other comprehensive income

See notes (V) 38.

57. Notes to items in cash flow statement

(1) Operating cash inflow

Item	Unit: RMB	
	2018	2017(restated)
Contract compensation received	218,843,719.69	-
Interest income	214,787,250.36	114,433,142.20
Government grants	50,797,838.32	126,835,841.58
Guarantees and deposits	27,953,110.71	20,857,890.37
Insurance compensation received	16,320,537.80	7,700,961.48
Rentals	13,313,831.31	15,735,989.64
Refunds of harbor construction fee	96,876,815.04	91,598,931.94
Refunds of river channel occupation fee	-	14,469,500.00
Others	325,042,168.36	236,065,015.86
Total	963,935,271.59	627,697,273.07

(2) Operating cash outflow

Item	Unit: RMB	
	2018	2017(restated)
Administration expense and other operating expenses	255,069,427.76	110,684,200.65
Advance payment	155,172,493.64	40,679,722.24
Port construction fee	83,269,723.00	96,836,232.93
Berth dredging fee	73,263,986.30	15,853,578.00
Rentals	70,806,355.26	28,980,691.46
Port expenses	53,236,125.23	37,680,224.61
Guarantees and deposits	16,514,731.00	9,835,356.07
Cargo fee	2,668,097.85	3,006,275.75
Others	334,372,971.69	244,564,502.74
Total	1,044,373,911.73	588,120,784.45

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

57. Notes to items in cash flow statement - continued

(3) Investment cash inflow

Unit: RMB

Item	2018	2017(restated)
Cash borrowings repayment received	120,500,000.00	96,868,451.25
Interests received from structured deposit	36,115,992.14	-
Cash received from acquisition of subsidiaries	-	121,305,946.92
Total	156,615,992.14	218,174,398.17

(4) Investment cash outflow

Unit: RMB

Item	2018	2017(restated)
Restricted cash due to acquisition of HIPG	965,644,000.00	-
Structured cash deposit	695,000,000.00	-
Income tax expenses on disposal of other equity instruments	25,463,391.23	44,950,077.56
Cash borrowings	-	1,013,445,000.00
Total	1,686,107,391.23	1,058,395,077.56

(5) Net cash payment for acquisition of subsidiaries

Unit: RMB

Item	2018
Cash and cash equivalents paid for merge and acquisition in current period	5,468,066,151.65
Including: TCP	5,468,066,151.65
Less: Cash and cash equivalents of subsidiaries on acquisition date	896,117,055.37
Including: TCP	896,117,055.37
Add: Cash and cash equivalents paid this year for previous merge and acquisition	4,359,147,699.53
Including: HIPG	4,359,147,699.53
Net cash payment for acquisition of subsidiaries	8,931,096,795.81

(6) Financing cash inflow

Unit: RMB

Item	2018	2017(restated)
CMPH disposes stock equity of the company	3,876,395,683.27	-

Note: See Notes (VI) 2.

(7) Financing cash outflow

Unit: RMB

Item	2018	2017(restated)
Debt issue costs	104,284,657.11	3,788,342.21
Payment for financial lease	39,828,477.15	28,196,148.11
Repayment to stock holders	1,833,400.80	51,264,227.69
Others	250,000.00	-
Total	146,196,535.06	83,248,718.01

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

58. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Closing balance	Opening balance (restated)
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,885,914,753.96	5,437,549,688.99
Add: Provision for impairment losses of assets	-	632,741,768.60
Impairment of credit loss	7,528,580.60	
Depreciation of fixed assets	1,298,671,209.43	997,765,905.13
Depreciation of investment property	183,248,437.37	196,198,784.24
Amortization of intangible assets	526,994,590.78	334,246,119.42
Amortization of long-term prepaid expenses	19,045,474.75	19,088,228.38
Losses (Gains) on disposal of fixed assets , intangible assets and other long-term assets	(19,258,495.33)	391,053.09
Losses on retirement of fixed assets , intangible assets and other long-term assets	32,095,701.53	44,424.51
Losses on changes in fair value	1,074,406,837.68	-
Financial expenses	1,869,926,400.58	1,080,537,549.18
Losses (Gains) arising from investments	(3,967,828,149.48)	(5,771,294,706.67)
Decrease (Increase) in deferred tax assets	(24,282,252.12)	1,398,127.04
Increase in deferred tax liabilities	242,354,871.34	378,486,734.05
Decrease in inventories	(25,110,483.47)	2,771,127.20
Decrease(Increase) in operating receivables	(261,424,216.35)	(19,560,328.96)
Increase in operating payables	446,292,163.57	184,672,562.08
Net cash flows from operating activities	4,288,575,424.84	3,475,037,036.28
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital	-	-
Convertible bonds due within one year	-	-
Fixed assets acquired under finance leases	-	-
3. Net changes in cash and cash equivalents:		
Closing balance of cash	5,373,281,504.75	7,729,460,082.75
Less: Opening balance of cash	7,729,460,082.75	3,253,467,084.65
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase (Decrease) in cash and cash equivalents	(2,356,178,578.00)	4,475,992,998.10

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance (restated)
I. Cash	5,373,281,504.75	7,729,460,082.75
Including: Cash on hand	349,650.07	598,357.70
Bank deposits	5,116,481,444.13	7,716,378,695.65
Other monetary funds	256,450,410.55	12,483,029.40
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	5,373,281,504.75	7,729,460,082.75

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

59. Foreign currency monetary items

Item	Closing balance of foreign currency	Exchange rate	Closing amount in RMB
Cash and bank balances			2,134,538,905.15
Including: HKD	388,017,311.40	0.8762	339,980,768.25
USD	181,063,964.19	6.8632	1,242,678,199.03
EUR	45,380,138.82	7.8473	356,111,563.36
RMB	195,768,374.51	1.0000	195,768,374.51
Accounts receivable			159,141,161.37
Including: HKD	10,874,226.31	0.8762	9,527,997.09
USD	7,793,262.71	6.8632	53,486,720.63
EUR	12,249,620.08	7.8473	96,126,443.65
Other receivables			574,646,768.14
Including: HKD	1,980,078.38	0.8762	1,734,944.68
USD	2,868,796.66	6.8632	19,689,125.24
EUR	27,528,800.67	7.8473	216,026,757.50
RMB	337,195,940.72	1.0000	337,195,940.72
Short-term borrowings			1,825,358,000.00
Including: HKD	830,000,000.00	0.8762	727,246,000.00
USD	160,000,000.00	6.8632	1,098,112,000.00
Notes and accounts payables			45,071,940.89
Including: HKD	1,614,214.78	0.8762	1,414,374.99
USD	98,070.00	6.8632	673,074.02
EUR	5,477,615.47	7.8473	42,984,491.88
Other payables			512,625,788.26
Including: HKD	20,347,108.99	0.8762	17,828,136.90
USD	44,990,560.79	6.8632	308,779,216.81
EUR	9,864,946.28	7.8473	77,413,192.94
RMB	108,605,241.61	1.0000	108,605,241.61
Non-current liabilities due within one year			220,116,765.00
EUR	28,050,000.00	7.8473	220,116,765.00
Long-term borrowings			1,926,978,130.00
USD	100,000,000.00	6.8632	686,320,000.00
EUR	158,100,000.00	7.8473	1,240,658,130.00
Bonds payable			21,384,578,670.28
RMB	3,000,000,000.00	1.0000	3,000,000,000.00
USD	2,678,718,188.35	6.8632	18,384,578,670.28
Long-term payables			423,754,200.00
EUR	54,000,000.00	7.8473	423,754,200.00

NOTES TO THE FINANCIAL STATEMENTS
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(VI) CHANGES IN SCOPE OF CONSOLIDATION

1. Business combination involving enterprises not under common control

(1) Business combination involving enterprises not under common control

Unit: RMB

Name of acquiree	Acquisition Date	Acquisition Cost	Proportion of equity acquired by business combination (%)	Acquisition Method	Purchase Date	Basis for determining the acquisition date	Revenue from the beginning of the period to the combination date	Net profit from the beginning of the period to the combination date
TCP	23 February 2018	5,622,128,181.38	90.00	Cash Payment	23 February 2018	Transfer of control	1,256,737,392.95	69,660,138.47

Note: As at 4 September 2017, the Group signed an agreement with TCP and its subsidiaries ("TCP Group") and multiple independent third parties who were former TCP shareholders. Pursuant to the agreement, the Group subscribed for 90% of the issued share capital of TCP at a price of BRL 2,811,941,923.95 (equivalent to RMB 5,468,066,151.65), and the Group issued a put option to the minority shareholders of the TCP group (hereinafter referred to as "option holders"). The relevant rights may be exercised two years after February 23, 2018. The option holder has the right to sell the stocks of TCP Group it holds in cash during the exercise period and to require the Group to purchase all remaining shares of the TCP Group it holds. At recognition, the fair value of the put option on the date of purchase is equivalent to RMB 154,062,029.73. The Group also acquires call options to purchase the entire remaining equity of the TCP Group held by the option holder. The above transaction was completed on February 23, 2018. Since then, the Group has been authorized to assign most of the board members of the TCP Board of Directors, and the Board of Directors is the authority that dominates the TCP-related business. Therefore, the Group is able to control TCP and incorporate it into the consolidated financial statements of the Group.

(2) Acquisition cost and goodwill

Unit: RMB

Acquisition cost	TCP
Consideration	5,622,128,181.38
Less: Fair value per share of acquired net identifiable assets	1,652,753,226.52
Goodwill	3,969,374,954.86

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(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued

1. Business combination involving enterprises not under common control - continued

(3) Carrying amount of the acquiree's assets and liabilities on the combination date

Unit: RMB

	TCP	
	Fair Value on Combination Date	Book Value on Combination Date
Assets:		
Current Assets	1,136,212,899.49	1,136,212,899.49
Fixed Assets	1,405,437,560.59	1,195,347,281.14
Construction in progress	468,950,467.03	468,950,467.03
Intangible assets	5,386,643,891.15	3,830,786,653.38
Deferred tax assets	31,600,449.30	31,600,449.30
Liabilities:		
Current liabilities	686,328,006.23	686,328,006.23
Long-term borrowings	763,828,636.10	763,828,636.10
Bonds payable	1,108,636,631.38	1,108,636,631.38
Long-term payables	3,425,767,336.76	3,425,767,336.76
Provisions	20,880,330.98	20,880,330.98
Deferred tax liabilities	587,011,852.20	126,850,494.80
Net assets	1,836,392,473.91	530,606,314.09
Less: Minority interests	183,639,247.39	53,060,631.41
Net assets acquired	1,652,753,226.52	477,545,682.68

2. Business combination involving enterprises under common control

(1) Business combination involving enterprises under common control

Unit: RMB

Name of merged party	Acquired Equity in proportion	Basis for formation of combination under the same control	Combination date	Basis for determining the combination date	Revenue from the beginning of the period to the combination date	Net profit from the beginning of the period to the combination date	Revenue in the comparative period	Net profit in the comparative period
CMPH	39.45	Note 1	25 December 2018	Note 1	7,729,738,537.45	2,685,592,888.44	5,668,455,620.87	4,928,289,403.49

Note: The Company and the acquiree are ultimately controlled by China Merchants Group Limited ("CMG") both before and after the combination, and that control is not transitory.

Prior to June 8, 2018, CMPH indirectly held 33.58% of the company's shares, and at the same time entrusted to manage 32.52% of the shares held by Nanshan Group, and held a total of 66.10% of the voting rights of the company, which can control the company. Due to the existence of a certain degree of horizontal competition between CMPH and the Company, in order to completely solve the problem of horizontal competition, the Company, CMPH and related parties implemented major asset restructuring transactions during the year.

(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued

2. Business combination involving enterprises under common control - continued

(1) Business combination involving enterprises under common control - continued

As at 5 February 2018, CMPH and its wholly-owned subsidiary Malai warehousing (Shenzhen) Co., Ltd. (hereinafter referred to as "Malai warehousing") and China Merchants Port Development (Shenzhen) Co., Ltd. signed a share transfer agreement, sale of 161,190,933 shares of A common stock shares of the Company held by China Merchants Holdings Limited (Shenzhen) Co., Ltd., representing approximately 25% of the total issued shares of the Company on the date of the agreement; CMPH has a wholly-owned subsidiary Feng Enterprise Co., Ltd. and Bradford International Co., Ltd. signed a share transfer agreement to sell 55,314,208 shares of B common stock shares of the Company to Bradford International Co., Ltd., accounting for 8.58% of the total issued shares of the company on the date of the agreement; Nanshan Group, a joint venture of the Port Holdings, signed a share transfer agreement with China Merchants Kongtong Development (Shenzhen) Co., Ltd., and sold 209,687,067 A common stock shares of its shares to China Merchants Gangtong Development (Shenzhen) Co., Ltd. 32.52% of all issued shares of the company on the date of signing the agreement. On the same day, CMPH and Nanshan Group signed an agreement to terminate the agreement to host the A common stock shares of the Company held by Nanshan Group. As at June 8, 2018, the above equity transaction was completed, and CMPH was no longer the parent company of the company.

As at 19 June 2018, the company and CMID signed the "issuing shares to purchase assets agreement", according to the agreement. The company purchased 1,313,541,560 ordinary shares of CMPH held by CMID, representing approximately 39.45% of the issued shares of CMPH (hereinafter referred to as "Target assets"), the transaction amount is RMB 246.50 million. On 16 November 2018, the company's shares issued to CMID were completed in China Securities Depository and Clearing Co., Ltd. Shenzhen Branch, and CMID officially became a shareholder of the Company. On the same day, the "Consensus Action Agreement on China Merchants Port Holdings Limited" signed by the Company and CMHK came into effect. According to the agreement, CMHK has voting rights on 22.64% of CMPH, which it is entrusted to exercise. China Merchants Port Controlling Shareholders' Meeting held unanimous agreement with the Company when voting on the deliberation matters, and voted based on the opinions of the Company. After the completion of the above transaction, CMID acquired 64.05% of the shares of the Company; the Company holds a total of 62.09% of the voting rights of CMPH, which can control it. Therefore, starting from December 25, 2018, the Company refers to the accounting treatment method of business combination under the common control, and incorporates CMPH into the consolidated scope of the Company's consolidated financial statements from the beginning of the comparative financial statements.

(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued

2. Business combination involving enterprises under common control - continued

(2) Acquisition cost

Unit: RMB	
Acquisition cost	CMPH
Face value of issued equity securities	1,148,648,648.00
Contingent consideration	-
Total	1,148,648,648.00

(3) Contingent consideration

As at 19 June 2018 and 9 July 2018, the Company and CMID signed the "Compensation Agreement for the Issuance of Shares to Purchase Assets" and the "Supplemental Agreement for the Issuance of Assets for Impairment Compensation Agreement". It is agreed that the company will conduct an impairment test in the year of completion of the transaction of the CMPH Shares held by CMID by way of issuance of shares (hereinafter referred to as "impairment compensation period"). During the period of the value compensation period, the value at the end of any accounting year is less than the purchase price, and CMID compensates the company for the impairment of the company's shares.

The valuation method of the underlying asset value adopts the comparable company method and the comparable transaction method, and combines the value of the underlying asset's net asset value and asset status, profit level, and industry status as reference.

As at 31 December 2018, after calculation and estimation, the management of the Company considered that there was no impairment of the underlying assets during the year and the fair value of the contingent consideration was zero.

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(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued

2. Business combination involving enterprises under common control - continued

(4) Carrying amount of the acquiree's assets and liabilities on the combination date

Unit: RMB

	Combining date	At the end of last year
Assets:		
Cash and bank balances	6,286,625,388.23	7,010,046,720.27
Notes and accounts receivable	886,192,452.65	687,058,097.67
Prepayments	120,136,139.67	68,274,723.92
Other receivables	784,384,329.86	1,102,454,504.60
Inventories	94,885,983.62	67,967,109.18
Assets held for sale	115,356,162.94	-
Other current assets	1,165,966,118.29	1,169,773,192.59
Available-for-sale financial assets		3,059,822,735.68
Long-term receivables	793,840,080.19	9,669,034.35
Long-term equity investments	49,203,721,619.70	42,671,121,909.29
Other equity investments	96,101,614.30	
Other non-current financial assets	2,087,872,081.94	
Investment properties	5,868,106,799.88	6,037,804,900.44
Fixed assets	19,873,743,830.72	19,999,622,807.44
Construction in progress	5,323,807,106.87	2,256,101,893.73
Intangible assets	19,631,243,508.67	14,899,396,341.07
Goodwill	7,331,044,944.18	3,046,815,005.07
Long-term prepaid expenses	184,721,499.76	202,064,891.53
Deferred tax assets	52,289,927.47	31,672,836.18
Other non-current assets	247,632,416.27	95,415,126.79
Liabilities:		
Short-term borrowings	2,478,045,312.62	2,580,000,000.00
Notes and accounts payable	347,093,777.13	236,483,248.53
Receipts in advance	28,185,109.50	61,659,604.71
Contract liabilities	47,581,489.59	
Employee benefits payable	379,272,707.40	295,466,425.37
Taxes payable	256,463,960.76	168,341,559.91
Other payables	2,075,705,657.54	6,357,346,447.29
Non-current liabilities due within one year	2,002,817,943.15	2,393,237,748.47
Other current liabilities	402,659,721.80	285,472,328.45
Long-term borrowings	6,971,479,842.18	7,670,516,491.15
Bonds payable	22,097,467,096.40	10,292,778,301.33
Long-term payable	1,266,057,088.66	1,247,806,274.43
Long-term employee benefits payable	375,325,127.65	350,750,123.90
Provisions	28,276,275.75	-
Deferred income	55,520,260.40	66,808,802.84
Special payables	-	10,412,745.10
Deferred tax liabilities	2,666,838,286.93	1,982,121,444.46
Other non-current liabilities	3,752,276,691.95	54,763,901.68
Net assets	74,916,605,655.80	68,361,116,382.18
Less: Minority interests	49,740,467,883.87	45,770,803,019.72
Net assets acquired	25,176,137,771.93	22,590,313,362.46

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NOTES TO THE FINANCIAL STATEMENTS
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(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued

3. Changes in scope of consolidation due to other reasons

(1) New subsidiaries due to assets acquisition in this period

Unit: RMB

Name of subsidiaries	Closing balance of net assets
Shenzhen Haixing Xiaoyetian Logistics Development Co., Ltd.	10,378,526.33
China Merchants Port (Zhoushan) RoRo Terminal Co., Ltd.	49,755,188.46
China Merchants Port (Zhoushan) RoRo Logistics Co., Ltd.	24,178,813.68

Note: As at 23 July 2018, Shenzhen Haixing Port Development Co., Ltd., a subsidiary of the Company, acquired 79.57% equity of Shenzhen Haixing Xiaoyetian Logistics Development Co., Ltd. for RMB 132,453,913.00.

As at 29 August 2018, the Company acquired 51% equity of China Merchants Port (Zhoushan) RoRo Logistics Co., Ltd. and 100% equity of China Merchants Port (Zhoushan) RoRo Terminal Co., Ltd. for RMB 149,709,800.00.

The above acquisitions are asset acquisitions and do not form a business combination.

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(VII) EQUITY IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Full name of the subsidiary	Principal place of business	Place of incorporation	Nature of business	Registered Capital (in ten thousand Yuan unless otherwise stated)	Proportion of ownership Interest (%)		Proportion of ownership Interest (%)
					Direct ownership interest	Direct ownership interest	
Shenzhen Chiwan International Freight Agency Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	550.00	100.00	-	Established through investment
Chiwan Wharf Holdings (Hong Kong) Limited.	Hong Kong SAR, PRC	Hong Kong SAR, PRC	Investment	HKD 1,000,000.00	100.00	-	Established through investment
Dongguan Chiwan Warf Co., Ltd. ("DGW")	Dongguan, PRC	Dongguan, PRC	Logistics support services	45,000.00	85.00	-	Established through investment
DGT.	Dongguan, PRC	Dongguan, PRC	Logistics support services	40,000.00	100.00	-	Established through investment
Hinwin Development Limited	Hong Kong SAR, PRC	Hong Kong SAR, PRC	Investment	HKD 10,000.00	100.00	-	Established through investment
CHCC	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	28,820.00	100.00	-	Combination involving enterprises under common control
Shenzhen Chiwan Transportation Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	1,500.00	100.00	-	Combination involving enterprises under common control
CCT	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	USD 95,300,000.00	55.00	20.00	Combination involving enterprises under common control
Shenzhen Chiwan Tugboat Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	2,400.00	100.00	-	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	100.00	-	Combination involving enterprises under common control
China Merchants Port Holdings (Note 1)	Hong Kong SAR, PRC	Hong Kong SAR, PRC	Investment	HKD39,070.13million	39.45	-	Combination involving enterprises under common control
CMBL.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	70,000.00	40.00	60.00	Combination involving enterprises under common control
China Merchants International Information Technology Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Information Technology	5,000.00	23.16	76.84	Combination involving enterprises under common control
China Merchants International (China) Investment Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Investment	USD 30,000,000.00	-	100.00	Combination involving enterprises under common control
CMT	Qingdao PRC	Qingdao PRC	Logistics support services	USD 206.30 million	-	100.00	Combination involving enterprises under common control
CMHIT	Hong Kong SAR, PRC	Hong Kong SAR, PRC	Logistics support services	HKD 500,000.00	-	100.00	Combination involving enterprises under common control
China Merchants Port (Shenzhen) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	55,000.00	-	100.00	Combination involving enterprises under common control
SZHQ.	Shenzhen, PRC	Shenzhen, PRC	Engineering supervision	300.00	-	100.00	Combination involving enterprises under common control
ATJ	Shenzhen, PRC	Shenzhen, PRC	Storage	HKD 100.00 million	-	100.00	Combination involving enterprises under common control
ASJ	Shenzhen, PRC	Shenzhen, PRC	Storage	HKD 100.00 million	-	100.00	Combination involving enterprises under common control
China Merchants International Terminal (Qingdao) Co., Ltd.	Qingdao PRC	Qingdao PRC	Logistics support services	USD 44.00 million	-	90.10	Combination involving enterprises under common control
Colombo International Container Terminals Limited	Sri Lanka	Sri Lanka	Logistics support services	USD 150.00 million	-	85.00	Combination involving enterprises under common control
SMPS	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	20,000.00	-	100.00	Combination involving enterprises under common control
SMTG	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	33,500.00	-	100.00	Combination involving enterprises under common control
SMWC	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	20,000.00	-	100.00	Combination involving enterprises under common control
Zhangzhou China Merchants Tugboat Co Ltd.	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	1,500.00	-	70.00	Combination involving enterprises under common control
Zhangzhou China Merchants Port Co Ltd.	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	100,000.00	-	60.00	Combination involving enterprises under common control
ZCMG(Note2)	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	44,450.00	-	31.00	Combination involving enterprises under common control
China Merchants (SCT) Holdings Company Limited	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	HKD 618.20 million	-	80.00	Combination involving enterprises under common control
Shekou Container Terminals (Phase II) Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	60,854.90	-	80.00	Combination involving enterprises under common control
SCT3	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	127,600.00	-	80.00	Combination involving enterprises under common control
AYJ	Shenzhen, PRC	Shenzhen, PRC	Storage	6,060.00	-	80.00	Combination involving enterprises under common control
Shenzhen Haixing Port Development Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	53,072.92	-	67.00	Combination involving enterprises under common control
YDG	Foshan, PRC	Foshan, PRC	Logistics support services	21,600.00	-	51.00	Combination involving enterprises under common control
Mega Shekou Container Terminals Limited	British Virgin Islands	British Virgin Islands	Investment	USD 120.00	-	85.42	Combination involving enterprises under common control
Thesar Maritime Limited	Cyprus	Cyprus	Investment	EUR 5,000.00	-	50.00	Combination involving enterprises under common control
Lomé Container Terminal S. A. (Note3)	Togolese Republic	Togolese Republic	Logistics support services	FCFA 200.00 million	-	35.00	Combination involving enterprises under common control
HIPG	Sri Lanka	Sri Lanka	Logistics support services	USD 794.00 million	-	85.00	Combination involving enterprises under common control
Shantou China Merchants Port Co., Ltd.	Shantou, PRC	Shantou, PRC	Logistics support services	12,500.00	-	60.00	Combination involving enterprises under common control
JYRT	Shenzhen, PRC	Shenzhen, PRC	Property rental services	80,000.00	-	100.00	Combination involving enterprises under common control

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(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Full name of the subsidiary	Principal place of business	Place of incorporation	Nature of business	Registered Capital (in ten thousand Yuan unless otherwise stated)	Proportion of ownership Interest (%)		Proportion of ownership Interest (%)
					Direct ownership interest	Direct ownership interest	
QHW	Shenzhen, PRC	Shenzhen, PRC	Property rental services	20,000.00	-	100.00	Combination involving enterprises under common control
JZZ	Shenzhen, PRC	Shenzhen, PRC	Investment Consulting	4,000	-	75.00	Combination involving enterprises under common control
Shenzhen Lianda Tugboat Co., Ltd.	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	200	-	60.29	Combination involving enterprises under common control
Zhangzhou Zhongli Outer Wheel Tally Co., Ltd	Zhangzhou, PRC	Zhangzhou, PRC	Logistics support services	200	-	84.00	Combination involving enterprises under common control
China Merchants Holdings (Djibouti) FZE	Djibouti	Djibouti	Logistics support services	USD 38.14 million	-	100.00	Combination involving enterprises under common control
TCP(Note1)	Brazil	Brazil	Logistics support services	BRL 68.85 million	-	90.00	Combination involving enterprises not under common control
China Merchants Port (Zhoushan) RoRo Logistics Co., Ltd. (Note1)	Shantou, PRC	Shantou, PRC	Logistics support services	17,307.86	51.00	-	Assets Acquisition
China Merchants Port (Zhoushan) RoRo Terminal Co., Ltd. (Note1)	Shantou, PRC	Shantou, PRC	Logistics support services	5,000.00	-	51.00	Assets Acquisition
Shenzhen Haixing Xiaoyetan Logistics Development Co., Ltd. (Note1)	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	7,066.79	-	79.57	Assets Acquisition

Note 1: See notes (VI).

Note 2: The Group and China Merchants Zhangzhou Development Zone Co., Ltd. signed the "Equity Custody Agreement". China Merchants Zhangzhou Development Zone Co., Ltd. entrusted 29% of its equity in ZCMG to the Group's operations and management. Therefore, the Group's voting rights to ZCMG is 60%, which included in the consolidation scope of the Group.

Note 3: The Group has the right to appoint the majority of Executive Committee members of Lomé Container Terminal S.A., so the Group has included the company in the consolidated financial statements.

(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
CMPH	60.55	1,795,466,614.72	1,801,409,418.27	49,740,467,883.83

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(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
CMPH	9,453,546,575.26	110,694,125,429.95	120,147,672,005.21	8,017,825,679.49	37,213,240,669.92	45,231,066,349.41	10,105,574,348.23	92,309,507,481.57	102,415,081,829.80	12,378,007,362.73	21,675,958,084.89	34,053,965,447.62

Unit: RMB

Name of the subsidiary	2018				2017			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Operating cash flows
CMPH	7,729,738,537.45	2,685,592,888.44	2,886,818,529.12	3,595,234,888.15	5,668,455,620.87	4,928,289,403.49	5,569,920,005.94	2,495,218,955.91

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(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 (%)		Accounting method of investments in joint ventures and associates
				Directly	Indirectly	
Joint ventures						
Shanghai International Port (Group) Co., Ltd.	Shanghai, PRC	Shanghai, PRC	Port and container terminal business	-	26.77	Equity method

(2) Financial information of material joint venture

Unit: RMB

Item	Shanghai International Port (Group) Co., Ltd.	
	Closing balance/2018	Opening balance/2017
Current assets	47,842,620,837.32	50,265,638,309.88
Including: cash and cash equivalent	27,935,157,994.83	20,246,034,398.90
Non-current assets	96,524,413,178.58	90,969,266,684.14
Total assets	144,367,034,015.90	141,234,904,994.02
Current liabilities	31,676,398,710.35	38,083,862,202.13
Non-current liabilities	30,340,320,855.30	26,094,575,871.54
Total liabilities	62,016,719,565.65	64,178,438,073.67
Minority interests	6,802,318,747.82	7,572,086,010.64
Total equity attributable to shareholders of the parent company	75,547,995,702.43	69,484,380,909.71
Net assets calculated based on the proportion of ownership interest	20,216,643,649.97	18,378,618,750.62
Adjustments		
- Goodwill	2,076,585,747.12	1,834,571,145.21
- Others	(105,669,326.14)	(72,729,483.24)
Carrying amounts of equity investments in Joint Ventures	22,187,560,070.95	20,140,460,412.59
Fair value of joint venture equity investment with public quotation	32,129,272,123.48	40,766,914,309.10
Income tax expenses	38,042,544,621.37	37,423,946,226.91
Net profit	11,472,021,103.16	12,846,413,455.93
Other comprehensive income	(954,348,960.96)	1,525,862,566.50
Total comprehensive income	10,517,672,142.20	14,372,276,022.43
Dividends received from joint ventures in the current year	1,059,194,508.74	913,488,707.16

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

(VII) EQUITY IN OTHER ENTITIES - continued

2. Interests in joint ventures and associates - continued

(3) Summarized financial information of immaterial associates and joint ventures

Unit: RMB

	Closing balance/2018	Opening balance/2017
Joint ventures:		
Total carrying amounts of investment	11,230,302,154.26	8,933,914,027.28
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	429,904,250.47	376,916,082.57
- Other comprehensive income	(5,608,904.12)	22,002,683.51
- Total comprehensive income	424,295,346.35	398,918,766.08
Associates:		
Total carrying amounts of investment	16,758,715,038.19	14,086,475,367.61
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	912,589,301.49	1,317,985,250.72
- Other comprehensive income	(31,643,724.68)	77,536,453.90
- Total comprehensive income	880,945,576.81	1,395,521,704.62

(4) As at 31 December 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, available-for-sale financial assets, 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 Notes (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 FCFA and HKD. Several of the Group's subsidiaries have purchases and sales denominated in HKD while the Group's other principal activities are denominated and settled in RMB. As at 31 December 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 balance	Opening balance(restated)
Cash and bank balances	2,134,538,905.15	900,731,401.82
Notes and accounts receivable	159,141,161.37	24,592,272.50
Other receivables	574,646,768.14	3,446,717,477.66
Short-term borrowings	1,825,358,000.00	-
Notes and accounts payable	45,071,940.89	6,767,235.27
Other payables	512,625,788.26	53,024,698.55
Non-current liabilities due within one year	220,116,765.00	-
Long-term borrowings	1,926,978,130.00	-
Bonds payable	21,384,578,670.28	2,500,000,000.00
Long-term payables	423,754,200.00	423,754,200.00

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.

NOTES TO THE FINANCIAL STATEMENTS
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(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

1. Risk management objectives and policies - continued

1.1 Market risk - continued

1.1.1 Currency risk - continued

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 (restated)	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
All foreign currencies	5% increase against RMB	(11,394,591.45)	(11,394,591.45)	23,982,328.89	23,982,328.89
All foreign currencies	5% decrease against RMB	11,394,591.45	11,394,591.45	(23,982,328.89)	(23,982,328.89)
All foreign currencies	5% increase against USD	17,324.20	17,324.20	322,074.56	322,074.56
All foreign currencies	5% decrease against USD	(17,324.20)	(17,324.20)	(322,074.56)	(322,074.56)
All foreign currencies	5% increase against HKD	(1,098,658,981.68)	(1,098,658,981.68)	(67,627,776.68)	(67,627,776.68)
All foreign currencies	5% decrease against HKD	1,098,658,981.68	1,098,658,981.68	67,627,776.68	67,627,776.68
All foreign currencies	5% increase against FCFA	(63,413,556.92)	(63,413,556.92)	1,410,777.82	1,410,777.82
All foreign currencies	5% decrease against FCFA	63,413,556.92	63,413,556.92	(1,410,777.82)	(1,410,777.82)

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 loans with floating interest rate. (See Notes (V) 20 and Notes (V) 29). This Group takes the measure of maintaining the floating interest rate of the bank loans, 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
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(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

1. Risk management objectives and policies - continued

1.1 Market risk - continued

1.1.2 Interest rate risk - changes in cash flows - continued

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

Unit: RMB

Item	Changes in interest rate	Closing balance		Opening balance (restated)	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
Short-term & Long-term borrowings	1% increase	(119,061,442.29)	(119,061,442.29)	(102,505,164.91)	(102,505,164.91)
Short-term & Long-term borrowings	1% decrease	119,061,442.29	119,061,442.29	102,505,164.91	102,505,164.91

1.1.3 Other price risk

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

1.2 Credit risk

As at 31 December 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.

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NOTES TO THE FINANCIAL STATEMENTS
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(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 loans and ensures compliance with loans 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
The non-derivative financial liabilities					
Short-term borrowings	3,425,291,312.62	3,478,169,207.83	3,478,169,207.83	-	-
Notes and accounts payable	429,120,690.97	429,120,690.97	429,120,690.97	-	-
Other payables	2,245,670,528.89	2,245,670,528.89	2,245,670,528.89	-	-
Non-current liabilities due within one year	2,243,283,834.91	2,660,121,708.86	2,660,121,708.86	-	-
Other current liabilities	602,659,721.80	608,495,040.88	608,495,040.88	-	-
Long-term borrowings	6,971,479,842.18	7,796,930,369.38	-	6,538,562,313.75	1,258,368,055.63
Bonds payable	22,097,467,096.40	27,296,882,971.12	605,139,169.55	18,009,414,364.38	8,682,329,437.19
Long-term payables	431,988,064.47	433,111,346.10	-	42,453,199.58	390,658,146.52
The derivative financial liabilities					
Other non-current liabilities	579,195,304.56	579,195,304.56	-	579,195,304.56	-

(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	9,800,000.00	-	238,048,314.30	247,848,314.30
Other non-current financial assets	1,551,815,520.48	-	536,056,561.46	2,087,872,081.94
Total assets measured at fair value continuously	1,561,615,520.48	-	774,104,875.76	2,335,720,396.24
Other non-current liabilities	-	-	3,839,742,307.01	3,839,742,307.01
Total liabilities measured at fair value continuously	-	-	3,839,742,307.01	3,839,742,307.01

NOTES TO THE FINANCIAL STATEMENTS
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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 and the Stock Exchange of Hong Kong Ltd. closing price of equity instruments at 29 December 2018.

3. Level 3 continuously fair value measure instruments, using valuation method and qualitative and quantitative information on important parameters.

Unit: RMB

Item	Closing Balance Fair Value	Opening Balance Fair Value	Valuation method	Input
Other investments in equity instruments	238,048,314.30	223,633,968.79	Net assets method	Net asset value
Other non-current financial assets	2,000,000.00	-	Discounted cash flow method	Discount rate
Other non-current financial assets	689,901.07	644,549.67	Net assets method	Net asset value
Other non-current financial assets	533,366,660.39	602,632,149.19	Comparative method of listed company	Stock Price
Other non-current liabilities	3,260,547,002.45	-	Discounted cash flow method	Discount rate
Other non-current liabilities	579,195,304.56	-	Option pricing method	Executive price, expected volatility, etc.

The fair value of other investments in equity instruments that are measured at fair value through profit or loss or other comprehensive income is determined using valuation methods such as discounted cash flow method, net assets method, and comparative method of listed company. At the time of valuation, the Group needs to estimate future cash flows, credit risk, market volatility and correlation, select an appropriate discount rate and consider the discount premium adjustment.

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

Financial assets and financial liabilities that are not measured at fair value include notes and accounts receivable, other receivables, Short-term borrowings, notes and accounts payable, other receivables, long-term borrowings, bonds payable, long-term payables.

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.

The fair value of note payable which has active market price should be determined by the active market price. The fair value of long-term borrowings, long-term payable and note payable without active market price, should be determined by the net present value of cash flow stated in contract and the discount rate which has the same rank of credit.

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(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 (%)
Broadford Global Limited	Parent company	Private limited company (share limited)	Hong Kong	Deng Weidong	Investment holding	HKD21,120,986,262	3.08%-	87.81 (Note)

Note: Broadford directly obtained 3.08% equity of the Company, 20.68% equity via its subsidiary China Merchants Port Development (Shenzhen) Co., Ltd., and obtained another 64.05% (details in Notes (VI) 6) equity by its subsidiary CMID, as at 28 December 2018, CMID entrusts its rights on the board of directors to through agreement arrangements. Therefore, Broadford totally held the Company's 87.81% of the voting shares, becoming the parent company of the Company.

The ultimate actual controller of the Company is CMG.

2. Subsidiaries of the Company

The general background and other related information of subsidiaries are set out in Notes (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 Notes (VII) 2.

Other joint ventures or joint ventures that occurred related party transactions and formed balances with the Group this year are as follows:

Name of other related parties	Relationships between other related parties and the Company
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi	Joint venture
Port of Newcastle and its subsidiaries	Joint venture
Ningbo Daxie Merchants International Wharf Co., Ltd.	Joint venture
Qingdao Qianwan United Container Terminal Co., Ltd.	Joint venture
Qingdao Qianwan West Port United Wharf Co., Ltd.	Joint venture
Qingdao Qianwan New United Container Terminal Co., Ltd.	Joint venture
Zhanjiang Port (Group) Co., Ltd.	Joint venture
China Overseas Harbour Affaris (Laizhou) Co., Ltd.	Joint venture
Great Horn Development Company FZCO	Associate Company
International Djibouti Industrial Parks Operation FZCO	Associate Company
Port de Djibouti S.A.	Associate Company
Terminal Link SAS	Associate Company
Nanshan Group and its subsidiaries	Associate Company
Shanghai International Port (Group) Co., Ltd.	Associate Company
Shenzhen Globex e-Service Inc	Associate Company
Shenzhen Baohong Trade Service Co., Ltd.	Associate Company
Tianjin Haitian Bonded Logistics Co., Ltd.	Associate Company
Modern Terminals Limited	Associate Company

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties of the Company

Unit: RMB

Name of other related parties	Relationships between other related parties and the Company
Zhangzhou COSCO Shipping Agency Co., Ltd	Associate Company
COFCO Merchants Bureau (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Associate Company
CHU KONG RIVER TRADE TERMINAL CO. LTD.	Associate Company
Qingdao Port International Co., Ltd	minority shareholders of subsidiaries
Hong Kong International Enterprises Limited	minority shareholders of subsidiaries
YiHai Kerry Investment Company Limited	minority shareholders of subsidiaries
CMHK	Controlled by the same ultimate actual controller
Sinotrans(NZ)Limited	Controlled by the same ultimate actual controller
Sinoway Shipping Limited	Controlled by the same ultimate actual controller
Guangzhou International Ocean Shipping Agency Co., Ltd.	Controlled by the same ultimate actual controller
Hoi Tung (Shanghai) Co., Ltd.	Controlled by the same ultimate actual controller
EuroAsia Dockyard Enterprise and development Ltd	Controlled by the same ultimate actual controller
Qingdao Bonded Logistics Park Sino-foreign Transport Warehousing Logistics Co., Ltd.	Controlled by the same ultimate actual controller
Qingdao Sino-foreign Transport Supply Chain Management Co., Ltd	Controlled by the same ultimate actual controller
Shenzhen Science and Technology University Phase II Real Estate Management Co., Ltd	Controlled by the same ultimate actual controller
Shenzhen Nanyou (Holdings) Ltd	Controlled by the same ultimate actual controller
Shenzhen Waidai Warehousing Co., Ltd.	Controlled by the same ultimate actual controller
China Merchants Landmark (Shenzhen) Co., Ltd	Controlled by the same ultimate actual controller
China Merchants Ocean Shipping Agency Shenzhen	Controlled by the same ultimate actual controller
Shenzhen Merchants Qianhai Industrial Development Co., Ltd.	Controlled by the same ultimate actual controller
CSC RoRo Logistics Co., Ltd	Controlled by the same ultimate actual controller
China Merchants (Shenzhen) Power Supply., Ltd	Controlled by the same ultimate actual controller
Shenzhen Merchants Construction Co., Ltd.	Controlled by the same ultimate actual controller
Shenzhen Merchants Commercial Property Investment Co., Ltd	Controlled by the same ultimate actual controller
Shenzhen Merchants Culture Industry Co., Ltd.	Controlled by the same ultimate actual controller
Shenzhen Investment Promotion Real Estate Management Co., Ltd..	Controlled by the same ultimate actual controller
China Ocean Shipping Tally Shenzhen CO., Ltd	Controlled by the same ultimate actual controller
China Marine Shipping Agency, Shenzhen Company Limited	Controlled by the same ultimate actual controller
Yiu Lian Dockyards (Shekou) Limited	Controlled by the same ultimate actual controller
Yiu Lian Dockyards Limited	Controlled by the same ultimate actual controller
Cm Houlder Insurance Brokers Limited	Controlled by the same ultimate actual controller
Investment Promotion Bureau Zhangzhou Development Zone Power Supply Co., Ltd..	Controlled by the same ultimate actual controller
China Merchants Godown, Wharf Transportation Company Limited	Controlled by the same ultimate actual controller
Huanan Refrigeration Ice Making(Shenzhen)Co., Ltd..	Controlled by the same ultimate actual controller
China Merchants Group Finance Company Limited	Controlled by the same ultimate actual controller
China Merchants Steam Navigation Company Limited	Controlled by the same ultimate actual controller
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Controlled by the same ultimate actual controller
China Merchants Bureau Logistics Group Fujian Co., Ltd.	Controlled by the same ultimate actual controller
China Merchants Bureau Logistics Group Qingdao Co., Ltd	Controlled by the same ultimate actual controller
China Merchants Property Management Co., Ltd..	Controlled by the same ultimate actual controller
China Merchants Bureau Zhangzhou Development Zone Co., Ltd.	Controlled by the same ultimate actual controller
China Merchants Bureau Zhongbai Commercial Logistics Co., Ltd.	Controlled by the same ultimate actual controller
China Merchants Securities Co., Ltd.	Controlled by the same ultimate actual controller
China Communications Import & Export Co., Ltd	Controlled by the same ultimate actual controller
China Ocean Shipping Agency Shenzhen	Controlled by the same ultimate actual controller
Sinotrans Co., Ltd..	Controlled by the same ultimate actual controller
China Outbound Air Transport Co., Ltd.	Controlled by the same ultimate actual controller
Sinotrans Container Lines (Hong Kong) Company Limited	Controlled by the same ultimate actual controller
Sinotrans Container Lines Co., Ltd..	Controlled by the same ultimate actual controller
China Merchants Bureau Food (Shenzhen) Co., Ltd	Controlled by the same ultimate actual controller
China Merchants Union (BVI) Limited	Controlled by the same ultimate actual controller
Khor Ambado FZCo	Controlled by the same ultimate actual controller
China Merchants Bank Company Limited	Controlled by the same ultimate actual controller

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transaction

(1) Provision and receipt of services

Unit: RMB

Related party	Content of related party transaction	Pricing and decision-making procedures of related party transactions	Closing balance	Opening balance (restated)
Receipt of services:				
China Merchants Securities Co., Ltd	Service expenditure	Negotiation	22,641,509.43	-
Qingdao Qianwan West Port United Terminal Co., Ltd	Service expenditure	Negotiation	15,358,571.88	16,832,662.07
Shenzhen China Merchants Shangzhi Investment Co., Ltd	Service expenditure	Negotiation	10,707,148.03	15,012,063.63
Yiu Lian Dockyards Limited	Service expenditure	Negotiation	10,019,922.18	9,182,821.83
China Merchants Bureau Zhangzhou Development Zone Co., Ltd.	Service expenditure	Negotiation	5,681,278.30	5,395,042.75
China Merchants Bureau Logistics Group Qingdao Co., Ltd	Service expenditure	Negotiation	3,751,785.75	2,015,655.27
China Ocean Shipping Agency Shenzhen	Service expenditure	Negotiation	3,539,104.80	4,072,313.14
Hoi Tung (Shanghai) Co., Ltd.	Service expenditure	Negotiation	3,461,147.79	1,432,378.81
China Merchants (Shenzhen) Power Supply Co., Ltd.	Service expenditure	Negotiation	2,908,847.34	-
China Outbound Air Transport Co., Ltd.	Service expenditure	Negotiation	2,199,064.60	-
Cm Houlder Insurance Brokers Limited	Service expenditure	Negotiation	2,102,764.12	1,903,741.43
China Merchants Property Management Co., Ltd.	Service expenditure	Negotiation	1,764,315.36	2,015,655.27
China Ocean Shipping Tally Shenzhen CO., Ltd	Service expenditure	Negotiation	1,240,537.34	1,126,870.35
Nanshan Group and Its Subsidiary	Service expenditure	Negotiation	1,080,269.25	2,288,324.92
Sinoway Shipping Limited	Service expenditure	Negotiation	760,244.19	7,861,796.11
Shenzhen Merchants Culture Industry Co., Ltd.	Service expenditure	Negotiation	461,390.46	1,824,228.26
Other related parties	Service expenditure	Negotiation	3,695,383.53	3,818,846.42
China Merchants Group Finance Company Limited	Interest expense	Negotiation	51,574,070.78	43,521,750.00
Port de Djibouti S.A.	Interest expense	Negotiation	24,719,148.38	2,364,694.82
China Merchants Steam Navigation Company Limited	Interest expense	Negotiation	3,961,479.45	8,246,884.93
China Merchant Bank Co., Ltd	Interest expense	Negotiation	104,400.00	5,762,005.73
China Merchants Group	Interest expense	Negotiation	-	4,318,767.12
Total			171,732,382.96	138,996,502.86

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transaction - continued

(1) Provision and receipt of services - continued

Unit: RMB

Related party	Content of related party transaction	Pricing and decision-making procedures of related party transactions	Closing balance	Opening balance (restated)
Provision of service:				
Qingdao Qianwan United Container Terminal Co., Ltd	Service revenue	Negotiation	59,871,312.19	52,831,836.74
China Ocean Shipping Agency Shenzhen	Service revenue	Negotiation	26,678,580.24	25,783,328.94
Khor Ambado FZCo	Service revenue	Negotiation	22,976,552.15	-
Qingdao Qianwan West Port United Terminal Co., Ltd.	Service revenue	Negotiation	14,667,866.59	15,378,330.78
Globex e-Services Co., Ltd.	Service revenue	Negotiation	13,954,183.68	8,174,128.49
China Marine Shipping Agency, Shenzhen Company Limited	Service revenue	Negotiation	11,339,084.02	8,393,115.04
Sinotrans Container Lines Co., Ltd.	Service revenue	Negotiation	10,699,341.99	3,489,366.88
Huanan Refrigeration Ice Making (Shenzhen) Co., Ltd.	Service revenue	Negotiation	6,422,615.01	6,226,134.87
Zhangzhou COSCO Shipping Agency Co., Ltd	Service revenue	Negotiation	5,804,690.70	5,417,274.27
Zhanjiang Port (Group) Co., Ltd	Service revenue	Negotiation	5,568,651.21	1,356,499.96
Qingdao Bonded Logistics Park Sino-foreign Transport Warehousing Logistics Co., Ltd.	Service revenue	Negotiation	5,085,762.32	3,154,879.91
Port de Djibouti S.A.	Service revenue	Negotiation	4,640,763.43	5,686,674.06
Great Horn Development Company FZCO	Service revenue	Negotiation	3,985,900.36	9,947,871.61
Ningbo Daxie Merchants International Wharf Co., Ltd	Service revenue	Negotiation	3,929,015.11	4,537,052.85
Qingdao Qianwan New United Container Terminal Co., Ltd.	Service revenue	Negotiation	3,411,057.43	3,179,265.03
Yiu Lian Dockyards (Shekou) Limited	Service revenue	Negotiation	3,319,608.63	1,274,969.05
International Djibouti Industrial Parks Operation FZCO	Service revenue	Negotiation	3,054,612.36	5,725,098.14
China Merchants Ocean Shipping Agency Shenzhen	Service revenue	Negotiation	3,013,980.25	4,402,744.18
China Merchants Shekou Industrial Zone Holdings Co., Ltd	Service revenue	Negotiation	2,496,490.06	3,140,643.98
China Merchants Bureau Zhongbai Commercial Logistics Co., Ltd.	Service revenue	Negotiation	2,484,304.00	1,764,574.00
Sinotrans Container Lines (Hong Kong) Company Limited	Service revenue	Negotiation	2,182,888.92	1,809,539.25
China Outbound Air Transport Co., Ltd.	Service revenue	Negotiation	1,993,291.26	-
CMHK	Service revenue	Negotiation	1,600,000.00	20,274.29
Shanghai International Port (Group) Co., Ltd.	Service revenue	Negotiation	1,588,035.85	1,331,677.32
Laizhou Laiyin Port Business Co., Ltd.	Service revenue	Negotiation	1,574,244.92	1,776,636.76
Terminal Link SAS	Service revenue	Negotiation	1,378,437.57	1,315,926.11
Guangzhou International Ocean Shipping Agency Co., Ltd	Service revenue	Negotiation	1,312,017.95	1,049,904.69
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret Anonim Şirketi	Service revenue	Negotiation	1,119,436.15	1,693,185.98
Qingdao Qianwan West Port United Wharf Co., Ltd.	Service revenue	Negotiation	1,071,100.78	-
Shenzhen Waidai Warehousing Co., Ltd.	Service revenue	Negotiation	690,687.40	2,581,013.80
China Merchants Group	Service revenue	Negotiation	407,655.62	1,173,935.66
COFCO Merchants Bureau (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Service revenue	Negotiation	17,134.90	1,529,032.53
Shenzhen Baohong Trade Service Co., Ltd	Service revenue	Negotiation	-	11,018,134.42
Sinotrans(NZ)Limited	Service revenue	Negotiation	-	8,994,813.95
Other related parties	Service revenue	Negotiation	7,990,585.72	15,969,731.66
Khor Ambado FZCo	Interest income	Negotiation	51,599,386.03	7,097,464.46
Port of Newcastle and its Subsidiaries	Interest income	Negotiation	34,416,578.56	-
China Merchant Bank Co., Ltd	Interest income	Negotiation	34,629,531.08	31,155,058.39
China Merchants Group Finance Company Limited	Interest income	Negotiation	14,042,476.82	3,299,729.55
Morden Terminals Limited	Interest income	Negotiation	1,193,424.67	736,667.48
Other related parties	Interest income	Negotiation	1,443,994.71	7,181,287.74
Total			373,655,280.64	269,597,802.82

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transaction - 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 year	Lease income recognized in the previous year (restated)
Nanshan Group and its Subsidiaries	Buildings	Negotiation	3,506,398.00	-
China Merchants Bureau Food (Shenzhen) Co., Ltd	Buildings	Negotiation	3,393,457.47	143,124.29
China Communications Import and Export Co., Ltd.	Buildings	Negotiation	2,699,223.60	1,965,231.30
Shenzhen Nanyou (Holdings) Ltd	Buildings	Negotiation	2,400,571.43	2,400,571.43
Yiu Lian Dockyards (Shekou) Limited	Buildings	Negotiation	2,025,218.14	2,439,540.40
Other related parties	Buildings and Land use right	Negotiation	1,573,182.07	3,355,566.56
Total			15,598,050.71	10,304,033.98

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 year	Lease payment recognized in the previous year (restated)
Nanshan Group and its Subsidiaries	Buildings	Negotiation	70,044,701.50	71,986,357.12
China Merchants Bureau Shekou Industrial Zone Holding Co., Ltd.	Buildings	Negotiation	40,961,038.60	41,973,260.20
China Merchants Property Management Co., Ltd.	Buildings	Negotiation	13,814,358.72	20,284,937.94
Euro Asia Dockyard Enterprise and development Ltd	Buildings and Land use right	Negotiation	13,057,843.61	12,938,008.64
Shenzhen China Merchants Shangzhi Investment Co., Ltd	Buildings	Negotiation	8,342,789.84	9,905,500.99
Shenzhen Nanyou (Holdings) Ltd	Buildings	Negotiation	3,558,233.30	1,978,376.12
Shenzhen Science and Technology University Phase II Real Estate Management Co., Ltd.	Buildings	Negotiation	3,541,404.00	3,305,310.00
China Merchants Property Management Co., Ltd	Buildings	Negotiation	3,250,687.11	-
China Merchants Godown, Wharf & Transportation Company Limited	Other equipment	Negotiation	1,395,479.12	1,433,677.44
China Merchants Landmark (Shenzhen) Co., Ltd	Buildings	Negotiation	1,147,441.22	1,038,371.81
China Merchants Bureau Logistics Group Fujian Co., Ltd	Buildings	Negotiation	731,132.08	4,386,792.48
Other related parties	Buildings, Land use right and others	Negotiation	3,142,604.46	2,100,185.74
Total			162,987,713.56	171,330,778.48

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transaction - continued

(3) The Group as the guarantor

Unit: RMB

Warrantee	Credit Line	Guarantee amount	Guarantee Starting Date	Guarantee maturity date	The guarantee has been completed
2018 year					
CMA CGM S.A.(Note)	82,195,789.24	82,195,789.24	June 2013	2033	No
CMA CGM S.A.(Note)	24,982,114.97	12,241,236.33	June 2013	2033	No
Port de Djibouti S.A.	343,160,000.00	24,192,780.00	14 June 2016	14 June 2019	No
Total	450,337,904.21	118,629,805.57			
2017 year					
CMA CGM S.A.	81,962,196.99	81,962,196.99	June 2013	2033	No
CMA CGM S.A.	27,941,438.37	27,941,438.37	June 2013	2033	No
Port de Djibouti S.A.	76,776,850.00	53,743,795.00	14 June 2016	14 June 2019	No
Total	186,680,485.36	163,647,430.36			

Note: CMA CGM S.A. is the other shareholder of Terminal Link SAS which is our group's associate. Our group has made a commitment for CMA CGM S.A. according to the guarantee made by CMA CGM S.A to Terminal Link SAS's bank loan and other debt.

The commitment is limited to the 49% interest that our group has in Terminal Link SAS and the commitment amount is RMB 94,437,025.57. If any other guarantee fees occurred, our group would make the an compensation.

(4) Relevant party funds borrowing

Unit: RMB

Related parties	Loan Amount	Starting date	Due date	Instructions
2018 Year				
Borrowings				
China Merchants Group Finance Company Limited	270,000,000.00	23 April 2018	22 April 2019	Fixed Annual Interest Rate4.35%
China Merchants Group Finance Company Limited	220,000,000.00	17 May 2018	16 May 2019	Fixed Annual Interest Rate4.35%
China Merchants Group Finance Company Limited	80,000,000.00	11 December 2018	10 December 2028	Fixed Annual Interest Rate4.802%
China Merchants Group Finance Company Limited	60,000,000.00	19 June 2018	20 June 2019	Fixed Annual Interest Rate4.35%
China Merchants Group Finance Company Limited	40,000,000.00	20 May 2018	21 May 2019	Fixed Annual Interest Rate4.35%
China Merchants Group Finance Company Limited	30,000,000.00	7 December 2018	6 December 2019	Fixed Annual Interest Rate4.35%
China Merchants Group Finance Company Limited	30,000,000.00	20 December 2018	19 December 2021	Fixed Annual Interest Rate4.275%
China Merchants Group Finance Company Limited	25,000,000.00	6 December 2018	5 October 2021	Fixed Annual Interest Rate4.75%
China Merchants Group Finance Company Limited	20,000,000.00	17 December 2018	16 December 2019	Fixed Annual Interest Rate4.35%
Total	775,000,000.00			

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transaction - continued

(4) Relevant Party Funds Borrowing - continued

Unit: RMB

Related Parties	Amount	From	To	Remarks
Lending money to				
Port of Newcastle and subsidiaries	784,057,712.75	14 June 2018	29 May 2020	Fixed rate at 8.00%
Year 2017				
Borrowing money from				
CMFC	1,000,000,000.00	24 March 2017	23 March 2018	Fixed rate at 3.83%
CMFC	300,000,000.00	21 April 2017	20 April 2018	Fixed rate at 4.35%
Port de Djibouti S.A.	230,331,618.08	12 November 2017	11 June 2019	Floating rate
CMFC	200,000,000.00	29 September 2017	28 September 2018	Fixed rate at 4.35%
CMFC	150,000,000.00	16 November 2017	15 November 2018	Fixed rate at 4.35%
CMFC	100,000,000.00	14 September 2017	13 September 2018	Fixed rate at 4.35%
CMFC	80,000,000.00	18 December 2017	18 December 2018	Fixed rate at 4.35%
CMFC	30,000,000.00	18 December 2017	18 December 2018	Fixed rate at 4.35%
CMFC	30,000,000.00	22 June 2017	21 June 2018	Fixed rate at 4.35%
Total	2,120,331,618.08			
Lending money to				
Khor Ambado FZCo	980,134,545.00	10 November 2017	9 November 2018	Floating rate

(5) Compensation for key management personnel

Unit: RMB

Item	Closing balance	Opening balance (restated)
Compensation for key management personnel	19,243,010.16	19,437,529.56

6. Amounts due from/to related parties

(1) Amounts due from related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance (restated)
Cash and bank balances	CMB	1,274,536,476.91	928,934,746.51
	CMFC	494,131,151.34	605,402,768.43
	Nanshan Group and Its Subsidiary	-	1,192,728.52
	Total	1,768,667,628.25	1,535,530,243.46

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(1) Amounts due from related parties - continued

Unit: RMB

Item	Related parties	Closing balance	Opening balance (restated)
Notes and accounts receivable	Shenzhen Globex e-service Inc.	7,222,351.10	3,508,011.61
	Port de Djibouti S.A.	6,387,923.40	1,423,786.05
	Qingdao Qianwan United Container Terminal Co., Ltd.	5,112,134.91	4,929,217.77
	Ocean Shipping Agency	4,678,761.75	4,983,931.70
	China Overseas Harbor Affaris(LAIZHOU) Co., Ltd	1,490,941.09	-
	Sinotrans Container Lines Co., Ltd.	1,156,769.47	817,413.49
	Great Horn Development Company FZCO	1,486,615.75	2,315,470.86
	China Marine Shipping Agency,Shenzhen Company Limited	1,115,972.50	1,350,887.20
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	1,029,573.58	115,180.72
	Qingdao Qianwan West Port United Wharf Co., Ltd.	74,485.74	4,371,957.66
	Nanshan Group and its subsidiaries	-	279,645.50
	Other related parties	4,564,416.46	6,137,476.38
	Total	34,319,945.75	30,232,978.94
Other receivables	Nanshan Group and its subsidiaries	175,976,941.31	194,710,379.10
	CHU KONG RIVER TRADE TERMINAL CO., LTD.	59,975,890.00	57,217,355.00
	Shanghai International Port (Group) Co., Ltd	50,118,027.14	-
	Tianjin Haitian Bonded Logistics Co., Ltd.	34,300,000.00	34,300,000.00
	Qingdao Qianwan United Container Terminal Co., Ltd.	25,000,000.00	-
	Port de Djibouti S.A	24,411,770.72	23,197,515.92
	Port of Newcastle and its subsidiaries	15,858,848.40	-
	Zhanjiang Port (Group) Co., Ltd.	9,253,682.23	-
	Khor Ambado FZCo	7,332,144.82	6,848,478.86
	CSC RoRo Logistics Co., Ltd.	2,899,163.95	-
	CMFC	2,565,333.33	-
	Euro Asia Dockyard Enterprise and development Ltd.	1,481,149.51	1,413,025.42
	Shenzhen Merchants Commercial Property Investment Co., Ltd.	1,051,801.58	1,206,519.60
	Terminal Link SAS	346,490.00	1,210,417.79
	Other related parties	3,293,911.53	4,131,562.24
Total	413,865,154.52	324,235,253.93	
Other current assets	Khor Ambado FZCo	1,029,478,047.00	980,134,545.00
	Modern Terminals Limited	-	120,000,000.00
	Total	1,029,478,047.00	1,100,134,545.00
Long-term receivables	Port of Newcastle and its subsidiaries	784,057,712.75	-
	Terminal Link SAS	9,782,367.44	9,669,034.35
	Total	793,840,080.19	9,669,034.35
Other non-current assets	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	43,472,687.00	43,472,687.00

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(2) Amounts due to related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance (restated)	
Short-term borrowings	CMFC	640,000,000.00	1,890,000,000.00	
Notes and accounts payable	Nanshan Group and Its Subsidiary	11,631,575.13	16,968,830.09	
	Qingdao Qianwan United Container Terminal Co., Ltd.	5,196,134.76	4,069,171.94	
	Euro Asia Dockyard Enterprise and development Ltd.	3,698,897.16	3,265,979.26	
	Yiu Lian Dockyards Limited	2,204,328.63	1,619,449.67	
	Other related parties	3,252,253.36	2,521,076.36	
	Total	25,983,189.04	28,444,507.32	
Contract liabilities	Zhanjiang Port (Group) Co., Ltd.	1,287,452.83		
	Other related parties	803,584.16		
	Total	2,091,036.99		
Receipts in advance	Other related parties	66,799.01	917,915.58	
Other payables	China Merchants Zhangzhou	93,258,350.90	93,258,350.90	
	Terminal Link SAS	46,506,416.54	57,593,466.16	
	Yihai Kerry investment Co., Ltd.	37,402,426.09	37,402,426.09	
	Shenzhen Merchants Construction Co., Ltd.	28,379,667.10	36,991,325.43	
	Sinotrans Co., Ltd.	25,949,781.00	25,949,781.00	
	Sinotrans Co., Ltd.	22,641,509.43	-	
	Shenzhen Investment Promotion Real Estate Management Co., Ltd.	18,294,814.64	12,999,683.93	
	Shenzhen Merchants Commercial Property Investment Co., Ltd.	9,355,392.43	9,786,880.69	
	Port de Djibouti S.A.	2,951,170.40	2,286,980.61	
	Qingdao Port International Co., Ltd.	2,700,000.00	15,336,000.00	
	Modern Terminals Limited	1,286,962.56	409,256.64	
	China Merchants Bureau Food (Shenzhen) Co., Ltd.	1,254,271.10	-	
	CMFC	1,043,521.17	2,304,775.02	
	China Communications Import & Export Co., Ltd.	495,944.18	1,246,375.78	
	Hong Kong International Enterprises Limited	-	128,552,676.45	
	Shenzhen Merchants Qianhai Industrial Development Co., Ltd.	-	1,255,800.00	
	Other related parties	5,840,795.87	5,708,791.51	
	Total	297,361,023.41	431,082,570.21	
	Non-current liabilities within one year	China Merchants Steam Navigation Company Limited	-	100,000,000.00
	Other current liabilities	Port de Djibouti S.A.	241,927,341.05	230,331,618.08
Long-term borrowings	China Merchants Steam Navigation Company Limited	-	50,000,000.00	
	CMFC	135,000,000.00	-	
	Total	135,000,000.00	50,000,000.00	

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(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

7. Other related parties transactions

As Notes (V) 9 stated, the Group signed acquisition agreement with CMU and Gold Newcastle, the associated company and wholly-owned subsidiary of CMHK respectively. The agreement stipulates that the Group will purchase from CMU a 50% interest in Gold Newcastle and Gold Newcastle's joint venture Port of Newcastle, with a final consideration of 605 million Australian dollars (equivalent to RMB 2,944,265,945.15), including CMU providing the principal to Port of Newcastle. Interest-bearing shareholder loans of 162.5 million Australian dollars (equivalent to RMB 788,823,491.63).

(XI) COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Unit: RMB

Item	Closing balance	Opening balance (restated)
Capital commitments that have been entered into but have not been recognized in the financial statements:		
-Commitment to acquisition of long-term assets	3,971,730,917.34	2,635,299,294.22
-Commitment to port construction investment	5,490,560.00	6,047,217,548.20
-Other	26,115,744.09	50,882,109.61
Total	4,003,337,221.43	8,733,398,952.03

(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 (restated)
Minimum lease payments under non-cancellable operating leases:		
1 st year subsequent to the balance sheet date	125,780,272.12	185,070,168.27
2 nd year subsequent to the balance sheet date	51,145,934.81	118,949,570.41
3 rd year subsequent to the balance sheet date	43,017,965.02	43,589,813.97
More than 3 years	1,536,909,276.98	1,504,235,010.50
Total	1,756,853,448.93	1,851,844,563.15

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

(XI) COMMITMENTS AND CONTINGENCIES – continued

2. Contingencies

Unit: RMB

Item	Closing balance	Opening balance (restated)
Contingent liabilities (Note 1)	323,559,335.68	-
Guarantees for associates (Note 2)	118,629,805.57	163,647,430.36
Total	442,189,141.25	163,647,430.36

Note 1: As at 31 December 2018, the TCP Group had significant contingent liabilities arising from pending legal proceedings in Brazil in respect of disputes with local tax authorities, employees or former employees of TCP Group and other parties, amounting to RMB323,559,335.68 (31 December 2017: nil), which, based on the latest estimates of the management of the Group, is not probable that outflows of resources embodying economic benefits will be required to settle these obligations. Accordingly, no provision for litigation claims in respect of the above cases has been made in the condensed consolidated interim financial information. A counter indemnity in favor of the Group is executed by the Selling Shareholders pursuant to which the latter indemnify to the Group for the above contingent liabilities for and up to predetermined amounts and specified length of time.

Note 2: As at 31 December 2018, the other shareholder of an associate of which the Group held as to 49% of its issued share capital provided corporate guarantees to the full amount for certain loan facilities granted by banks to and other obligations borne by the relevant associate. A counter indemnity in favor of the other shareholder of the associate is executed pursuant to which the Group undertakes to indemnify the other shareholder 49% of the liabilities in the aggregate amount of RMB 94,437,025.00 arising from the above loan facilities and other obligations.

In addition to above, the Group also provides guarantees for banking facilities granted to and other obligations borne by associates of the Group. The total amount guaranteed by the Group is RMB 343,160,000.00 and the aggregate amount utilized by the relevant associates amounted to RMB 24,192,780.00 specified in Notes (V) 9.

During the year ended 31 December 2018, the directors assessed the risk of default of the associates in serving the aforesaid loan facilities and other obligations at the end of the reporting period and considered the risk to be insignificant and it is not likely that any guaranteed amount will be claimed.

In addition to above, no material contingencies that should be disclosed by the Group as at 31 December 2018.

(XII) EVENTS AFTER THE BALANCE SHEET

1. Profit appropriation

Unit: RMB

Item	Amount
Proposed distribution of profits or dividends (Note)	204,449,011.09
Profits or dividends declared to be distributed	Subject to approval by shareholders' general meeting

Note: Please refer to Notes (V) 41.

2. Qianhai land restructuring and Joint venture issues

In order to comprehensively promote the industrial development, institutional innovation and new city construction of Qianhai Shekou Free Trade Zone, the ultimate controlling shareholder of China Merchants Group signed a framework agreement with Shenzhen-Hong Kong Modern Services Commission on June 18, 2016. The agreement was established on the formation of a joint venture to promote the innovation of the management system and mechanism of the Qianhai Shekou Free Trade Zone, and establishing a cooperation platform to promote the construction of the free trade zone.

As at 24 December 2018, Shenzhen Urban Planning, Land and Resources Commission, Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Administration, China Merchants Group and other related parties signed the Land Restructuring Agreement, which clarified the Qianhai Land Specific content such as the implementation scheme, compensation value, and land use property exchange plan. The Land Restructuring Agreement shall take effect after being approved by the relevant shareholders' meeting.

An extraordinary meeting of the shareholders of the Company was held on 25 February 2019 and has approved the disposal of certain parts of the land in Qianhai, Shenzhen, the PRC, which is held by two subsidiaries of the Group for the purpose of developing the Qianhai-Shekou Free Trade Zone with affiliates of Shenzhen Qianhai Shenzhen-Hong Kong Modern Services Commission through the establishment of another joint venture company. The consideration for the disposal is approximately RMB 5,693,000,000.00.

Up to date of this report, the disposal has not yet been completed.

(XII) EVENTS AFTER THE BALANCE SHEET - continued

3. Merge under non-identical control issues

As at 2 January 2019, the Company and Guangdong Sinotrans Co., Ltd. signed the "Share Transfer Agreement on Zhanjiang Port (Group) Co., Ltd." and transferred the shares of Zhanjiang Port (Group) held by Guangdong Sinotrans Co., Ltd. 201,034,548 common shares of the company, accounting for 5% of the total number of issued shares of Zhanjiang Port (Group) Co., Ltd. on the date of signing the agreement, the consideration for the conversion is RMB 375,334,390.00.

As at 8 January 2019, Chiwan Port (Hong Kong) Co., Ltd., a subsidiary of the Company, and Zhanjiang Infrastructure Construction Investment Group Co., Ltd. and Zhanjiang Port (Group) Co., Ltd. signed the "Zhejiang Port (Group) Co., Ltd. Limited The Capital Increase Agreement of the Company (Group) Co., Ltd., the agreement stipulates that Zhanjiang Port (Group) Co., Ltd. intends to issue 1,853,518,190 common shares at a price of RMB 1.867 per share or equivalent foreign currency (determined according to the capital exchange rate). Its registered capital increased to RMB 5,874,209,145.00. Among them, Chiwan Port (Hong Kong) Co., Ltd. intends to subscribe for 1,606,855,919 ordinary shares, accounting for 27.73544% of the issued shares of Zhanjiang Port (Group) Co., Ltd. on the date of issue of the subscription shares. The total is RMB 3,000,000,000.77 or the equivalent foreign currency (determined according to the capital contribution rate).

The above transaction was completed on February 3, 2019. After the transaction, the company directly holds 3.4223% of the shares of Zhanjiang Port (Group) Co., Ltd., and indirectly holds Zhanjiang Port through the subsidiary China Merchants International Terminal (Zhanjiang) Co., Ltd. 27.5782% of the shares of the Group Co., Ltd., indirectly through the subsidiary Chiwan Port (Hong Kong) Co., Ltd., holding 27.3544% of Zhanjiang Port (Group) Co., Ltd., and enjoying a total of 58.3549% of Zhanjiang Port (Group) Co., Ltd. Voting rights.

Except for the subsequent events that need to be disclosed above, the Group has no other significant issues after the balance sheet date.

(XIII) OTHER SIGNIFICANT EVENTS

1. Significant equity entrusted management matters

As at 13 December 2018, the 10th Extraordinary Meeting of the 9th Board of Directors of the Company reviewed and approved the signing of the "Equity Custody Agreement of Liaoning Port Group Co., Ltd." with the China Merchants (Liaoning) Port Development Co., Ltd. The "Proposal" agrees that the China Merchants Group (Liaoning) Port Development Co., Ltd., a wholly-owned subsidiary of China Merchants Group, entrusts its 49.9% stake in Liaoning Port Group Co., Ltd. to the company for management. The China Merchants (Liaoning) Port Development Co., Ltd. The company pays the company a fixed custodian fee of RMB 1,000,000.00 per year.

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting

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

The key management team of the Company is regarded as the CODM, who reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The CODM manages the Group's operations by divisions from both business and geographic perspectives.

From business and financial perspectives, management assesses the performance of the Group's business operations including ports operation, bonded logistics operation, port-related manufacturing operation and other operations.

Ports operation

Ports operation includes container terminal operation, bulk and general cargo terminal operation operated by the Group and its associates and joint ventures.

The Group's reportable segments of the ports operation are as follows:

(a) Mainland China, Hong Kong and Taiwan

- Pearl River Delta
- Yangtze River Delta
- Bohai Rim
- Others

(b) Other locations outside of Mainland China, Hong Kong and Taiwan

Bonded logistics operation

Bonded logistics operation includes logistic park operation, ports transportation and airport cargo handling operated by the Group and its associates.

Other operations

Other operations mainly includes property development and investment and construction of modular housing operated by the Group's associate, property investment operated by the Group and corporate function.

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting - continued

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

Each of the segments under ports operation include the operations of a number of ports in various locations within the geographic locations, each of which is considered as a separate operating segment by the CODM. For the purpose of segment reporting, these individual operating segments have been aggregated into reportable segments on geographic basis in order to present a more systematic and structured segment information. To give details of each of the operating segments, in the opinion of the directors of the Company, would result in particulars of excessive length.

Bonded logistics operation and other operations include a number of different operations, each of which is considered as a separate but insignificant operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated according to the natures of their operations to give rise to more meaningful presentation.

There are no material sales or other transactions between the segments.

As at 31 December 2018, around 64% of The Group's non-current assets other than financial instruments and deferred tax assets are located in Mainland China.

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(XIII) OTHER SIGNIFICANT EVENTS - continued

2 Segment reporting - continued

(2) Segment financial information

Segment financial information in 2018 as following:

Unit: RMB

Item	Ports operation						Bonded logistics operation	Others	Unallocated	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Revenue	5,303,465,225.60	-	69,907,311.12	747,571,785.87	3,063,582,986.50	9,184,527,309.09	386,269,027.02	132,598,286.47	-	9,703,394,622.58
Cost	3,093,917,475.00	-	55,661,268.67	631,405,970.58	1,522,302,179.06	5,303,286,893.31	214,495,776.55	221,458,726.01	-	5,739,241,395.87
Segment operating profit (loss)	2,209,547,750.60	-	14,246,042.45	116,165,815.29	1,541,280,807.44	3,881,240,415.78	171,773,250.47	(88,860,439.54)	-	3,964,153,226.71
Adjustment:										
Taxes and levies	71,372,197.96	284,627.70	1,160,781.85	10,778,344.95	112,983,856.21	196,579,808.67	32,621,484.27	6,211,213.84	541,296.73	235,953,803.51
Administrative expenses	390,753,695.03	3,749,372.10	9,930,005.82	97,317,524.40	193,183,913.13	694,934,510.48	36,924,775.16	28,852.77	519,977,537.04	1,251,865,675.45
Research and development expenses	118,865,768.66	-	-	-	-	118,865,768.66	-	-	3,123,329.16	121,989,097.82
Financial expenses	33,812,457.43	82,614,789.19	(406,546.82)	19,344.58	419,088,994.19	535,129,038.57	38,623,819.16	51,653,121.27	1,018,012,123.95	1,643,418,102.95
Impairment losses of assets	-	-	-	-	-	-	-	-	-	-
Impairment of credit loss	10,760,473.33	-	-	10,616.21	(3,410,788.03)	7,360,301.51	168,279.09	-	-	7,528,580.60
Other income	32,901,021.72	408,333.33	113,998.17	12,684,291.81	-	46,107,645.03	1,411,014.72	-	8,661,467.89	56,180,127.64
Investment income	143,206,331.48	2,706,435,143.32	322,968,785.89	(21,733,692.03)	592,367,561.64	3,743,244,130.30	17,758,667.43	207,255,360.07	(430,008.32)	3,967,828,149.48
Gains (losses) from changes in fair value	45,351.40	(873,891,271.63)	(74,594,618.22)	-	(125,966,299.23)	(1,074,406,837.68)	-	-	-	(1,074,406,837.68)
Gains on disposal of assets	9,216,008.49	-	-	(418,481.28)	10,450,227.43	19,247,754.64	26,746.03	-	(16,005.34)	19,258,495.33
Operating profit	1,769,351,871.28	1,746,303,416.03	252,049,967.44	(1,427,896.35)	1,296,286,321.78	5,062,563,680.18	82,631,320.97	60,501,732.65	(1,533,438,832.65)	3,672,257,901.15

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(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting - continued

(2) Segment financial information - continued

Segment financial information in 2018 as following:

Unit: RMB

Item	Ports operation						Bonded logistics operation	Others	Unallocated	Total
	Mainland China, Hong Kong and Taiwan				Other locations	Sub-total				
	Pearl River Delta	Yangtze River Delta	Bohai Rim	Others						
Non-operating income	34,351,337.85	-	424,231.58	1,931,244.58	24,074,268.10	60,781,082.11	1,216,591.28	943,208.69	4,187,807.90	67,128,689.98
Non-operating expenses	40,405,962.28	4,010.31	400,000.00	1,057,097.28	65,315,693.08	107,182,762.95	6,240,627.54	200,000.00	11,407,908.08	125,031,298.57
Gross profit	1,763,297,246.85	1,746,299,405.72	252,074,199.02	(553,749.05)	1,255,044,896.80	5,016,161,999.34	77,607,284.71	61,244,941.34	(1,540,658,932.83)	3,614,355,292.56
Income tax expenses	294,544,209.66	43,364,189.75	12,909,324.23	16,064,881.66	94,332,207.91	461,214,813.21	14,785,763.43	49,933,513.49	202,506,448.47	728,440,538.60
Net profit	1,468,753,037.19	1,702,935,215.97	239,164,874.79	(16,618,630.71)	1,160,712,688.89	4,554,947,186.13	62,821,521.28	11,311,427.85	(1,743,165,381.30)	2,885,914,753.96
Segment assets	24,361,542,350.83	24,738,700,129.24	6,498,939,975.26	11,975,384,175.20	43,137,915,507.68	110,712,482,138.21	2,768,799,649.68	10,986,223,834.86	3,550,578,792.93	128,018,084,415.68
Total assets in the financial statements										128,018,084,415.68
Segment liabilities	3,716,328,520.15	620,013,763.67	108,999,946.50	2,399,865,586.89	11,874,203,103.78	18,719,410,920.99	809,775,291.61	1,161,920,752.31	26,910,051,577.96	47,601,158,542.87
Total liabilities in the financial statements										47,601,158,542.87
Supplementary information:										
Depreciation and Amortization	777,378,984.84	-	2,030,173.13	287,332,851.66	698,620,897.88	1,765,362,907.51	80,463,924.42	165,229,175.14	16,903,705.26	2,027,959,712.33
Interest income	21,954,329.37	508,539.88	438,043.11	40,225,269.81	84,159,789.64	147,285,971.81	1,052,104.99	828,268.56	123,286,948.50	272,453,293.86
Interest expense	44,507,286.38	1,009,944.96	-	39,664,933.55	398,730,346.09	483,912,510.98	32,382,213.72	39,755,069.06	1,078,051,538.04	1,634,101,331.80
Investment income from long-term equity investment under equity method	134,907,307.68	2,674,327,364.23	309,435,330.98	(21,882,199.10)	592,062,707.31	3,688,850,511.10	17,758,667.43	207,255,360.07	-	3,913,864,538.60
Long-term equity investment under equity method	2,629,326,400.75	23,003,406,812.98	5,696,221,052.02	2,540,719,065.34	10,818,356,531.61	44,688,029,862.70	340,969,759.95	5,147,577,640.75	-	50,176,577,263.40
Non-current assets other than long-term equity investment	18,136,739,566.92	296,477,731.85	29,099,361.17	7,816,817,366.31	29,571,968,313.58	55,851,102,339.83	2,206,436,654.13	5,573,444,649.09	480,592,127.03	64,111,575,770.08

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(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting - continued

(2) Segment financial information - continued

The Group's revenue by geographical areas of operations and information about its non-current assets other than financial instruments and deferred tax assets presented based on the geographical areas in which the assets are located as follows:

Unit: RMB

Revenue from external transactions	Closing balance	Opening balance (restated)
Mainland China, Hong Kong and Taiwan	6,635,924,788.34	6,036,330,920.53
Pearl River Delta	5,705,075,363.71	5,408,964,837.46
Yangtze River Delta	-	-
Bohai Rim	183,277,638.76	172,188,112.13
Others	747,571,785.87	455,177,970.94
Other locations	3,067,469,834.24	1,508,304,364.43
Total	9,703,394,622.58	7,544,635,284.96

Unit: RMB

Non-current assets	Closing balance	Opening balance (restated)
Mainland China, Hong Kong and Taiwan	73,602,488,004.01	69,066,842,626.11
Pearl River Delta	33,618,069,629.60	31,673,369,539.45
Yangtze River Delta	23,299,884,544.83	21,204,548,605.13
Bohai Rim	6,316,574,360.92	6,271,516,876.96
Others	10,367,959,468.66	9,917,407,604.57
Other locations	40,685,665,029.47	26,038,093,607.43
Total	114,288,153,033.48	95,104,936,233.54

(3) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB 2,771,538,285.20, occupying 28.56% of the Group's total operating income.

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

1. Notes and Accounts receivable

(1) Total of notes and accounts receivable

Unit: RMB

Item	Closing balance	Opening balance (restated)
Notes receivable	-	-
Accounts receivable	23,444,175.65	12,987,394.84
Total	23,444,175.65	12,987,394.84

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

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

1. Notes and Accounts receivable - continued

(2) Accounts receivable

(a) Disclosure of accounts receivable by categories - continued

Unit: RMB

Categories	Expected credit loss rate (%)	Closing balance		
		Carrying amount	Provision	Book value
A	0.00-0.10	23,444,175.65	-	23,444,175.65
B	0.10-0.30	-	-	-
C	0.30-50.00	-	-	-
D	50.00-100.00	-	-	-
Total		23,444,175.65	-	23,444,175.65

(b) In year 2018, the company has no actual write-off of accounts receivable.

(c) The top five balances of accounts receivable classified by debtor

Unit: RMB

Name of customer	Amount	Aging	Proportion of the amount to the total accounts receivable (%)
Client F	5,566,248.78	Within 1 year	23.74
Client G	3,872,340.00	Within 1 year	16.52
Client H	3,056,777.34	Within 1 year	13.04
Client I	2,910,036.03	Within 1 year	12.41
Client J	1,502,541.05	Within 1 year	6.41
Total	16,907,943.20		72.12

2. Other receivables

(1) Disclosure of other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance(restated)
Interest receivable	34,899.02	-
Dividends receivable	329,153,465.74	589,478,376.49
Other receivables	321,861,868.32	583,090,959.69
Total	651,050,233.08	1,172,569,336.18

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

2. Other receivables – continued

(2) Interest receivable

(a) Disclosure of interest receivable by categories

Unit: RMB

Category	Closing balance	Opening balance (restated)
Fixed term deposit	34,899.02	-

(b) As at 31 December 31 2018, the Group has no significant overdue interest.

(3) Dividend receivable

(a) Disclosure of dividend receivable by categories

Unit: RMB

Entities	Closing balance	Opening balance (restated)
Dongguan Chiwan Warf Co., Ltd. ("DGW")	103,355,370.74	103,355,370.74
CHCC	96,378,106.61	97,455,574.40
DGT	88,196,930.66	88,196,930.66
Shenzhen Chiwan Tugboat Co., Ltd	21,929,842.24	21,606,823.62
CMBL	15,707,120.00	-
Shenzhen Chiwan Transportation Co., Ltd	3,299,252.31	2,619,884.81
Shenzhen Chiwan International Freight Agency Co., Ltd	286,843.18	193,834.42
CCT	-	276,049,957.84
Total	329,153,465.74	589,478,376.49
Net: provision of credit loss	-	-
Book value	329,153,465.74	589,478,376.49

(b) Significant dividend receivable aging more than one year

Unit: RMB

Category	Closing balance	Outstanding Reason	Provision or not
Dongguan Chiwan Warf Co., Ltd. ("DGW")	103,355,370.74	Working on and expected to be received by the end of 2019	No
DGT	88,196,930.66	Working on and expected to be received by the end of 2019	No

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

2. Other receivables - continued

(4) Other receivables

(a) Disclosure of other receivables by categories

As a part of cooperate credit risk management, the company rank the credit risk of its client, and determine the average expected loss rate of each internal credit rating level. These average expected loss rates are determined by considering the historical actual loss and the current and future economic situation.

As at 31 December 2018, the credit risk and expected credit loss of other receivables of each category of customers are presented as below:

Unit: RMB

Internal credit rating	Expected Loss Rate (%)	Closing balance			
		Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
A	0.00-0.10	321,861,868.32	-	-	321,861,868.32
B	0.10-0.30	-	-	-	-
C	0.30-50.00	-	-	-	-
D	50.00-100.00	-	-	383,456.60	383,456.60
Carrying amount		321,861,868.32	-	383,456.60	322,245,324.92
Provision of credit loss		-	-	383,456.60	383,456.60
Book value		321,861,868.32	-	-	321,861,868.32

(a) Changes in provision for credit loss of other receivables

Unit: RMB

Category	2018			
	Expected credit loss in 12 months	Lifetime expected credit loss (not credit-impaired)	Lifetime expected credit loss (credit-impaired)	Total
31 Dec 2017	-	-	383,456.60	383,456.60
Remeasurement of provision for expected credit loss	-	-	-	-
1 Jan 2018	-	-	383,456.60	383,456.60
Provision for expected credit loss for the year	-	-	-	-
Reversal of expected credit loss for the year	-	-	-	-
Effect of changes in the scope of consolidation	-	-	-	-
Effect of changes in foreign exchange	-	-	-	-
31 Dec 2018	-	-	383,456.60	383,456.60

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

2. Other receivables - continued

(3) Other receivables - continued

(b) Disclosure of other receivables by nature

Unit: RMB

Nature	Closing balance	Opening balance (restated)
Amounts due from related parties	316,567,355.24	482,067,880.47
Temporary payments	4,785,167.82	4,360,323.59
Deposits	372,042.31	1,571,309.30
Others	520,759.55	95,474,902.93
Total	322,245,324.92	583,474,416.29
Net: provision of credit loss	383,456.60	383,456.60
Book value	321,861,868.32	583,090,959.69

(c) There is no other receivables write-off during this year.

(d) The top five balances of other receivables classified by debtor

Unit: RMB

Entities	Nature of the fund	Closing balance	Aging	Proportion of the amount to the total other receivable (%)	Closing balance of provision for credit loss
DGT	Loan to related parties	165,500,000.00	Within 1 year	51.36	-
Dongguan Chiwan Warf Co., Ltd. ("DGW")	Loan to related parties	151,067,355.24	Within 1 year	46.88	-
Chiwan Wharf Holdings (Hong Kong) Limited	Temporary payments	2,955,962.35	Within 1 year to 2 year and over 3 year	0.92	-
CCT	Temporary payments	736,080.69	Within 1 year	0.23	-
CHCC	Temporary payments	320,239.46	Within 1 year	0.10	-
Total		320,579,637.74		99.49	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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	-	-	-	-	-	-	-	-	5,500,000.00	-
CHCC	250,920,000.00	-	-	-	-	-	-	-	-	250,920,000.00	-
Shenzhen Chiwan Transportation Co., Ltd	7,000,000.00	-	-	-	-	-	-	-	-	7,000,000.00	-
Chiwan Wharf Holdings (Hong Kong) Limited	1,070,000.00	-	-	-	-	-	-	-	-	1,070,000.00	-
Shenzhen Chiwan Tugboat Co., Ltd	24,000,000.00	-	-	-	-	-	-	-	-	24,000,000.00	-
CCT	421,023,199.85	-	-	-	-	-	-	-	-	421,023,199.85	-
Dongguan Chiwan Warf Co., Ltd. ("DGW")	186,525,000.00	-	-	-	-	-	-	-	-	186,525,000.00	-
DGT	175,000,000.00	-	-	-	-	-	-	-	-	175,000,000.00	-
Chiwan Shipping (Hong Kong) Limited	1,051,789.43	-	-	-	-	-	-	-	-	1,051,789.43	-
CMPORT (note)	-	26,170,129,771.99	-	-	-	-	-	-	-	26,170,129,771.99	-
China merchants port (zhoushan) roller loading logistics co. LTD	-	149,709,800.00	-	-	-	-	-	-	-	149,709,800.00	-
Subtotal	1,072,089,989.28	26,319,839,571.99	-	-	-	-	-	-	-	27,391,929,561.27	-
II. Associates											
China Merchants Holdings (International) Information Technology Co., Ltd	16,875,997.65	-	-	2,556,570.73	-	-	1,158,000.00	-	-	18,274,568.38	-
CMBL	343,318,551.85	-	-	12,007,805.81	-	881,145.07	15,707,120.00	-	-	340,500,382.73	-
Subtotal	360,194,549.50	-	-	14,564,376.54	-	881,145.07	16,865,120.00	-	-	358,774,951.11	-
III. Joint ventures											
COHA (Laizhou)	783,668,303.84	-	-	48,450,765.57	-	-	38,562,004.83	-	-	793,557,064.58	-
Total	2,215,952,842.62	26,319,839,571.99	-	63,015,142.11	-	881,145.07	55,427,124.83	-	-	28,544,261,576.96	-

Note: Details are set out in Notes (VI) 2(2)。

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

4. Operating income and operating costs

Unit: RMB

Item	2018		2017	
	Income	Cost	Income	Cost
Principal operating	211,782,804.61	158,561,191.30	230,376,600.39	147,184,443.19
Other operating	32,116,448.46	1,504,260.12	31,751,483.49	756,451.35
Total	243,899,253.07	160,065,451.42	262,128,083.88	147,940,894.54

5. Investment income

(1) Details of investment income

Unit: RMB

Item	2018	2017
Income from long-term equity investments under cost method	121,894,044.34	589,478,376.49
Income from long-term equity investments under equity method	63,015,142.10	49,683,858.86
Income from Other investments in equity instruments	8,228,975.00	
Investment income on available-for-sale financial assets, etc.		9,417,000.00
Total	193,138,161.44	648,579,235.35

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

Unit: RMB

Investment	2018	2017	Reasons for increases or decreases in the current compared to the prior period
CHCC	96,378,106.61	97,455,574.40	The profits distributed by investee fluctuate
Shenzhen Chiwan Tugboat Co., Ltd	21,929,842.24	21,606,823.62	The profits distributed by investee fluctuate
Shenzhen Chiwan Transportation Co., Ltd	3,299,252.31	2,619,884.81	The profits distributed by investee fluctuate
Shenzhen Chiwan International Freight Agency Co., Ltd	286,843.18	193,834.42	The profits distributed by investee fluctuate
CCT	-	276,049,957.84	The profits distributed by investee fluctuate
Dongguan Chiwan Warf Co., Ltd. ("DGW")	-	103,355,370.74	The profits distributed by investee fluctuate
DGT	-	88,196,930.66	The profits distributed by investee fluctuate
Total	121,894,044.34	589,478,376.49	

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SUPPLEMENTARY INFORMATION
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1. BREAKDOWN OF EXTRAORDINARY GAINS AND LOSSES

Unit: RMB

Item	Amounts	Remarks
Gains or losses on disposal of non-current assets	6,512,480.64	
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)	14,050,544.16	
Money lending income earned from non-financial institutions in profit or loss	-	
The excess of attributable fair value of identifiable net assets over the consideration paid for subsidiaries, associates and joint ventures	-	
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)	2,685,592,888.44	
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 credit loss individually	-	
Gains or losses on entrusted loans	-	
Gains or losses on changes in the fair value of investment properties that are subsequently measured using the fair value model	-	
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements by tax laws and accounting laws and regulations	-	
Custodian fees earned from entrusted operation	-	
Other non-operating income or expenses other than above	(3,767,817.73)	
Other profit or loss that meets the definition of non-recurring profit or loss(note)	(121,311,211.59)	
Tax effects	(3,010,149.89)	
Effects of minority interest (after tax)	(2,003,803,627.07)	
Total	574,263,106.96	

Note: The main amount is the agent fees of China Merchants Port Group Co., Ltd. (formally known as "Shenzhen Chiwan Wharf Holdings Limited" (hereinafter referred to as "the company")), resulted from business combination of enterprises under common control.

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

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

Unit: RMB

Category	Weighted average return on net assets (%)	ESP	
		Basic ESP	Diluted EPS
Net profit for the current period attributable to ordinary shareholders	3.8830	0.6080	0.6080
Net profit attributable to ordinary shareholders after deducting extraordinary gains and losses	1.8380	0.2878	0.2878
