



SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

SEMI-ANNUAL REPORT 2017

Date of disclosure: 25 August 2017

Section I Important Reminders, Contents & Definitions

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

Liu Bin, managing director, Zhang Fang, CFO, and Li Xiaopeng, financial manager, hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

All the directors attended the board meeting for the review of this report.

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

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

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

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

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Definitions

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

Section II Company Profile & Financial Highlights

I Basic information about the Company

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

II Contact information

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

III Other information

1. Ways to contact the Company

The registered address, office address and their zip codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2016 Annual Report.

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

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing this report and the place where this report is kept did not change during the reporting period. The said information can be found in the 2016 Annual Report.

IV Major accounting data and financial indicators

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

Yes No

Unit: RMB

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues	929,608,498.91	904,809,652.24	2.74%
Net profit attributable to shareholders of the Company	276,407,832.70	266,535,506.97	3.70%
Net profit attributable to shareholders of the Company before extraordinary gains and losses	275,545,048.09	264,716,384.31	4.09%
Net cash flows from operating activities	419,531,779.91	368,657,243.80	13.80%
Basic EPS (RMB/share)	0.429	0.413	3.87%
Diluted EPS (RMB/share)	0.429	0.413	3.87%
Weighted average ROE (%)	5.76%	5.88%	-0.12%
	As at the end of the reporting period	As at the end of last year	+/- (%)
Total assets	6,784,421,548.53	6,620,476,709.79	2.48%
Net assets attributable to shareholders of the Company	4,671,374,937.86	4,709,815,552.89	-0.82%

V Differences between accounting data under domestic and overseas accounting standards

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

No such differences

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

No such differences

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

Applicable Not applicable

VI Items and amounts of extraordinary gains and losses

Unit: RMB

Item	Amount	Note
Gains/losses on the disposal of non-current assets (including the offset part of the asset impairment provisions)	-448,433.95	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	498,801.18	
Non-operating income and expense other than the above	1,614,224.70	
Less: Income tax effects	334,195.42	
Minority interests effects (after tax)	467,611.90	
Total	862,784.61	--

Section III Business Highlights

I Main business during the reporting period

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

No.

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

In the reporting period, the global economy continued to pick up and recovery of international trade accelerated, but there was still no sign of strong structural growth. The port industry saw faster growth in handling. As a regional hub for container and bulk cargo carriers, the Company maintained a stable market position and achieved growth in operating results in the period.

II Material changes in main assets

1. Material changes in main assets

Applicable Not applicable

2. Main assets overseas

Applicable Not applicable

III Core competitiveness analysis

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

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

1. In April 2017, the freight forwarder under the Company bought 50 AMT tow trucks especially designed for port operations, which have effectively improved the container handling services.
2. In June 2017, alteration of Berth 7# at the Chiwan Wharf was completed and the new berth went into trial operation, boasting a docking capacity of 70,000-ton ships and a significant increase in unloading efficiency.

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

Section IV Performance Discussion and Analysis

I Summary

In the first half of 2017, the global economy continued to pick up, prices of bulk commodities were generally on the rise and recovery of international trade accelerated, but the global economy lacked momentum in recovery and there was still no sign of strong structural growth. China furthered its supply-side structural reform and its innovation-driven development strategy, and was able to bring its economic growth up to 6.9%. Its foreign trade was improving, with the total volume up 19.6% compared to the same period of last year. As a result, the country's port industry saw faster growth in handling. The country's coastal ports above the designated size registered a cargo throughput of 4.31 billion metric tons, representing a year-on-year growth of 7.3% (5.6 percentage points higher than the same period of last year), and a container throughput of 0.1 billion TEU, up 7.8% from a year earlier (5.4 percentage points higher than the same period of last year).

In the reporting period, having the big picture in mind, the Company seized market opportunities and forged ahead, and this was rewarded by increases in its main operating indicators. To be specific, the Company achieved a cargo throughput of 34.99 million metric tons, a year-on-year increase of 7.4%, which generated operating revenues of RMB0.93 billion, up 2.7% from the same period of last year, and net profits attributable to the Company (as the parent company) of RMB0.28 billion, representing a 3.7% growth from a year earlier.

1. Container handling business

In the reporting period, growth in international trade stimulated transport demand; growth in container handling capacity slowed down but overcapacity still existed; and there were increasing large ships, with 8,000 TEU and greater ships accounting for 47% of container ships. Freighters witnessed increasing integration and federation. The three major shipping federations have officially begun operation in this April, with their combined container shipping capacity taking up as much as 74% of the global capacity. As a result, the shipping industry would be more centralized and the freight rates would generally remain stable.

In the Pearl River Delta, competition in container handling has intensified and shipping federations have re-adjusted their shipping routes. All ports in Shenzhen combined achieved a container throughput of 11.865 million TEU, up 3.8% from the same period of last year, lower than the national average. Under such circumstances, the Company adopted effective measures to cope with adjustments in freighters' shipping routes in order to ensure stability in its business. It strengthened business solicitation and tried to establish relationship with new shipping routes to offset the decline in its cargo transit business caused by the freighters' federations' adjustments to their shipping routes. As a result, at the end of the reporting period, the shipping routes in cooperation with the Company increased by 21 on a year-on-year basis, all Asian routes. Meanwhile, the Company continued to improve its logistics service and wharf services to attract cargo sources from the hinterland, which helped increase the handled local container volume by 6.4% from a year earlier. In the fierce local competition, the Company realized a container throughput of 2.488 million TEU, increasing 1.8% compared to the same period of last year, which accounted for 21% of the Shenzhen market, flat with the same period of last year.

2. Bulk cargo handling business

Along with the recovery of China's economy in the reporting period, the domestic imports of both grain and fertilizer showed signs of increase, creating market opportunities for stable growth in the Company's bulk cargo handling business. In the period, the Company achieved a bulk cargo throughput of 11.233 million metric tons, a 31.1% year-on-year growth.

The Company adopted a business strategy of working on both domestic and foreign trade. Due to the Company's efforts in expanding its domestic corn handling business and its international grain and feedstuff handling business, its grain and feedstuff throughput was up 28% compared to the same period of last year, of which the international throughput went up 22% while the domestic throughput increased by 1.7 times, securing its leading position in the field of grain and feedstuff handling, as well as its position as a preferred discharge port for international grain and feedstuff, in the Pearl River Delta. In the meantime, in order to ensure sustained growth in

the grain and feedstuff handling business, the Company vigorously tried to attract new clients from nearby businesses, solidify quality cargo sources, improve its comprehensive port services, further cooperation with clients and satisfy various needs of clients.

By paying close attention to changes in the fertilizer market and staying in close contact with fertilizer clients, the Company's fertilizer throughput increased significantly by 62.1% compared to the same period of last year, of which the imported compound fertilizer handled by the Company accounting for over 50% of the national total, keeping the Company in a leading position in this respect. In the meanwhile, the Company's fertilizer handling business registered stable growth due to its efforts in, among other things, expanding the exported urea and imported pure sodium carbonate handling business, widening and extending channels and providing various value-added port services.

3. Support services and investment management

The Company's business of support tow truck, tugboat, customs clearance and barge services operated smoothly, with a year-on-year profit increase. Meanwhile, the Company's main joint ventures, including China Overseas Harbour Affairs (Laizhou) Co., Ltd., China Merchants Bonded Logistics Co., Ltd. and China Merchants Holdings (International) Information Technology Co., Ltd., contributed flat returns to the Company compared to the same period of last year.

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

Main business indicator	Reporting period (January-June 2017)	Same period of last year (January-June 2016)	YoY +/-%
Total throughput (thousand tons)	34,990	32,585	7.4%
Among which: Container throughput (thousand TEU)	2,488	2,444	1.8%
Bulk cargo throughput (thousand tons)	11,233	8,567	31.1%
Hours charged for tow trucks (thousand hours)	588	547	7.5%
Hours charged for tugboats (hour)	17,152	16,790	2.2%

During the reporting period, the Company carried out the tasks set for the year, with the focus on internal management improvement, better service quality and efficiency increase. It completed management restructuring of the Headquarters for more professional division of functions; strengthened budgetary management for more effective operational control; optimized operating procedures using the internet technology to increase the operating efficiency; encouraged innovations in process and procedure and finished multiple technical alterations; and optimized the capital and debt structure to reduce finance costs.

In the second half of 2017, the world economy is expected to continue to recover, and China's economy and foreign trade are likely to see more stability and improvement. However, risks still exist, including inflation pressure, changes in the monetary policies of main economies and trade protectionism. These uncertainties may cause more volatility in the port industry and pose certain challenges to the Company. In container handling, the regional competition and freighters' adjustments to their shipping routes exert pressure on the Company's business growth. To deal with that, the Company will pay close attention to certain clients' merger and acquisition progress, be more flexible in business negotiation, try to attract new shipping routes, and be as cooperative as it can in the Tonggu Channel widening and dredging program conducted to improve the channel conditions, so as to maintain stability in the Company's container handling business. In bulk cargo handling, the Company will keep an eye on market and policy changes, maintain an aggressive business strategy, secure and increase the Company's market position, and accelerate the berth and warehouse alteration at the Chiwan Wharf, as well as the building of support warehousing facilities at the Machong Wharf, so as to improve the Company's overall resource capability to seize more and better opportunities for business growth. As for internal management, the Company will continue to work on lean management, innovation, resource integration, organizational construction and risk control, and carry out various tasks according to its annual plan, trying to achieve its annual targets.

II Main business analysis

See “I Summary” above.

YoY movements in financial highlights:

Unit: RMB

	Reporting period	Same period of last year	YoY +/-%	Main reasons for movements
Operating revenues	929,608,498.91	904,809,652.24	2.74%	
Operating costs	535,972,835.46	492,158,524.59	8.90%	
Administrative expenses	72,324,731.18	81,947,868.71	-11.74%	
Finance costs	10,152,388.82	14,253,614.35	-28.77%	Interest cost decreased as the average balance of interest-bearing debts decreased
Corporate income tax expenses	58,896,433.80	49,661,006.76	18.60%	
R&D expenses	17,130,145.36	15,986,053.06	7.16%	
Net cash flows from operating activities	419,531,779.91	368,657,243.80	13.80%	
Net cash flows from investing activities	7,493,810.29	16,665,254.18	-55.03%	Higher payments for engineering
Net cash flows from financing activities	-254,949,011.51	-664,817,669.11	61.65%	Lower debt repayments
Net increase in cash and cash equivalents	167,505,798.54	-277,266,096.67	-39.59%	Loans and repayments decreased

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

Breakdown of main business

Unit: RMB

	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over the same period of last year (%)	Increase/decrease of operating costs over the same period of last year (%)	Increase/decrease of gross profit rate over the same period of last year (%)
Classified by industry:						
Cargo handling	865,384,374.34	497,194,719.83	42.55%	2.48%	8.35%	-6.82%
Classified by region:						
Mainland China	917,481,142.33	525,832,851.29	42.69%	1.57%	9.06%	-8.44%

III Non-core business analysis

	Amount	In total profit (%)	Source/reason	Recurring or not
Investment gains	69,509,957.45	18.33%	Profit from jointly-run and associated companies	Yes
Asset impairment	-1,908,239.31	-0.50%	Impairment provision made for accounts receivable from Hanjin Shipping (China) Co., Ltd last year has been received in the current period.	No
Non-operating revenues	2,407,216.29	0.63%	Gains from disposal of non-current assets, government subsidies, etc.	No
Non-operating expenses	742,624.36	0.20%	Loss from disposal of non-current assets	No

IV Assets and liabilities

1. Major changes in asset composition

Unit: RMB

	End of Reporting Period		End of same period of last year		Proportion change (%)	reason for major change
	Amount	In total assets (%)	Amount	In total assets (%)		
Monetary funds	593,542,501.41	8.75%	405,872,026.99	6.12%	2.63%	
Accounts receivable	243,504,003.91	3.59%	243,122,948.05	3.67%	-0.08%	
Inventories	17,926,504.16	0.26%	17,882,080.33	0.27%	-0.01%	
Investing real estate	23,233,997.73	0.34%	26,286,805.06	0.40%	-0.06%	
Long-term equity investment	1,463,702,326.87	21.57%	1,439,244,037.52	21.72%	-0.15%	
Fixed assets	2,990,556,886.41	44.08%	3,118,183,948.02	47.05%	-2.97%	
Construction in progress	183,708,222.05	2.71%	42,297,498.37	0.64%	2.07%	

2. Assets and liabilities measured at fair value

Item	Opening amount	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Purchased amount in the reporting period	Sold amount in the reporting period	Closing amount
Financial assets							
3. Available-for-sale financial assets	8,550,000		1,250,000				9,800,000
Total of the above	8,550,000		1,250,000				9,800,000
Financial liabilities	0						0

Major changes in measurement attributes of main assets in reporting period

 Yes No

3. Restricted asset rights as of the end of this reporting period

No such cases.

V Investments

1. General situation

 Applicable Not applicable

2. Major equity investments made in reporting period

Applicable Not applicable

3. Major non-equity investments ongoing in reporting period

Applicable Not applicable

4. Investments in financial assets**(1) Securities investment**

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Opening book value	Gain/loss on fair value changes in current period	Cumulative fair value changes recorded into equity	Purchased in current period	Sold in current period	Gain/loss in current period	Closing book value	Accounting title	Source of funds
Domestic and foreign stock	600377	Jiangsu Expressway	1,120,000	Fair value method	8,550,000	-	1,250,000	-	-	-	9,800,000	Available-for-sale financial assets	Self-owned funds
Domestic and foreign stock	400032	Petrochemical A1	3,500,000	Cost method	382,200	-	-	-	-	-	382,200	Available-for-sale financial assets	Self-owned funds
Domestic and foreign stock	400009	Guang Jian 1	27,500	Cost method	17,000	-	-	-	-	-	17,000	Available-for-sale financial assets	Self-owned funds
Other holding securities investment at the end of the period			-	--	-	-	-	-	-	-	-	--	--
Total			4,647,500	--	8,949,200	-	1,250,000	-	-	-	10,199,200	--	--
Disclosure date of announcement of Board of Directors for review and approval of securities investment			N/A										
Disclosure date of announcement of shareholder meeting for review and approval of securities investment (if any)			N/A										

(2) Investments in financial derivatives

No such cases in reporting period

VI Sale of major assets and equity interests

1. Sale of major assets

No such cases in reporting period

2. Sale of major equity interests

Applicable Not applicable

VII Main controlled and joint stock companies

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

Unit: RMB

Company name	Company variety	Main business	Industries	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Chiwan Container Terminal Co., Ltd.	Subsidiary	Container handling	Transportation industry	USD 95.3 million	2,113,878,611.62	1,889,401,766.52	326,262,590.52	107,164,195.28	82,862,059.33
Shenzhen Chiwan Harbor Container Co. Ltd.	Subsidiary	Container handling	Transportation industry	RMB288.2 million	807,502,721.37	543,696,810.41	152,434,693.48	57,721,674.87	49,629,785.75
Dongguan Chiwan Wharf Company Limited	Subsidiary	Handling and storage of bulk cargos	Transportation industry	RMB 450 million	1,111,954,316.79	796,513,543.77	159,643,720.20	57,430,594.68	43,662,466.15
Dongguan Chiwan Terminal Co., Ltd.	Subsidiary	Handling and storage of bulk cargos	Transportation industry	RMB 400 million	942,130,607.71	596,958,848.76	127,467,843.51	45,192,651.22	39,550,211.03

Subsidiaries obtained or disposed in the reporting period:

Applicable Not applicable

VIII Structured bodies controlled by the Company

Applicable Not applicable

IX Performance forecast for January-September 2017

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

Applicable Not applicable

X Risks facing the Company and countermeasures

1. External risks

External risks are mainly caused by the uncertainty of macroeconomic recovery and the increasingly fierce competition between the regional ports. The main business of the Company has a comparatively stronger

extraversion. The potential risk factors of macroeconomic recovery will bring a bad effect on container shipping market and bulk cargo demand and it will be a big challenge to maintain the stable port operation. The Company is under great pressure with the excess capacity of Pearl River Delta regional ports, the intensified homogeneous competition between the ports, and shunt risks of the business, as well as the downward port tariff.

The Company will pay attention to the study and judgment of external operating environmental changes, and strengthen the early-warning ability of business operating risks, and plan the effective measurements in advance to positively face the market changes and find opportunities from the challenges to maintain the stability of core business. Strengthening dominant position of the Company in the district further and enhance the coordination with other ports to avoid vicious competition of low prices and maintain good market order. At the same time, the Company should optimize and improve the allocation of ports resources, enhance the comprehensive competitiveness to build benchmarking enterprise in the industry.

2. Internal risks

Internal risks are mainly caused by the increasing operating cost and comparatively single business structure. The prices of land, labor forces, and other production factors are continuously increasing, and operating cost of wharf also increase rigidly, so the profit space of the Company is squeezed. The conventional handling business of the Company takes a large proportion with single profit source. The business extension ability needs to be strengthened.

By continuously pushing forward lean management, the Company will deeply dig out and improve the utilization efficiency of existing resources, and increase the investment of science and technology R&D, pay attention to the technological renovation, and reduce the labor forces to improve quality and increase efficiency. Implementing “Building the Regional 1st Level’s Port Integrated Servicer” development strategy combined with the existing advantages and based on ports’ main business, the Company will expand ports’ integrated service, develop new growth points of profit and build a harbor ecosystem.

Section V Significant Events

I Annual and special meetings of shareholders convened during the reporting period

1. Meetings of shareholders convened during the reporting period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
2016 Annual Meeting of Shareholders	Annual Meeting of Shareholders	75.43%	5 Jun. 2017	6 Jun. 2017	For details of relevant resolution announcement(announcement No: 2017-019) , see www.cninfo.com.cn

2. Special meetings of shareholders convened at request of preference shareholders with resumed voting

rights

Applicable Not applicable

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

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

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

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	Period of commitment	Fulfillment
Share reform commitment	CND Group	Other	In order to enhance the shareholding confidence of tradable share holders, and encourage the core management and key personnel so that the interests of the management and all the shareholders can coincide, CND made a commitment to entrust, through the general meeting of the Company, the Board of Directors of the Company to formulate and carry out an equity incentive plan at a proper timing after the	5 Apr. 2006	Standing	CND Group proposed in Mar. 2009 to the Company <The Report on Formulating and Carrying out the Equity Incentive Plan of Shenzhen Chiwan Wharf Holdings Limited>, which was reviewed and approved in the general meeting of the Company in May 2009. The Board of Directors of the Company was authorized to formulate and carry out an equity incentive plan at a proper timing according to applicable laws and regulations. In Jun. 2014,

			completion of the share division reform according to applicable laws and regulations.			according to <The Methods (Trial) for State Holding Listed Companies to Carry out Equity Incentive> jointly promulgated by the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance, as well as <The Administrative Methods (Trial) for Equity Incentive of Listed Companies> promulgated by CSRC, the equity incentive plan could not be successfully formulated due to policy and regulation changes, as well as some restrictions. Therefore, the Company has decided not to formulate and carry out the equity incentive plan for now. The Board of Directors will continue to follow and study relevant policies and regulations, and reconsider formulating and carrying out a new equity incentive plan according to the actual situation of the Company and executing the decision-making procedure.
Commitment in the acquisition report or the report on equity changes	CMPort	Commitment on horizontal competition, related-party transactions and capital occupation	1. Commitments about share custody; 2. Commitment about guaranteeing the independency of the Company; 3. Commitment about horizontal competition; and 4. Commitment about regulating related-party transactions	17 Sept. 2012	Concerning horizontal competition, it is promised that the horizontal competition issue will be solved through ways such as asset reorganization in the coming 3-5 years. And the other three commitments are subject to the share custody period.	In the process of execution
	Malai Storage	Commitment on horizontal competition, related-party transactions and capital occupation	1. Commitment about guaranteeing the independency of the Company; 2. Commitment about horizontal competition; and 3. Commitment about regulating related-party transactions	27 Dec. 2012	Whenever Malai Storage holds the Company's shares	In the process of execution
Commitment in asset reorganization						
Commitment in IPO or refinancing						
Equity incentive commitment						

Other commitments made to minority shareholders	CND Group	Other	CND Group irrevocably and unconditionally agrees that if Chiwan Wharf suffers from any loss, expense, liability, demanded compensation or law suit due to any actual or potential illegality or unenforceability in any land use agreement or relevant documents signed or to be signed by CND Group or other related problems, CND Group promises to give full immunity to the recipient party of the land use right and its inheritor and the recipient person regarding the aforesaid matters.	20 Mar. 2011	Standing	In the process of execution
Executed on time or not	Yes					
Explain in detail specific reasons for failing to fulfill commitment and plan for next step in case of commitment unfulfilled on time	N/A					

IV Engagement and disengagement of CPAs firm

Has the semi-annual financial report been audited?

Yes No

This Semi-Annual Report is unaudited.

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

Applicable Not applicable

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

Applicable Not applicable

VII Bankruptcy and restructuring

No such cases in the reporting period.

VIII Legal matters

No such cases in the reporting period

Other legal matters:

Applicable Not applicable

IX Punishments and rectifications

No such cases in the reporting period

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

Applicable Not applicable

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

No such cases in the reporting period

XII Significant related-party transactions

1. Related-party transactions relevant to routine operation

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (RMB'0,000)	Proportion in same kind of transactions	Approved transaction amount (RMB'0,000)	Whether exceeded the approved amount	Settlement method of the related-party transaction	Similar market price	Disclosure date	Disclosure index
CND Group	Shareholder	Lease	Land use fee	Mutual negotiation	35,087,942.41	3,508.79	80.44%	6,000	No	Payment by month	35,087,942.41	28 Mar. 2017	See Announcement No. 2017-007 on www.cninfo.com.cn for details.
Total				--	--	3,508.79	--	6,000	--	--	--	--	--
Details about return of large-amount sales				No									
Where the Company classifies and estimates the total amount of routine related-party transactions for the reporting period, explain the actual implementation during the reporting period (if any)				No									
Explain why the transaction price is greatly different from the market price (if applicable)				N/A									

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

No such cases in the reporting period

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

No such cases in the reporting period

4. Credits and liabilities with related parties

No such cases in the reporting period

5. Other significant related-party transactions

Unit: RMB'0,000

Related party	Relation	Type of credit/liability	Reason for credit/liability	Whether there was non-operating capital occupation	Opening balance	Increase	Decrease	Closing balance
CDF	The director of the Company holds the position of vice president of CDF	Receivable from related party	Deposits	No	121.19	22,011.89	22,112.50	20.58

Index to the current announcements about the said related-party transactions disclosed

Title of current announcement	Disclosure date	Disclosure website
Announcement about the Estimating the Amount of the 2017 Daily Related Transactions	28 Mar. 2017	For details, see www.cninfo.com.cn

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

No such cases in the reporting period

XIV Significant contracts and fulfillment thereof**1. Trusteeship, contracting and leasing****(1) Trusteeship**

No such cases in the reporting period.

(2) Contracting

No such cases in the reporting period.

(3) Leasing

No such cases in the reporting period.

2. Significant guarantees

No such cases in the reporting period.

3. Other significant contracts

Applicable Not applicable

XV Social responsibilities**1. Particulars of the fulfillment of social responsibilities of targeted poverty alleviation**

No such cases in the reporting period. And there is no such intention for the Company to carry out targeted poverty alleviation for the time being.

2. Particulars of environmental protection

Whether the Company and its subsidiaries are pollutant discharging units released by the Department of Environmental Protection

No

XVI Other significant events

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

Announcement No.	Title	Date
2017-001	Announcement on Voluntary Information Disclosure of Business Volume Data of December 2016	2017-01-12
2017-002	Announcement on Voluntary Information Disclosure of Business Volume Data of January 2017	2017-02-09
2017-003	Announcement on Voluntary Information Disclosure of Business Volume Data of February 2017	2017-03-10
2017-004	Announcement on Resolutions of the Seventh Meeting of the Eighth Board of Directors	2017-03-28
2017-005	Announcement on Resolutions of the Seventh Meeting of the Eighth Supervisory Committee	2017-03-28
2017-006	Abstract of Annual Report 2016	2017-03-28
2017-007	Announcement on Expected Routine Related-Party Transactions for 2017	2017-03-28
2017-008	Statement of Independent Director Nominees of the Ninth Board of Directors	2017-03-28
2017-009	Statement of Independent Director Candidates of the Ninth Board of Directors	2017-03-28
2017-010	Announcement on Voluntary Information Disclosure of Business	2017-04-11

	Volume Data of March 2017	
2017-011	Announcement on Abnormality of Stock Price	2017-04-13
2017-012	Announcement on Resolutions of the First Special Meeting of the Eighth Board of Directors in 2017	2017-04-28
2017-013	The Text of Quarter One Report 2017	2017-04-28
2017-014	Announcement on Related-Party Transactions about Signing Financial Service Agreement with Sinotrans & CSC Finance Co., Ltd.	2017-04-28
2017-015	Announcement on Related-Party Transactions about renewing the Financial Service Agreement with Zhongkai Finance Co., Ltd.	2017-04-28
2017-016	Notice of Annual General Meeting 2016	2017-04-28
2017-017	Announcement on Voluntary Information Disclosure of Business Volume Data of April 2017	2017-05-10
2017-018	Indicative Announcement on Convening Annual General Meeting 2016	2017-05-27
2017-019	Announcement on Resolutions of Annual General Meeting 2016	2017-06-06
2017-020	Announcement on Resolutions of the First Meeting of the Ninth Board of Directors	2017-06-06
2017-021	Announcement on Resolutions of the First Meeting of the Ninth Supervisory Committee	2017-06-06
2017-022	Announcement on Voluntary Information Disclosure of Business Volume Data of May 2017	2017-06-07
2017-023	Announcement on the Due Payment of 2016 Phase III Short-term Financing Bonds	2017-06-09

XVII Internal control progress

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

1. Preparation phase

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

(2) The work plan for internal control of 2017 was worked out.

(3) The subjects and internal control processes included in the internal control improvement task for 2017 were determined. According to its own business characteristics and importance and based on the internal control process improvement results of the previous years, subjects included in the internal control improvement task for 2017 were: the Company, Chiwan Container Terminal Co., Ltd., Shenzhen Chiwan Wharf Container Co. Ltd., Dongguan Chiwan Wharf Company Limited, Dongguan Chiwan Terminal Company Limited and Shenzhen Chiwan Tugboat Transportation Co.,Ltd. Internal control processes included in the internal control improvement and self-evaluation task for 2017 were: the organizational structure, development strategy, human resources, social responsibilities, corporate culture, capital operation, procurement, asset management, marketing, R&D, engineering projects, guarantees, outsourcing, financial reporting, overall budget, contract management, internal information transmission and the information system.

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

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

2. Implementation phase

(1) The internal control task groups of the Headquarters and the subsidiaries have reviewed the flow chart risk matrix assessment of last year, and have re-described work flows within the internal control improvement scope according to business changes this year so as to formulate an internal control risk matrix and a core flow chart for the Company for 2017.

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

3. Internal control audit

The resolution of hiring Deloitte Touche Tohmatsu (special general partnership) as the Company's internal audit firm of 2017 was approved by the Seventh Meeting of the Eighth Board of Directors held on March 24, 2017 and Annual General Meeting 2016 held on June 5, 2017.

The Company carried out internal control work according to the time schedule of the 2017 internal control program of work. The progress of the project was in accordance with the plan of the work plan. There was no difference or delay.

XVIII Significant events of subsidiaries

Applicable Not applicable

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

Time	Place	Way	Type of object	Object	Main contents discussed and materials provided
From January 2017 to the end of June 2017	Office of the Company	Telephone communication	Individual	Individual investor	Basis conditions of operating, investment and financial situation of the Company
		Reception	Institution	Institutional investor	

Section VI Share Changes & Particulars about Shareholders

I Changes in shares

1. Changes in shares

Unit: share

	Before		Increase/decrease (+, -)					After	
	Number	Percentage	New shares	Bonus shares	Capitalization of capital reserve	Other	Subtotal	Number	Percentage
I Restricted shares	304,538	0.05%	0	0	0	53,825	53,825	358,363	0.06%
1. Shares held by the State	0	0%	0	0	0	0	0	0	0%
2. Share held by state-owned corporations	0	0%	0	0	0	0	0	0	0%
3. Shares held by other domestic investors	304,538	0.05%	0	0	0	53,825	53,825	358,363	0.06%
Among which: Shares held by domestic corporations	0	0%	0	0	0	0	0	0	0%
Shares held by domestic individuals	304,538	0.05%	0	0	0	53,825	53,825	358,363	0.06%
4. Shares held by foreign investors	0	0%	0	0	0	0	0	0	0%
Among which: Shares held by foreign corporations	0	0%	0	0	0	0	0	0	0%
Shares held by foreign individuals	0	0%	0	0	0	0	0	0	0%
II Non-restricted shares	644,459,192	99.95%	0	0	0	-53,825	-53,825	644,405,367	99.94%
1. Renminbi common shares	464,866,612	72.10%	0	0	0	-562	-562	464,866,050	72.10%
2. Domestically listed foreign shares	179,592,580	27.85%	0	0	0	-53,263	-53,263	179,539,317	27.84%
3. Overseas listed foreign shares	0	0%	0	0	0	0	0	0	0%
4. Others	0	0%	0	0	0	0	0	0	0%
III Total shares	644,763,730	100%						644,763,730	100%

Reasons for share changes:

On June 5, 2017, the Company held the Annual General Meeting 2016 for general election. The former director Qu Jiandong, the former executive Zhao Qiang and Nie Qi left office at the end of their terms. The shares they held were locked up in full.

Approval of the change in shares

 Applicable Not applicable

Reason for the change in shares

 Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in restricted shares

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the reporting period	Amount of lifted restricted shares in the reporting period	The increased restricted shares in the reporting period	Number of restricted shares at the end of the reporting period	Reason	Date of lifting of restricted shares
Qu Jiandong	84,408	0	28,136	112,544	Lock-in by regulation for leaving office	lifting all the restricted shares six months after leaving office
Zhang Jianguo	55,712	0	0	55,712	Lock up 75% of the total number of shares each year while he is the director	-
Yuan Yuhui	10,530	0	0	10,530	Lock up 75% of the total number of shares each year while he is the independent director	-
Ni Keqin	21,909	0	0	21,909	Lock up 75% of the total number of shares each year while he is the supervisory director	-
Zhao Qiang	11,328	0	3,775	15,103	Lock-in by regulation for leaving office	lifting all the restricted shares six months after leaving office
Nie Qi	65,745	0	21,914	87,659	Lock-in by regulation for leaving office	lifting all the restricted shares six months after leaving office
Zhao Chaoxiong	48,716	0	0	48,716	Lock up 75% of the total number of shares each year while he is the executive	-
Wang Yongli	3,739	0	0	3,739	Lock up 75% of the total number of shares each year while he is the executive	-

Zhang Fang	2,451	0	0	2,451	Lock up 75% of the total number of shares each year while he is the executive	-
Total	304,538	0	53,825	358,363	--	--

II Issuance and listing of securities

Applicable Not applicable

III Total number of shareholders and their shareholding

Unit: share

Total number of common shareholders at period-end		45,296 (34,647 A-shareholders and 10,649 B-shareholders)			Total number of preference shareholders with resumed voting rights at period-end (if any)		0
Shareholding of common shareholders holding more than 5% shares or the top 10 of common shareholders							
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the reporting period	Increase and decrease of shares during reporting period	Number of shares held subject to trading moratorium	Number of shares held subject to trading moratorium	Pledged or frozen shares
CHINA NANSHAN DEVELOPMENT (GROUP) INC.	State-owned corporation	32.52%	209,687,067	0	0	209,687,067	0
SHENZHEN MALAI STORAGE CO., LTD.	Domestic non-state-owned corporation	25%	161,190,933	0	0	161,190,933	0
KEEN FIELD ENTERPRISES LIMITED	Foreign corporation	8.58%	55,314,208	0	0	55,314,208	0
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign corporation	7.43%	47,914,954	0	0	47,914,954	Unknown
NORGES BANK	Foreign corporation	0.43%	2,802,863	1,142,301	0	2,802,863	Unknown
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign corporation	0.41%	2,617,518	0	0	2,617,518	Unknown
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.38%	2,479,573	28,514	0	2,479,573	Unknown

SINO-ITALY ASSETS MANAGEMENT-ICBC-STRATEGIC SELECTION ASSETS MANAGEMENT PRODUCTS NO. 55	Other	0.27%	1,772,663	1,772,663	0	1,772,663	Unknown
CANADA POST CORPORATION REGISTERED PENSION PLAN	Foreign corporation	0.25%	1,631,396	0	0	1,631,396	Unknown
TEMPLETON ASIAN GROWTH FUND	Foreign corporation	0.25%	1,628,170	-257,000	0	1,628,170	Unknown
Strategic investors or the general legal person due to the placement of new shares become the top 10 shareholders (if any)	N/A						
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders:	China Merchants Port Holdings Company Limited (CMPort) is a shareholder of China Nanshan Development (Group) Inc., and Shenzhen Malai Storage Co., Ltd. and Keen Field Enterprises Limited are both wholly-funded subsidiaries of CMPort. Other than that, the Company does not know whether the other non-restricted shareholders are related parties or not.						
Particulars about shares held by top 10 common shareholders not subject to trading moratorium							
Name of shareholder	Number of shares held not subject to trading moratorium at the end of the period	Type of share					
		Type of share	Amount				
CHINA NANSHAN DEVELOPMENT (GROUP) INC.	209,687,067	A-share	209,687,067				
SHENZHEN MALAI STORAGE CO., LTD.	161,190,933	A-share	161,190,933				
KEEN FIELD ENTERPRISES LIMITED	55,314,208	B-share	55,314,208				
CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	47,914,954	B-share	47,914,954				
NORGES BANK	2,802,863	B-share	2,802,863				
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	2,617,518	B-share	2,617,518				
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	2,479,573	B-share	2,479,573				
SINO-ITALY ASSETS MANAGEMENT-ICBC-STRATEGIC SELECTION ASSETS MANAGEMENT PRODUCTS NO. 55	1,772,663	A-share	1,772,663				
CANADA POST CORPORATION REGISTERED PENSION PLAN	1,631,396	B-share	1,631,396				
TEMPLETON ASIAN GROWTH FUND	1,628,170	B-share	1,628,170				
Explanation on associated relationship among the top ten shareholders of tradable share not subject to trading moratorium, as well as among the top ten shareholders of tradable share not subject to trading moratorium and top ten shareholders, or explanation on acting-in-concert	China Merchants Port Holdings Company Limited (CMPort) is a shareholder of China Nanshan Development (Group) Inc., and Shenzhen Malai Storage Co., Ltd. and Keen Field Enterprises Limited are both wholly-funded subsidiaries of CMPort. Other than that, the Company does not know whether the other non-restricted shareholders are related parties or not.						
Particular about shareholder participate in	N/A						

the securities lending and borrowing business (if any)	
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None of the top ten common shareholders and the top ten common shareholders not subject to trading moratorium of the Company carried out any agreed buy-back in the reporting period.

IV Change of the controlling shareholder or the actual controller

No such cases in the reporting period.

Section VII Preference Shares

Applicable Not applicable

The Company had no preference shares in the reporting period.

Section VIII Directors, Supervisors and Senior Management Staff

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

Applicable Not applicable

There was no change in shareholding of Directors, Supervisors, Senior Management Staffs and Employees, for details, please refer to 2016 Annual Report

II Particulars about Changes of Directors, Supervisors and Senior Executives

Name	Position	Type of change	Date of change	Reason for change
Qu Jiandong	Director	leave his post for the expiration of his term	2017-06-05	leave his post for the expiration of his term
Zhao Qiang	GM	leave his post for the expiration of his term	2017-06-05	leave his post for the expiration of his term
Nie Qi	Vice GM	leave his post for the expiration of his term	2017-06-05	leave his post for the expiration of his term

Section IX Corporate Bonds

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

No.

Section X Financial Report

I Auditor's report

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

II Financial statements (see the attached)

Section XI Documents Available for Reference

- I The 2017 Semi-Annual Report carrying the signature of Liu Bin, the Managing Director;
- II The 2017 Semi-Annual Financial Report carrying the signatures of the Company's Legal Representative, Chief Financial Officer and Financial Manager; and
- III Original copies of all documents and announcements disclosed during the reporting period on Securities Times, Ta Kung Pao and www.cninfo.com.cn.

For and on behalf of the Board

Liu Bin

Managing Director

Shenzhen Chiwan Wharf Holdings Limited

Dated 25 August 2017

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

AT 30 JUNE 2017

Consolidated Balance Sheet

Unit: RMB

ASSETS	Notes	30 Jun. 2017	31 Dec. 2016	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30 Jun. 2017	31 Dec. 2016
Current Assets:				Current Liabilities:			
Cash and bank balances	(V)1	593,542,501.41	426,036,702.87	Short-term borrowings		-	-
Notes receivable	(V)2	-	500,000.00	Accounts payable	(V)20	98,590,197.10	89,444,597.10
Accounts receivable	(V)3	243,504,003.91	173,934,496.63	Receipts in advance	(V)21	129,822,174.32	30,668,212.67
Prepayments	(V)4	1,804,143.70	2,639,758.53	Employee benefits payable	(V)22	57,049,136.82	88,578,492.26
Interest receivable	(V)5	1,264,914.26	-	Taxes payable	(V)23	59,511,807.19	48,504,829.80
Dividends receivable	(V)6	420,000.00	-	Interest payable	(V)24	6,371,260.30	2,567,260.28
Other receivables	(V)7	18,699,162.98	26,647,869.01	Dividends payable	(V)25	319,802,810.47	-
Inventories	(V)8	17,926,504.16	14,771,410.09	Other payables	(V)26	75,105,519.60	74,590,394.09
Other current assets	(V)9	19,698,853.34	16,832,212.36	Non-current liabilities due within one year		-	-
Total current assets		896,860,083.76	661,362,449.49	Other current liabilities	(V)27	-	250,000,000.00
Non-current Assets:				Total current liabilities		746,252,905.80	584,353,786.20
Available-for-sale financial assets	(V)10	23,709,200.00	22,459,200.00	Non-current Liabilities:			
Long-term equity investments	(V)11	1,463,702,326.87	1,490,427,656.53	Bonds payable	(V)28	298,629,041.09	298,331,506.85
Investment property	(V)12	23,233,997.73	23,646,913.77	Special payables	(V)29	33,327,666.64	34,326,860.44
Fixed assets	(V)13	2,990,556,886.41	3,036,813,842.54	Deferred income	(V)30	60,823,779.90	64,613,319.88
Construction in progress	(V)14	183,708,222.05	164,604,358.31	Deferred tax liabilities	(V)18	2,170,000.00	1,857,500.00
Intangible assets	(V)15	992,031,529.45	1,010,767,451.01	Total non-current liabilities		394,950,487.63	399,129,187.17
Goodwill	(V)16	10,858,898.17	10,858,898.17	TOTAL LIABILITIES		1,141,203,393.43	983,482,973.37
Long-term prepaid expenses	(V)17	53,905,084.94	54,944,476.64	SHAREHOLDERS' EQUITY:			
Deferred tax assets	(V)18	12,172,333.47	12,221,758.47	Share capital	(V)31	644,763,730.00	644,763,730.00
Other non-current assets	(V)19	133,682,985.68	132,369,704.86	Capital reserve	(V)32	167,480,381.25	167,480,381.25
Total non-current assets		5,887,561,464.77	5,959,114,260.30	Other comprehensive income	(V)33	(7,102,146.43)	(8,039,646.43)
				Special reserve	(V)34	8,162,628.00	4,145,765.65
				Surplus reserve	(V)35	520,074,434.56	520,074,434.56
				Unappropriated profit	(V)36	3,337,995,910.48	3,381,390,887.86
				Total shareholders' equity attributable to equity holders of the parent		4,671,374,937.86	4,709,815,552.89
				Minority interests		971,843,217.24	927,178,183.53
				TOTAL SHAREHOLDERS' EQUITY:		5,643,218,155.10	5,636,993,736.42
TOTAL ASSETS		6,784,421,548.53	6,620,476,709.79	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,784,421,548.53	6,620,476,709.79

The accompanying notes form part of the financial statements.

The financial statements on pages 2 to 97 were signed by the following:

Legal Representative: Liu Bin

Chief Financial Officer: Zhang Fang

Head of Accounting Department: Li Xiaopeng

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

AT 30 JUNE 2017

Balance Sheet of the Company

Unit: RMB

ASSETS	Notes	30 Jun. 2017	31 Dec. 2016	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30 Jun. 2017	31 Dec. 2016
Current Assets:				Current Liabilities:			
Cash and bank balances		58,389,908.02	97,401,657.09	Accounts payable		17,674,905.37	15,743,751.91
Accounts receivable	(XIV)1	24,161,523.24	14,730,412.29	Receipts in advance		-	-
Prepayments		-	175,000.00	Employee benefits payable		38,826,304.69	53,761,846.04
Interest receivable		-	-	Taxes payable		4,995,268.84	1,906,748.15
Dividends receivable		420,000.00	134,702,787.76	Interest payable		7,052,536.22	5,657,953.71
Other receivables	(XIV)2	563,789,045.88	582,452,104.00	Dividend payable		357,411,350.73	37,608,540.65
Inventories		371,317.52	394,234.74	Other payables		307,787,199.55	358,982,632.32
Other current assets		1,904,089.65	997,740.76	Other current liabilities		-	250,000,000.00
Total current assets		649,035,884.31	830,853,936.64	Total current liabilities		733,747,565.40	723,661,472.78
Non-current Assets:				Non-current Liabilities:			
Available-for-sale financial assets		23,709,200.00	22,459,200.00	Bonds payable		298,629,041.09	298,331,506.85
Long-term receivables		11,004,284.75	11,004,284.75	Long-term payables		151,378,000.00	116,662,000.00
Long-term equity investments	(XIV)3	2,012,601,688.02	2,032,600,191.97	Deferred tax liabilities		2,170,000.00	1,857,500.00
Investment property		13,358,471.82	13,600,159.92	Total non-current liabilities		452,177,041.09	416,851,006.85
Fixed assets		209,696,916.29	179,815,891.12	TOTAL LIABILITIES		1,185,924,606.49	1,140,512,479.63
Construction in progress		2,615,787.94	29,437,068.97	SHAREHOLDERS' EQUITY			
Intangible assets		61,422,417.52	62,890,018.39	Share capital		644,763,730.00	644,763,730.00
Long-term prepaid expenses		4,066,779.79	4,156,590.13	Capital reserve		240,001,254.59	240,001,254.59
Total non-current assets		2,338,475,546.13	2,355,963,405.25	Other Comprehensive Income		6,610,000.00	5,672,500.00
				Special reserve		1,314,835.73	1,027,543.25
				Surplus reserve		520,074,434.56	520,074,434.56
				Unappropriated profit		388,822,569.07	634,765,399.86
				TOTAL SHAREHOLDERS' EQUITY		1,801,586,823.95	2,046,304,862.26
TOTAL ASSETS		2,987,511,430.44	3,186,817,341.89	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,987,511,430.44	3,186,817,341.89

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2017

Consolidated Income Statement

Unit: RMB

ITEM	Notes	Jan.-Jun. 2017	Jan.-Jun. 2016
I. Total operating income	(V)37	929,608,498.91	904,809,652.24
Less: Operating costs	(V)37	535,972,835.46	492,158,524.59
Business taxes and levies	(V)38	5,099,769.02	3,167,942.41
Administrative expenses	(V)39	72,324,731.18	81,947,868.71
Financial expenses	(V)40	10,152,388.82	14,253,614.35
Impairment losses of assets	(V)41	(1,908,239.31)	288,044.16
Add: Investment income	(V)42	69,509,957.45	69,300,256.41
Including: Income from investments in associates and joint ventures	(V)42	60,092,957.45	63,008,068.56
II. Operating profit		377,476,971.19	382,293,914.43
Add: Non-operating income	(V)43	2,407,216.29	2,639,213.81
Including: Gains from disposal of non-current assets	(V)43	293,053.57	321,539.16
Less: Non-operating expenses	(V)44	742,624.36	501,465.63
Including: Losses from disposal of non-current assets	(V)44	741,487.52	497,708.60
III. Gross profit		379,141,563.12	384,431,662.61
Less: Income tax expenses	(V)45	58,896,433.80	49,661,006.76
IV. Net profit		320,245,129.32	334,770,655.85
Net profit attributable to shareholders of the parent		276,407,832.70	266,535,506.97
Profit or loss attributable to minority shareholders		43,837,296.62	68,235,148.88
V. Amount of Other Comprehensive Net Income After Tax:	(V)46	937,500.00	(307,500.00)
Amount of other comprehensive net income after tax attributable to equity holders of the parent		937,500.00	(307,500.00)
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
(i) Change as a result of remeasurement of the net defined benefit plan liability or asset		-	-
(ii) Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss		-	-
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		937,500.00	(307,500.00)
(i) Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss		-	-
(ii) Gains or losses on changes in fair value of available-for-sale financial assets		937,500.00	(307,500.00)
(iii) Translation differences of financial statements denominated in foreign currencies		-	-
Amount of other comprehensive net income after tax attributable to minority shareholders		-	-
VI. Total comprehensive income attributable to:		321,182,629.32	334,463,155.85
Shareholders of the parent		277,345,332.70	266,228,006.97
Minority shareholders		43,837,296.62	68,235,148.88
VII. Earnings per share:			
(I) Basic earnings per share		0.429	0.413
(II) Diluted earnings per share		0.429	0.413

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2017

Income Statement of the Company

Unit: RMB

ITEM	Notes	Jan.-Jun. 2017	Jan.-Jun. 2016
I. Total operating income	(XIV)4	120,036,337.34	105,710,030.13
Less: Operating costs	(XIV)4	61,993,764.64	64,949,950.84
Business taxes and levies		1,295,149.90	1,547,777.62
Administrative expenses		30,763,723.53	33,379,091.02
Financial expenses		(3,567,095.64)	5,094,574.72
Impairment loss of assets		(7,730.22)	1,895.24
Add: Investment income	(XIV)5	43,578,170.47	49,037,666.37
Including: Income from investments in associates and joint ventures	(XIV)5	34,161,170.47	42,745,478.52
II. Operating profit		73,136,695.60	49,774,407.06
Add: Non-operating income		551,196.35	1,631,374.22
Including: Gains from disposal of non-current assets		304,464.57	171,539.16
Less: Non-operating expenses		224,356.40	232,526.52
Including: Losses from disposal of non-current assets		223,219.56	232,526.52
III. Gross profit		73,463,535.55	51,173,254.76
Less: Income tax expenses		(396,443.74)	(22,956.92)
IV. Net profit		73,859,979.29	51,196,211.68
V. Amount of Other Comprehensive Net Income After Tax:		937,500.00	(307,500.00)
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
(i) Change as a result of remeasurement of the net defined benefit plan liability or asset		-	-
(ii) Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss		-	-
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		937,500.00	(307,500.00)
(i) Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss		-	-
(ii) Gains or losses on changes in fair value of available-for-sale financial assets		937,500.00	(307,500.00)
(iii) Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income		74,797,479.29	50,888,711.68

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2016

Consolidated Cash Flow Statement

Unit: RMB

ITEM	Notes	Jan.-Jun. 2017	Jan.-Jun. 2016
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		992,636,284.58	909,202,402.61
Other cash receipts relating to operating activities	(V)48(1)	30,298,093.23	5,778,446.67
Sub-total of cash inflows		1,022,934,377.81	914,980,849.28
Cash payments for goods purchased and services received		309,960,731.31	257,633,025.65
Cash payments to and on behalf of employees		193,009,250.76	184,930,609.51
Payments of all types of taxes		66,501,423.23	57,624,012.99
Other cash payments relating to operating activities	(V)48(2)	33,931,192.60	46,135,957.33
Sub-total of cash outflows		603,402,597.90	546,323,605.48
Net Cash Flows from Operating Activities	(V)49(1)	419,531,779.91	368,657,243.80
II. Cash Flows from Investing Activities:			
Cash receipts from investments income		93,324,546.74	77,197,846.38
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		2,650,703.87	1,916,084.08
Sub-total of cash inflows		95,975,250.61	79,113,930.46
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		88,481,440.32	62,448,676.28
Sub-total of cash outflows		88,481,440.32	62,448,676.28
Net Cash Flows from Investing Activities		7,493,810.29	16,665,254.18
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		30,000,000.00	100,000,000.00
Cash receipts from issue of bonds		-	-
Sub-total of cash inflows		30,000,000.00	100,000,000.00
Cash repayments of borrowings		280,000,000.00	744,466,721.71
Cash payments for distribution of dividends or profit or interest		4,933,219.18	20,324,960.51
Including: Payments for distribution of dividends or profit to minorities		-	-
Other cash payments relating to financing activities	(V)48(3)	15,792.33	25,986.89
Sub-total of cash outflows		284,949,011.51	764,817,669.11
Net Cash Flows from Financing Activities		(254,949,011.51)	(664,817,669.11)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(4,570,780.15)	2,229,074.46
V. Net Increase (Decrease)in Cash and Cash Equivalents		167,505,798.54	(277,266,096.67)
Add: Opening balance of Cash and Cash Equivalents	(V)49(2)	426,036,702.87	683,138,123.66
VI. Closing Balance of Cash and Cash Equivalents	(V)49(2)	593,542,501.41	405,872,026.99

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2017

Cash Flow Statement of the Company

Unit: RMB

ITEM	Notes	Jan.-Jun. 2017	Jan.-Jun. 2016
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		114,863,518.00	115,849,225.53
Other cash receipts relating to operating activities		424,203,588.78	462,768,621.77
Sub-total of cash inflows		539,067,106.78	578,617,847.30
Cash payments for goods purchased and services received		31,930,629.72	31,533,042.73
Cash payments to and on behalf of employees		61,467,607.51	63,282,140.23
Payments of all types of taxes		4,414,781.60	4,088,453.58
Other cash payments relating to operating activities		457,615,731.81	368,439,595.82
Sub-total of cash outflows		555,428,750.64	467,343,232.36
Net Cash Flows from Operating Activities	(XIV)8	(16,361,643.86)	111,274,614.94
II. Cash Flows from Investing Activities:			
Cash receipts from investments income		197,859,462.18	151,872,638.18
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		2,693,776.59	1,677,137.08
Cash receipts from disposal of subsidiaries and other business units		-	-
Sub-total of cash inflows		200,553,238.77	153,549,775.26
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		3,621,231.58	2,409,879.75
Sub-total of cash outflows		3,621,231.58	2,409,879.75
Net Cash Flows from Investing Activities		196,932,007.19	151,139,895.51
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		64,715,999.99	219,658,000.00
Cash receipts from issue of bonds		-	-
Sub-total of cash inflows		64,715,999.99	219,658,000.00
Cash repayments of borrowings		280,000,000.00	600,000,000.00
Cash payments for distribution of dividends or profit or interest		4,933,219.18	19,798,230.88
Other cash payments relating to financing activities		15,792.33	25,986.89
Sub-total of cash outflows		284,949,011.51	619,824,217.77
Net Cash Flows from Financing Activities		(220,233,011.52)	(400,166,217.77)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		650,899.12	(3,471,028.83)
V. Net Increase(Decrease) in Cash and Cash Equivalents		(39,011,749.07)	(141,222,736.15)
Add: Opening balance of Cash and Cash Equivalents		97,401,657.09	331,615,767.60
VI. Closing Balance of Cash and Cash Equivalents		58,389,908.02	190,393,031.45

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2017

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

ITEM	Amount of Jan-Jun 2017									Amount of last year										
	Attributable to shareholders of the parent								Minority interests	Total shareholders' equity	Attributable to shareholders of the parent								Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others	Share capital			Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others				
I. Closing balance of the preceding year	644,763,730.00	167,480,381.25	(8,039,646.43)	4,145,765.65	520,074,434.56	3,381,390,887.86	-	927,178,183.53	5,636,993,736.42	644,763,730.00	165,564,739.15	(7,889,646.43)	3,719,755.58	520,074,434.56	3,113,367,524.19	-	789,709,893.07	5,229,310,430.12		
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
II. Opening balance of the year	644,763,730.00	167,480,381.25	(8,039,646.43)	4,145,765.65	520,074,434.56	3,381,390,887.86	-	927,178,183.53	5,636,993,736.42	644,763,730.00	165,564,739.15	(7,889,646.43)	3,719,755.58	520,074,434.56	3,113,367,524.19	-	789,709,893.07	5,229,310,430.12		
III. Changes for the year	-	-	937,500.00	4,016,862.35	-	(43,394,977.38)	-	44,665,033.71	6,224,418.68	-	1,915,642.10	(150,000.00)	426,010.07	-	268,023,363.67	-	137,468,290.46	407,683,306.30		
(I) Total comprehensive income	-	-	937,500.00	-	-	276,407,832.70	-	43,837,296.62	321,182,629.32	-	-	(150,000.00)	-	-	532,376,492.97	-	137,473,210.75	669,699,703.72		
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2. Share-based payment recognised in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(III) Profit distribution	-	-	-	-	-	(319,802,810.08)	-	-	(319,802,810.08)	-	-	-	-	-	(264,353,129.30)	-	-	(264,353,129.30)		
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
3. Distributions to shareholders	-	-	-	-	-	(319,802,810.08)	-	-	(319,802,810.08)	-	-	-	-	-	(264,353,129.30)	-	-	(264,353,129.30)		
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(V) Special reserve	-	-	-	4,016,862.35	-	-	-	827,737.09	4,844,599.44	-	-	-	426,010.07	-	-	-	(4,920.29)	421,089.78		
1. Withdrawn in the period	-	-	-	9,845,498.98	-	-	-	1,953,624.81	11,799,123.79	-	-	-	19,844,261.39	-	-	-	3,842,861.21	23,687,122.60		
2. Utilized in the period	-	-	-	(5,828,636.63)	-	-	-	(1,125,887.72)	(6,954,524.35)	-	-	-	(19,418,251.32)	-	-	-	(3,847,781.50)	(23,266,032.82)		
(VI) Others	-	-	-	-	-	-	-	-	-	-	1,915,642.10	-	-	-	-	-	-	1,915,642.10		
IV. Closing balance of the year	644,763,730.00	167,480,381.25	(7,102,146.43)	8,162,628.00	520,074,434.56	3,337,995,910.48	-	971,843,217.24	5,643,218,155.10	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		

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 30 JUNE 2017

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

ITEM	Amount of Jan.-Jun.2017							Amount of last year						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Total shareholders' equity	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Total shareholders' equity
I. Closing balance of the preceding year	644,763,730.00	240,001,254.59	5,672,500.00	1,027,543.25	520,074,434.56	634,765,399.86	2,046,304,862.26	644,763,730.00	239,043,433.54	5,822,500.00	1,465,450.61	520,074,434.56	703,644,298.05	2,114,813,846.76
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	644,763,730.00	239,043,433.54	5,822,500.00	1,465,450.61	520,074,434.56	703,644,298.05	2,114,813,846.76
III. Changes for the year	-	-	937,500.00	287,292.48	-	(245,942,830.79)	(244,718,038.31)	-	957,821.05	(150,000.00)	(437,907.36)	-	(68,878,898.19)	(68,508,984.50)
(I) Total comprehensive income	-	-	937,500.00	-	-	73,859,979.29	74,797,479.29	-	-	(150,000.00)	-	-	195,474,231.11	195,324,231.11
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognised in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	(319,802,810.08)	(319,802,810.08)	-	-	-	-	-	(264,353,129.30)	(264,353,129.30)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(319,802,810.08)	(319,802,810.08)	-	-	-	-	-	(264,353,129.30)	(264,353,129.30)
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	287,292.48	-	-	287,292.48	-	-	-	(437,907.36)	-	-	(437,907.36)
1. Transfer to special reserve in the period	-	-	-	1,119,925.68	-	-	1,119,925.68	-	-	-	2,621,610.60	-	-	2,621,610.60
2. Utilized in the period	-	-	-	(832,633.20)	-	-	(832,633.20)	-	-	-	(3,059,517.96)	-	-	(3,059,517.96)
(VI) Others	-	-	-	-	-	-	-	-	957,821.05	-	-	-	-	957,821.05
IV. Closing balance of the year	644,763,730.00	240,001,254.59	6,610,000.00	1,314,835.73	520,074,434.56	388,822,569.07	1,801,586,823.95	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

The accompanying notes form part of the financial statements.

(I) GENERAL INFORMATION OF THE COMPANY

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

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

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

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation of financial statements

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

Basis of accounting and principle of measurement

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

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

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

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS - continued

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

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

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

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

Going Concern

The Group evaluated its going concern ability within 12 months since 30 Jun. 2017. No events or circumstances are noted, which could cause significant doubt upon the entity's ability to continue as going concern. Hence, the financial statements have been prepared on a going concern basis.

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

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

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 30 June 2017, and the Company's and consolidated results of operations and cash flows for six months ended 30 June 2017.

2. Accounting period

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

3. Operating cycle

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

4. Functional currency

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

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

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

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

5.1 Business combinations involving enterprises under common control

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

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

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

5.2 Business combinations not involving enterprises under common control and goodwill

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

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

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

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

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

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

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

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

6. Preparation of consolidated financial statements

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

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

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

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

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

6. Preparation of consolidated financial statements - continued

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

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

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

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

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

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

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

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

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

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

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

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

8. Recognition criteria of cash and cash equivalents

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

9. Foreign currency transactions

9.1 Transactions denominated in foreign currencies

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

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

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

9. Foreign currency transactions- continued

9.1 Transactions denominated in foreign currencies - continued

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

10. Financial instruments

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

10.1 Effective interest method

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

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

10.2 Classification, recognition and measurement of financial assets

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

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

10. Financial instruments - continued

10.2 Classification, recognition and measurement of financial assets - continued

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

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

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

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

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

10.2.2 Held-to-maturity investments

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

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

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

10. Financial instruments - continued

10.2 Classification, recognition and measurement of financial assets - continued

10.2.3 Loans and receivables

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

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

10.2.4 Available-for-sale financial assets

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

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

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

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

10.3 Impairment of financial assets

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

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

10. Financial instruments - continued

10.3 Impairment of financial assets - continued

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

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

- Impairment of financial assets measured at amortized cost

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

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

10. Financial instruments - continued

10.3 Impairment of financial assets - continued

- Impairment of financial assets measured at amortized cost - continued

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

- Impairment of available-for-sale financial assets

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

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

- Impairment of financial assets measured at cost

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

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

10. Financial instruments - continued

10.4 Transfer of financial assets

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

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

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

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

10.5 Classification, recognition and measurement of financial liabilities

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

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

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

10. Financial instruments - continued

10.5.1 Financial liabilities at fair value through profit or loss

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

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

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

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

10.5.2 Other financial liabilities

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

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

10. Financial instruments - continued

10.5 Classification and recognition of financial liabilities - continued

10.5.3 Financial guarantee contracts

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

10.6 Derecognition of Financial Liabilities

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

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

10.7 Offsetting financial assets and financial liabilities

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

10.8 Equity instruments

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

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

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

11. Receivables

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

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

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

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

Portfolios that use aging analysis for bad debt provision:

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

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

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

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

12. Inventories

12.1 Categories of inventories

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

12.2 Valuation method of inventories upon delivery

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

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

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

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

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

12.4 Inventory count system

The perpetual inventory system is maintained for stock system.

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

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

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

13. Long-term equity investments

13.1 Basis for determining joint control and significant influence over investee

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

13.2 Determination of investment cost

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

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

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

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

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

13. Long-term equity investments - continued

13.3 Subsequent measurement and recognition of profit or loss

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

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

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

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

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

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

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

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

13. Long-term equity investments - continued

13.3 Subsequent measurement and recognition of profit or loss - continued

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

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

13.4 Disposal of long-term equity investments

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

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

14. Investment properties

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

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

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

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

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

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

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

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

15.2 Depreciation of each category of fixed assets

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

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

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

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

15. Fixed assets - continued

15.3 Other explanations

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

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

16. Construction in progress

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

17. Borrowing Costs

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

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

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

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

18. Intangible assets

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

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

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

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

19. Impairment of long-term assets

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

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

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

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

19. Impairment of long-term assets - continued

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

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

20. Long-term prepaid expenses

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

21. Employee benefits

21.1 The accounting treatment of short-term employee benefits

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

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

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

21. Employee benefits - continued

21.2 The accounting treatment of post-employment benefits

All the post-employment benefits are defined contribution plans.

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

21.3 The accounting treatment of termination benefits

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

22. Provisions

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

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

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

23. Revenue

23.1 Revenue from rendering of services

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

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

23. Revenue - continued

23.2 Rental income - continued

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

23.3 Interest income

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

24. Government grants

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

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

24.1 The accounting treatment of government grants related to assets

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

24.2 The accounting treatment of government grants related to income

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

25. Deferred tax assets/ deferred tax liabilities

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

25.1 Current income tax

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

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

25. Deferred tax assets/ deferred tax liabilities - continued

25.2 Deferred tax assets and deferred tax liabilities

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

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

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

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

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

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

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

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

25. Deferred tax assets/ deferred tax liabilities - continued

25.3 Offset of income tax

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

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

26. Leases

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

26.1 The accounting treatment of operating leases

26.1.1 The Group as lessee under operating leases

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

26.1.2 The Group as lessor under operating leases

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

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

27. Safety Production Cost

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

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

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

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

Goodwill impairment

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

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

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

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

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

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

Entities using different enterprise income tax rate:

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

(IV) TAXES - continued

1. Major taxes and tax rates - continued

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

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

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

2. Tax preference

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

According to Doc. [2013] No.3 issued by Shekou Local Taxation Bureau In Shenzhen, the profits derived from berth 13A# of Shenzhen Chiwan Harbour Container Co., Ltd ("CHCC"), was subject to tax preference of "3-year exemption followed by 3-year half reduction" commencing from 2012. 2016 is the fifth profit-making year of berth 13A#, hence, the tax rate of 12.5% was adopted to calculate its enterprise income tax. (2016: 12.5%).

According to the joint verification by Science and Technology Innovation Commission of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, Shenzhen Provincial Office, SAT and Shenzhen Local Taxation Bureau, Chiwan Container Terminal Co., Ltd ("CCT"), a subsidiary of the Group, is a high-tech enterprise, and was subject to tax preference of 3-year enterprise income tax rate of 15% commencing from 2014. The high-tech certificate of Chiwan Container Terminal Co., Ltd., a subsidiary of the Company, expired at the end of 2016 and the subsidiary was going through a review for that certificate in the first half of 2017. Therefore, out of the principle of prudence, the income tax rate for the subsidiary was reported at 25% for this year.

According to the *Notice on Taxable Services Subject to "VAT" Tax Rate of Zero and Exemption issued by the Ministry of Finance and State Administration of Taxation* (filed as Cai Shui [2011] No.131), and approvals released by Shekou National Taxation Bureau in Shenzhen (filed as Shen Guo Shui She Jian Mian Bei [2015] No.0419, [2015] No.0575 and [2015] No.0755 respectively), CCT, CHCC and Shenzhen Chiwan International Freight Agency Co., Ltd, the subsidiaries of the Group, are exempted from VAT when providing logistics support service to overseas enterprises except for warehousing service.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	Closing balance	Opening balance
Cash:		
RMB	1,282.79	20,664.46
USD	480.98	492.53
HKD	7,555.68	7,786.85
Subtotal	9,319.45	28,943.84
Bank deposit:		
RMB	316,148,677.71	225,166,179.45
USD	243,709,449.24	175,236,570.78
HKD	19,714,770.66	25,531,313.32
Subtotal	579,572,897.61	425,934,063.55
Other cash and bank balances (Note)		
RMB	13,960,284.35	73,695.48
USD	-	-
HKD	-	-
Subtotal	13,960,284.35	73,695.48
Total	593,542,501.41	426,036,702.87
Including: The total amount of funds deposited in overseas	6,573,964.58	11,778,425.97

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

2. Notes receivable

Unit: RMB

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

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

3. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: RMB

Item	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	8,629,958.62	3.50	-	-	8,629,958.62	4,527,585.51	2.54	-	-	4,527,585.51
Portfolio 2	235,090,646.20	95.38	216,600.91	0.09	234,874,045.29	169,922,044.73	95.41	515,133.61	0.30	169,406,911.12
Subtotal of portfolios	243,720,604.82	98.88	216,600.91	0.09	243,504,003.91	174,449,630.24	97.95	515,133.61	0.30	173,934,496.63
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	2,768,544.64	1.12	2,768,544.64	100.00	-	3,647,046.03	2.05	3,647,046.03	100.00	-
Total	246,489,149.46	100.00	2,985,145.55	1.21	243,504,003.91	178,096,676.27	100.00	4,162,179.64	2.34	173,934,496.63

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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

3. Accounts receivable - continued

(1) Disclosure of accounts receivable by categories - continued

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	234,715,478.17	125,525.47	0.05	234,589,952.70	169,810,253.50	477,141.52	0.28	169,333,111.98
More than 1 year but not exceeding 2 years	354,390.73	70,878.14	20.00	283,512.59	91,873.93	18,374.79	20.00	73,499.14
More than 2 years but not exceeding 3 years	1,160.00	580.00	50.00	580.00	600.00	300.00	50.00	300.00
More than 3 years	19,617.30	19,617.30	100.00	-	19,317.30	19,317.30	100.00	-
Total	235,090,646.20	216,600.91	0.09	234,874,045.29	169,922,044.73	515,133.61	0.30	169,406,911.12

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

Unit: RMB

Item	Opening balance	bad debt provision	Decrease		Closing balance
			Reversal	Write-off	
Accounts receivable	4,162,179.64	456,427.17	1,633,461.26	-	2,985,145.55

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

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

Unit: RMB

Name of customer	Relationship with the Company	Amount	Proportion of the amount to the total accounts receivable (%)	Bad debt provision
Customer A	Customer	54,209,574.08	21.99	1,443.60
Customer B	Customer	33,974,868.00	13.78	-
Customer C	Customer	14,546,864.86	5.90	-
Customer D	Customer	9,432,338.45	3.83	-
Customer E	Customer	7,905,330.53	3.21	-
Total		120,068,975.92	48.71	1,443.60

4. Prepayments

(1) Prepayments presented by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,804,143.70	100.00	2,464,758.53	93.37
More than 1 year but not exceeding 2 years	-	-	-	-
More than 2 years but not exceeding 3 years	-	-	175,000.00	6.63
Total	1,804,143.70	100.00	2,639,758.53	100.00

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

(2) Top five balances of prepayments classified by entities

Unit: RMB

Entities	Relationship with the Company	Closing balance	Proportion of the closing balance to the total prepayments (%)
The People's Property Insurance Company (Group) of China Limited, Shenzhen Branch	Supplier	680,511.80	37.72
China Life Insurance Co., Ltd Shenzhen Branch	Supplier	555,913.81	30.82
Kingdee software (China) Co., Ltd.	Supplier	252,391.51	13.99
CMBL	Supplier	150,000.00	8.31
Shaoguan Hydraulic Parts Factory Co Ltd	Supplier	50,960.00	2.82
Total		1,689,777.12	93.66

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

5. Interest receivable

(1) Interest receivable

Unit: RMB

Category	Closing balance	Opening balance
Fixed term deposit	1,264,914.26	-

(2) The Group has no significant overdue interest.

6. Dividends receivable

(1) Dividends receivable

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Impairment appeared or not
China Overseas Harbor Affairs (Laizhou) Co., Ltd.	-	54,159,674.42	54,159,674.42	-	No
China Ocean Shipping Agency (Shenzhen) Company Limited	-	8,997,000.00	8,997,000.00	-	No
Jiang Su Ninghu Expressway Company Limited	-	420,000.00	-	420,000.00	No
MEDIA PORT INVESTMENTS LIMITED	-	30,167,872.32	30,167,872.32	-	No
Total	-	93,744,546.74	93,324,546.74	-	

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

7. Other receivables

(1) Disclosure of other receivables by categories:

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Other receivables for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	11,290,093.48	58.61	100,000.00	0.89	11,190,093.48	9,736,887.93	34.85	100,000.00	1.03	9,636,887.93
Portfolio 2	7,972,493.98	41.39	463,424.48	5.81	7,509,069.50	18,205,610.78	65.15	1,194,629.70	6.56	17,010,981.08
Subtotal of portfolios	19,262,587.46	100.00	563,424.48	2.92	18,699,162.98	27,942,498.71	100.00	1,294,629.70	4.63	26,647,869.01
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	19,262,587.46	100.00	563,424.48	2.92	18,699,162.98	27,942,498.71	100.00	1,294,629.70	4.63	26,647,869.01

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	7,509,069.50	-	-	7,509,069.50	17,704,281.50	723,624.26	4.09	16,980,657.24
More than 1 year but not exceeding 2 years	-	-	-	-	37,904.80	7,580.96	20.00	30,323.84
More than 2 years but not exceeding 3 years	-	-	-	-	-	-	-	-
More than 3 years	463,424.48	463,424.48	100.00	-	463,424.48	463,424.48	100.00	-
Total	7,972,493.98	463,424.48	5.81	7,509,069.50	18,205,610.78	1,194,629.70	6.56	17,010,981.08

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

Unit: RMB

Item	Opening balance	Increase	Decrease		Translate foreign currency statements	Closing balance
			Reversal	Write-off		
Other receivable	1,294,629.70	-	731,205.22	-	-	563,424.48

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

(4) Disclosure of other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance
Temporary payments	6,704,948.86	7,216,846.26
Deposits	4,927,605.99	4,021,619.49
Others	7,630,032.61	16,704,032.96
Total	19,262,587.46	27,942,498.71

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

7. Other receivables - continued

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

Unit: RMB

Name of company	Nature of the fund	Amount	Aging	Proportion of the amount to the total accounts receivable (%)	Bad debt provision
Nanshan Group	Temporary payments from related parties	2,822,760.39	More than 2 year but not exceeding 3 years and more than 3 years	14.65	-
Finance Department of Ministry of Transport	Deposits and guarantee	1,600,000.00	more than 3 years	5.73	-
MSC	Temporary payments from related parties	970,762.13	Within one year	5.04	-
CMBL	Temporary payments from related parties	2,180,743.58	Within one year	11.32	-
Shenzhen Nanhai Grain Industrial Co., Ltd.	Land rents	1,066,345.02	Within one year	5.54	-
Total		8,640,611.12		44.86	-

8. Inventories

(1) Categories of inventories

Unit: RMB

Item	30 Jun. 2017			31 Dec. 2016		
	Carrying amount	Provision for decline in value of inventories	Book value	Carrying amount	Provision for decline in value of inventories	Book value
Spare parts	18,075,502.40	972,744.93	17,102,757.47	15,138,488.70	972,744.93	14,165,743.77
Fuel	662,550.11	-	662,550.11	605,666.32	-	605,666.32
Low priced and easily worn articles	161,196.58	-	161,196.58	-	-	-
Total	18,899,249.09	972,744.93	17,926,504.16	15,744,155.02	972,744.93	14,771,410.09

(2) Provision for decline in value of inventories

Unit: RMB

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

9. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Added-value tax to be certified and deducted	19,698,853.34	16,832,212.36

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

10. Available-for-sale financial assets

(1) Available-for-sale financial assets

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Available-for-sale equity instruments	26,837,500.00	3,128,300.00	23,709,200.00	25,587,500.00	3,128,300.00	22,459,200.00
Measured at fair value	9,800,000.00	-	9,800,000.00	8,550,000.00	-	8,550,000.00
Measured at cost	17,037,500.00	3,128,300.00	13,909,200.00	17,037,500.00	3,128,300.00	13,909,200.00
Total	26,837,500.00	3,128,300.00	23,709,200.00	25,587,500.00	3,128,300.00	22,459,200.00

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

Unit: RMB

Classification of available-for-sale financial assets	Available-for-sale equity instruments
Cost of equity instruments	1,120,000.00
Fair value	9,800,000.00
Accumulated amount of changes in fair value included in the other comprehensive income	8,680,000.00
Provision amount for impairment	-

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

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

Unit: RMB

Investees	Carrying amount				Provision for impairment				Proportion of ownership interests in the investee (%)	Cash dividends for the period
	Opening balance	Increase	Decrease	Closing balance	Opening balance	Increase	Decrease	Closing balance		
Shenzhen Petro-chemical Industry (Group) Company Limited	3,500,000.00	-	-	3,500,000.00	3,117,800.00	-	-	3,117,800.00	0.26	-
Guangdong Guang Jian Group Company Limited	27,500.00	-	-	27,500.00	10,500.00	-	-	10,500.00	0.02	-
China Ocean Shipping Agency (Shenzhen) Company Limited	13,510,000.00	-	-	13,510,000.00	-	-	-	-	15.00	8,997,000.00
Total	17,037,500.00	-	-	17,037,500.00	3,128,300.00	-	-	3,128,300.00		8,997,000.00

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

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

Unit: RMB

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

11. Long-term equity investments

Unit: RMB

Investee	Accounting method	Investment cost	Opening balance	Changes							Closing balance	Closing value of provision for impairment	
				Increase	Decrease	Investment profit or loss under equity method	Reconciling items from other comprehensive income	Other equity movements	Cash dividends or profits announced of issuance	Provision for impairment			Others
I. Joint ventures													
China Overseas Harbor Affairs (Laizhou) Co., Ltd.(Note 1)	Equity method	749,655,300.00	794,981,306.22	-	-	29,155,806.47	-	-	54,159,674.42	-	-	769,977,438.27	-
II. Associates													
China Merchants Holdings (International) Information Technology Company Ltd.	Equity method	1,875,000.00	14,595,240.92	-	-	2,267,364.00	-	-	-	-	-	16,862,604.92	-
CMBL	Equity method	280,000,000.00	339,931,866.76	-	-	5,476,000.01	-	-	-	-	-	345,407,866.77	-
MediaPortInvestmentsLimited("MPIL") (Note 2)	Equity method	139,932.00	340,919,242.63	-	-	23,193,786.97	-	-	32,658,612.69	-	-	331,454,416.91	-
Subtotal		282,014,932.00	695,446,350.31	-	-	30,937,150.98	-	-	32,658,612.69	-	-	693,724,888.60	-
Total		1,031,670,232.00	1,490,427,656.53	-	-	60,092,957.45	-	-	86,818,287.11	-	-	1,463,702,326.87	-

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

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

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

Unit: RMB

Item	Opening carrying amount	Increase	Decrease	Closing carrying amount
I. Total original carrying amount	43,579,258.14	-	-	43,579,258.14
1. Buildings	14,947,127.30	-	-	14,947,127.30
2. Land use right	28,632,130.84	-	-	28,632,130.84
II. Total accumulated depreciation and amortization	19,932,344.37	412,916.04	-	20,345,260.41
1. Buildings	5,463,497.40	156,179.82	-	5,619,677.22
2. Land use right	14,468,846.97	256,736.22	-	14,725,583.19
III. Total net book value of investment property	23,646,913.77	-	-	23,233,997.73
1. Buildings	9,483,629.90	-	-	9,327,450.08
2. Land use right	14,163,283.87	-	-	13,906,547.65
IV. Total accumulated amount of provision for impairment losses of investment property	-	-	-	-
1. Buildings	-	-	-	-
2. Land use right	-	-	-	-
V. Total carrying value of investment property	23,646,913.77	-	-	23,233,997.73
1. Buildings	9,483,629.90	-	-	9,327,450.08
2. Land use right	14,163,283.87	-	-	13,906,547.65

Note: Depreciation and amortization for the current period is RMB412,916.04.

(2) Investment properties without ownership certificates

As of 30 Jun. 2017, the Group has not obtained any ownership certificates of investment properties. For buildings located within the scope of Chiwan watershed with net book value of RMB20,080,637.54 (original carrying amount: RMB40,030,725.05), the underlying reasons and management's resolutions for obtaining certificates of title are set out in Note (V) 15, and the rest certificates of title are under the process of application.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

13. Fixed assets

(1) Fixed assets

Unit: RMB

Item	Opening carrying amount	Increase	Decrease	Closing carrying amount
I. Total original carrying amount	5,505,843,686.69	50,057,165.28	29,432,067.51	5,526,468,784.46
Including: Port and terminal facilities	1,991,871,480.44	21,041,986.99	-	2,012,913,467.43
Container yards and buildings	1,063,057,243.72	-	-	1,063,057,243.72
Mechanical equipment	2,059,095,193.73	18,560,645.16	18,016,696.05	2,059,639,142.84
Motor vehicles, cargo ships and tugboats	276,010,110.61	10,138,675.04	11,407,030.37	274,741,755.28
Other equipment	115,809,658.19	315,858.09	8,341.09	116,117,175.19
II. Total accumulated depreciation	2,411,610,375.19	93,366,465.87	26,484,411.97	2,478,492,429.09
Including: Port and terminal facilities	477,002,365.71	20,813,743.88	-	497,816,109.59
Container yards and buildings	283,028,128.52	12,356,696.03	-	295,384,824.55
Mechanical equipment	1,409,426,856.11	50,759,507.35	16,215,026.43	1,443,971,337.03
Motor vehicles, cargo ships and tugboats	156,226,016.48	6,508,846.79	10,266,327.34	152,468,535.93
Other equipment	85,927,008.37	2,927,671.82	3,058.20	88,851,621.99
III. Total net book value of fixed assets	3,094,233,311.50	-	-	3,047,976,355.37
Including: Port and terminal facilities	1,514,869,114.73	-	-	1,515,097,357.84
Container yards and buildings	780,029,115.20	-	-	767,672,419.17
Mechanical equipment	649,668,337.62	-	-	615,667,805.81
Motor vehicles, cargo ships and tugboats	119,784,094.13	-	-	122,273,219.35
Other equipment	29,882,649.82	-	-	27,265,553.20
IV. Total provision for impairment losses	57,419,468.96	-	-	57,419,468.96
Including: Port and terminal facilities	4,261,599.48	-	-	4,261,599.48
Container yards and buildings	53,157,869.48	-	-	53,157,869.48
Mechanical equipment	-	-	-	-
Motor vehicles, cargo ships and tugboats	-	-	-	-
Other equipment	-	-	-	-
V. Total carrying value of fixed assets	3,036,813,842.54	-	-	2,990,556,886.41
Including: Port and terminal facilities	1,510,607,515.25	-	-	1,510,835,758.36
Container yards and buildings	726,871,245.72	-	-	714,514,549.69
Mechanical equipment	649,668,337.62	-	-	615,667,805.81
Motor vehicles, cargo ships and tugboats	119,784,094.13	-	-	122,273,219.35
Other equipment	29,882,649.82	-	-	27,265,553.20

Note 1: The increase of total original carrying amount for current period consists of new acquisition of RMB10,738,341.33, an increase of RMB39,318,823.95 of amount transferred from construction in progress. The decrease of total original carrying amount for current period consists of a decrease of RMB29,427,124.42 resulting from disposal of fixed assets.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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

13. Fixed assets - continued

Note 2: The increase in accumulated depreciation for current period consists of charge for the current year of RMB93,306,636.81. The decrease in accumulated depreciation for current period consists of a decrease of RMB26,484,411.97 resulting from disposal of fixed assets .

Note 3: As of 30 Jun. 2017, the Group has no fixed assets that used as collateral.

Note 4: As of 30 Jun. 2017, the certificates of title for the Group's buildings with a net book value of RMB316,680,114.53 (total original carrying amount: RMB442,079,399.52) have not yet been obtained. For buildings located within the scope of Chiwan watershed with net book value of RMB30,751,333.69 (original carrying amount: RMB118,989,052.62), the underlying reasons and management's solutions for obtaining certificates of title are set out in Note (V) 15, and the rest certificates of title are under the process of application.

(2) Other issues

Unit: RMB

Item	Amount	Note
The original amounts of fixed assets fully depreciated but still in use at 30 Jun. 2016	638,624,344.81	
Closing original amount of temporary idle fixed assets	-	
Fixed assets disposed or retired in the current year		
Original amount of fixed assets disposed or retired in the current year	29,427,124.42	
Net book value of fixed assets disposed or retired in the current year	2,942,712.45	
Gain or loss on disposal or retire of fixed assets	(448,433.95)	

14. Construction in progress

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

Unit: RMB

Item	Closing Balance			Opening Balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Relavent construction work of 50.86 meters coastline, Machong Port	5,302,912.96	-	5,302,912.96	5,130,743.15	-	5,130,743.15
Bulk grain warehouses Phase III, Machong Port	198,113.21	-	198,113.21	198,113.21	-	198,113.21
Bulk grain warehouses Phase II, Machong Port	161,069,706.65	-	161,069,706.65	123,199,182.41	-	123,199,182.41
Technological transformation of Berth 7#, Chiwan Port	-	-	-	20,061,782.13	-	20,061,782.13
Others	17,137,489.23	-	17,137,489.23	16,014,537.41	-	16,014,537.41
Total	183,708,222.05	-	183,708,222.05	164,604,358.31	-	164,604,358.31

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

14. Construction in progress - continued

(2) Changes in significant construction in progress

Unit: RMB

Item	Budget amount	Opening balance	Increase in the current period	Transfer to fixed and intangible assets	Decrease in the current period	Closing balance	Proportion of accumulated construction investment in budget	Construction progress	Amount of accumulated capitalised interest	Including: capitalised interest for the current period	Interest capitalisation rate for the current period (%)	Capital source
Relavent construction work of 50.86 meters coastline, Machong Port	36,000,000.00	5,130,743.15	172,169.81	-	-	5,302,912.96	14.73	14.73	-	-	-	Self-funding
Bulk grain warehouses Phase III, Machong Port	680,000,000.00	198,113.21	-	-	-	198,113.21	0.03	0.03	-	-	-	Self-funding
Bulk grain warehouses Phase II, Machong Port	320,000,000.00	123,199,182.41	37,870,524.24	-	-	161,069,706.65	50.33	50.33	1,214,868.30	1,107,689.13	4.35	Self-funding
Technological transformation of Berth 7#, Chiwan Port	29,500,000.00	20,061,782.13	3,102,424.93	23,164,207.06	-	-	78.52	100.00	-	-	-	Self-funding
Others	168,029,423.62	16,014,537.41	17,345,423.40	16,154,616.89	67,854.69	17,137,489.23	19.85	19.85	-	-	-	Self-funding
Total	1,233,529,423.62	164,604,358.31	58,490,542.38	39,318,823.95	67,854.69	183,708,222.05			1,214,868.30	1,107,689.13		

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

15. Intangible assets

Unit: RMB

Item	Opening carrying amount	Increase	Decrease	Closing carrying amount
I. Total original carrying amount	1,604,710,188.11	-	-	1,604,710,188.11
Land use rights - prepaid under lease (Note 2)	1,200,267,573.00	-	-	1,200,267,573.00
Land use rights - prepaid under investment (Note 2)	122,623,476.00	-	-	122,623,476.00
Land use rights - purchased	116,702,512.59	-	-	116,702,512.59
Computer software	33,176,476.52	-	-	33,176,476.52
Sea area use rights	71,940,150.00	-	-	71,940,150.00
Coast line use rights	60,000,000.00	-	-	60,000,000.00
II. Total accumulated amortization	593,942,737.10	18,735,921.56	-	612,678,658.66
Land use rights - prepaid under lease (Note 2)	488,732,433.09	13,877,084.00	-	502,609,517.09
Land use rights - prepaid under investment (Note 2)	59,881,130.78	1,388,439.66	-	61,269,570.44
Land use rights - purchased	8,861,845.00	1,193,113.08	-	10,054,958.08
Computer software	24,089,592.09	864,122.94	-	24,953,715.03
Sea area use rights	9,833,948.08	719,401.50	-	10,553,349.58
Coast line use rights	2,543,788.06	693,760.38	-	3,237,548.44
III. Total net carrying amount of intangible assets	1,010,767,451.01	-	-	992,031,529.45
Land use rights - prepaid under lease (Note 2)	711,535,139.91	-	-	697,658,055.91
Land use rights - prepaid under investment (Note 2)	62,742,345.22	-	-	61,353,905.56
Land use rights - purchased	107,840,667.59	-	-	106,647,554.51
Computer software	9,086,884.43	-	-	8,222,761.49
Sea area use rights	62,106,201.92	-	-	61,386,800.42
Coast line use rights	57,456,211.94	-	-	56,762,451.56
IV. Total provision for impairment	-	-	-	-
Land use rights - prepaid under lease	-	-	-	-
Land use rights - prepaid under investment	-	-	-	-
Land use rights - purchased	-	-	-	-
Computer software	-	-	-	-
Sea area use rights	-	-	-	-
Coast line use rights	-	-	-	-
V. Total carrying value of intangible assets	1,010,767,451.01	-	-	992,031,529.45
Land use rights - prepaid under lease (Note 2)	711,535,139.91	-	-	697,658,055.91
Land use rights - prepaid under investment (Note 2)	62,742,345.22	-	-	61,353,905.56
Land use rights - purchased	107,840,667.59	-	-	106,647,554.51
Computer software	9,086,884.43	-	-	8,222,761.49
Sea area use rights	62,106,201.92	-	-	61,386,800.42
Coast line use rights	57,456,211.94	-	-	56,762,451.56

Note 1: The amortization for the current period is RMB18,735,921.56.

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

15. Intangible assets - continued

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

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

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

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

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

16. Goodwill

Unit: RMB

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

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

17. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increase	Amortization	Other decreases	Closing balance	Original Cost	Residual useful life
Construction expenditure of Tonggu sea-route (Note)	54,889,173.04	-	1,028,452.20	-	53,860,720.84	71,991,655.56	26 years
Golf membership	55,303.60	-	10,939.50	-	44,364.10	2,028,316.60	1-6 years
Total	54,944,476.64	-	1,039,391.70	-	53,905,084.94	74,019,972.16	

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

18. Deferred tax assets and deferred tax liabilities

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

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred income	24,550,555.40	6,137,638.85	24,550,555.40	6,137,638.85
Provision for impairment losses of assets	5,947,568.77	1,294,075.11	5,947,568.77	1,294,075.11
Depreciation of fixed assets and amortization of intangible assets	620,721.18	146,555.33	620,721.18	146,555.33
Organization costs	21,347,408.91	4,410,860.21	21,347,408.91	4,410,860.21
Others	1,105,415.87	183,203.97	1,303,115.87	232,628.97
Total	53,571,670.13	12,172,333.47	53,769,370.13	12,221,758.47

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

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation of fixed assets and amortization of intangible assets	-	-	-	-
Change in fair value of available-for-sale financial assets	8,680,000.00	2,170,000.00	7,430,000.00	1,857,500.00
Total	8,680,000.00	2,170,000.00	7,430,000.00	1,857,500.00

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

Unit: RMB

Item	Closing amount of deferred tax assets and liabilities that are offset	Closing amount of deferred tax assets or liabilities after offsetting	Opening amount of deferred tax assets and liabilities that are offset	Opening amount of deferred tax assets or liabilities after offsetting
Deferred tax assets	-	12,172,333.47	-	12,221,758.47
Deferred tax liabilities	-	2,170,000.00	-	1,857,500.00

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued**18. Deferred tax assets and deferred tax liabilities - continued**

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	96,800,856.43	102,828,757.97
Deductible losses	177,001,767.54	177,001,767.54
Total	273,802,623.97	279,830,525.51

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

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

Unit: RMB

Year	Closing balance	Opening balance	Note
2017	30,345,268.82	30,345,268.82	
2018	75,300,266.59	75,300,266.59	
2019	49,621,628.48	49,621,628.48	
2020	3,145,611.79	3,145,611.79	
2021	18,588,991.86	18,588,991.86	
Total	177,001,767.54	177,001,767.54	

19. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Land Use Right (Note)	132,334,704.86	132,369,704.86
Prepayments on construction	1,348,280.82	-
Total	133,682,985.68	132,369,704.86

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

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

20. Accounts payable

(1) Details of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Service	44,252,639.72	46,961,672.78
Material purchase	35,888,557.79	21,834,346.04
Rental	10,656,649.21	10,891,405.40
Construction	5,994,820.46	9,619,783.53
Equipment	1,797,529.92	137,389.35
Total	98,590,197.10	89,444,597.10

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

21. Receipts in advance

Unit: RMB

Item	Closing balance	Opening balance
Service fee receipt in advance	129,822,174.32	30,668,212.67

22. Employee benefits payable

(1) Employee benefits payable

Unit:RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Short-term benefits	86,581,824.26	147,850,324.24	177,383,011.68	57,049,136.82
II. Post-employment benefits - defined contribution plans	-	18,728,233.34	18,728,233.34	-
III. Termination benefits	1,996,668.00	2,410,127.69	4,406,795.69	-
Total	88,578,492.26	168,988,685.27	200,518,040.71	57,049,136.82

(2) Short-term benefits

Unit:RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Wages and salaries, bonuses, allowances and subsidies	74,217,691.80	123,073,122.72	152,633,213.65	44,657,600.87
II. Staff welfare	-	3,992,171.99	3,992,171.99	-
III. Social insurance charges	535.54	5,250,958.47	5,251,494.01	-
Including:				
Medical insurance	-	4,212,709.87	4,212,709.87	-
Work injury insurance	535.54	581,301.87	581,837.41	-
Maternity insurance	-	456,946.73	456,946.73	-
IV. Housing funds	-	9,672,140.58	9,672,140.58	-
V. Labor union and employee education funds	12,363,596.92	3,424,022.14	3,396,083.11	12,391,535.95
VI. Others	-	2,437,908.34	2,437,908.34	-
Total	86,581,824.26	147,850,324.24	177,383,011.68	57,049,136.82

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

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT – continued**22. Employee benefits payable- continued****(3) Post-employment benefits - defined contribution plans**

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Basic pension (Note 1)	-	13,061,176.94	13,061,176.94	-
II. Unemployment insurance (Note 1)	-	213,805.12	213,805.12	-
III. Enterprise annuity plan (Note 2)	-	5,453,251.28	5,453,251.28	-
Total	-	18,728,233.34	18,728,233.34	-

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

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

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

23. Taxes payable

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Enterprise income tax	20,001,270.23	57,211,155.05	45,847,403.00	31,365,022.28
Withholding tax (Note)	21,288,297.33	-	-	21,288,297.33
Value-added-tax	3,472,562.39	13,170,091.84	14,561,842.79	2,080,811.44
Others	3,742,699.85	17,068,122.05	16,033,145.76	4,777,676.14
Total	48,504,829.80	87,449,368.94	76,442,391.55	59,511,807.19

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

24. Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Interest on corporate debentures	6,371,260.30	1,952,876.72
Interest on short-term borrowings	-	614,383.56
Total	6,371,260.30	2,567,260.28

25. Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Ordinary share dividends	319,802,810.47	-
Including: Nanshan Group	104,004,785.23	-
Shenzhen Malai Warehouse Co., Ltd.	79,950,702.77	-
Public A Shares	46,619,189.19	-
Public B Shares	89,228,133.28	-

26. Other payables

(1) Other payables presented by the nature of amount

Unit: RMB

Item	Closing balance	Opening balance
Amount payable for construction and quality warranty	26,627,528.10	37,664,828.31
Temporary receipts	33,281,789.88	11,011,631.18
Security expense payable	3,643,939.46	7,942,731.71
Deposits received	4,781,811.05	4,424,738.15
Others	6,770,451.11	13,546,464.74
Total	75,105,519.60	74,590,394.09

(2) Significant other payables aged more than one year

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

27. Other current liabilities

(1) Short-term bonds payable

Unit: RMB

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

(2) Changes in short-term bonds payable:

Unit: RMB

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance	Amount issued in the current period	Interest accrued at par during the year	Discount or premium amortization	Repayment in the current year	Closing balance
16 Chiwan port SCP003(Note)	250,000,000.00	07/12/2016	180days	-	250,000,000.00	-	4,193,835.62	-	250,000,000.00	-
Total	250,000,000.00			-	250,000,000.00	-	4,193,835.62	-	250,000,000.00	-

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

28. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Corporate bonds	298,629,041.09	298,331,506.85

(2) Changes of bonds payable:

Unit: RMB

Name of bonds	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance	Amount issued in the current year	Interest accrued at par during the year	Discount or premium amortization	Repayment in the current year	Closing balance
13 ChiWan 01(Note)	300,000,000.00	11/10/2016	3 years	300,000,000.00	298,331,506.85	-	4,418,383.58	297,534.24	-	298,629,041.09
Total				300,000,000.00	298,331,506.85	-	4,418,383.58	297,534.24	-	298,629,041.09

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

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**29. Special payables**

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing Balance	Reason
Refunds of Harbor Construction Fee	34,326,860.44	-	999,193.80	33,327,666.64	Note

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

30. Deferred income

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing Balance	Reason
Deferred income	64,613,319.88	200,643.74	3,990,183.72	60,823,779.90	
Including: Berth priority right	35,636,464.68	200,643.74	3,491,382.54	32,345,725.88	Note 1
Government grants related to assets	28,976,855.20	-	498,801.18	28,478,054.02	Note 2
Total	64,613,319.88	200,643.74	3,990,183.72	60,823,779.90	
Less: Non-current liabilities due within one year	-	-	-	-	
Including: Berth priority right	-	-	-	-	
Government grants related to assets	-	-	-	-	
Deferred income	64,613,319.88	-	-	60,823,779.90	

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

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

30. Deferred income - continued

Programs related with government grants:

Unit: RMB

Liability Program	Opening balance	New subsidy of the year	The amount included in operating income of the year	Other changes	Closing Balance	Related to assets/Related to income
Special funds for modern logistics project	23,193,044.06	-	83,478.24	-	23,109,565.82	Related to assets
Special funds for the development of modern service guide	1,357,511.80	-	26,022.60	-	1,331,489.20	Related to assets
Special funds for energy-saving and emission reduction of transportation	1,770,000.00	-	180,000.00	-	1,590,000.00	Related to assets
Green carbon harbor thematic projects subsidy granted by central government	66,299.40	-	9,300.30	-	56,999.10	Related to assets
Reward for energy saving	1,806,666.62	-	100,000.02	-	1,706,666.60	Related to assets
Subsidy for electric buses	783,333.32	-	100,000.02	-	683,333.30	Related to assets
Total	28,976,855.20	-	498,801.18	-	28,478,054.02	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

31. Share capital

Unit: RMB

	Opening balance	Changes for the period					Subtotal	Closing balance
		New issue of share	Bonus issue	Capitalisation of surplus reserve	Others			
2017:								
I. Restricted tradable shares								
1. State-owned shares	-	-	-	-	-	-	-	
2. State-owned legal person shares	-	-	-	-	-	-	-	
3. Other domestic shares	305,100.00	-	-	-	53,825.00	53,825.00	358,925.00	
4. Other foreign shares	-	-	-	-	-	-	-	
Total restricted tradable shares	305,100.00	-	-	-	53,825.00	53,825.00	358,925.00	
II. Non-restricted tradable shares								
1. Ordinary shares denominated in RMB	464,866,050.00	-	-	-	(562.00)	(562.00)	464,865,488.00	
2. Foreign capital shares listed domestically	179,592,580.00	-	-	-	(53,263.00)	(53,263.00)	179,539,317.00	
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	
Total non-restricted tradable shares	644,458,630.00	-	-	-	(53,825.00)	(53,825.00)	644,404,805.00	
III. Total shares	644,763,730.00	-	-	-	-	-	644,763,730.00	
2016:								
I. Restricted tradable shares								
1. State-owned shares	-	-	-	-	-	-	-	
2. State-owned legal person shares	-	-	-	-	-	-	-	
3. Other domestic shares	431,094.00	-	-	-	(125,994.00)	(125,994.00)	305,100.00	
4. Other foreign shares	-	-	-	-	-	-	-	
Total restricted tradable shares	431,094.00	-	-	-	(125,994.00)	(125,994.00)	305,100.00	
II. Non-restricted tradable shares								
1. Ordinary shares denominated in RMB	464,866,999.00	-	-	-	(949.00)	(949.00)	464,866,050.00	
2. Foreign capital shares listed domestically	179,465,637.00	-	-	-	126,943.00	126,943.00	179,592,580.00	
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	
Total non-restricted tradable shares	644,332,636.00	-	-	-	125,994.00	125,994.00	644,458,630.00	
III. Total shares	644,763,730.00	-	-	-	-	-	644,763,730.00	

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FOR THE YEAR ENDED 30 JUNE 2017

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

32. Capital reserve

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
2017:				
Capital premium	163,560,083.00	-	-	163,560,083.00
Including: Capital contributed by investors	163,560,083.00	-	-	163,560,083.00
Exercised conversion option of convertible corporate bonds	-	-	-	-
Debt converted into capital	-	-	-	-
Differences arising from business combination involving enterprises under common control	-	-	-	-
Equity acquisition from minority shareholders of subsidiaries	-	-	-	-
Capital reserve converted into capital	-	-	-	-
Other capital reserve	3,920,298.25	-	-	3,920,298.25
Including: Equity split from convertible corporate bonds	-	-	-	-
Fair value of equity-settled share-based equity instrument	-	-	-	-
Surplus of compensation granted by government for relocation in the public interests	-	-	-	-
Transfer from capital reserve under the previous accounting system	(2,781,133.00)	-	-	(2,781,133.00)
Others	6,701,431.25	-	-	6,701,431.25
Total	167,480,381.25	-	-	167,480,381.25
2016:				
Capital premium	163,560,083.00	-	-	163,560,083.00
Including: Capital contributed by investors	163,560,083.00	-	-	163,560,083.00
Excised conversion option of convertible corporate bonds	-	-	-	-
Debt converted into capital	-	-	-	-
Differences arising from business combination involving enterprises under common control	-	-	-	-
Equity acquisition from minority shareholders of subsidiaries	-	-	-	-
Capital reserve converted into capital	-	-	-	-
Other capital reserve	2,004,656.15	1,915,642.10	-	3,920,298.25
Including: Equity split from convertible corporate bonds	-	-	-	-
Fair value of equity-settled share-based equity instrument	-	-	-	-
Surplus of compensation granted by government for relocation in the public interests	-	-	-	-
Transfer from capital reserve under the previous accounting system	(2,781,133.00)	-	-	(2,781,133.00)
Others	4,785,789.15	1,915,642.10(note)	-	6,701,431.25
Total	165,564,739.15	1,915,642.10	-	167,480,381.25

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

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

33. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount incurred in current year					Closing balance
		Amount before income tax incurred in current year	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	Less: income tax expenses	Post-tax amount attributable to shareholders of the Company	Post-tax amount attributable to minority holders	
2017							
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-
Including: Change as a result of remeasurement of the net defined benefit plan liability or asset	-	-	-	-	-	-	-
Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss	-	-	-	-	-	-	-
II. Other comprehensive income that will be reclassified subsequently to profit or loss	(8,039,646.43)	1,250,000.00	-	312,500.00	937,500.00	-	(7,102,146.43)
Including: Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss	100,000.00	-	-	-	-	-	100,000.00
Gains or losses on changes in fair value of available-for-sale financial assets	5,572,500.00	1,250,000.00	-	312,500.00	937,500.00	-	6,510,000.00
Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets	-	-	-	-	-	-	-
Effective portion of gains or losses on cash flow hedges	-	-	-	-	-	-	-
Translation differences of financial statements denominated in foreign currencies	(13,712,146.43)	-	-	-	-	-	(13,712,146.43)
Total	(8,039,646.43)	1,250,000.00	-	312,500.00	937,500.00	-	(7,102,146.43)
2016							
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-
Including: Change as a result of remeasurement of the net defined benefit plan liability or asset	-	-	-	-	-	-	-
Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss	-	-	-	-	-	-	-
II. Other comprehensive income that will be reclassified subsequently to profit or loss	(7,889,646.43)	(200,000.00)	-	(50,000.00)	(150,000.00)	-	(8,039,646.43)
Including: Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss	100,000.00	-	-	-	-	-	100,000.00
Gains or losses on changes in fair value of available-for-sale financial assets	5,722,500.00	(200,000.00)	-	(50,000.00)	(150,000.00)	-	5,572,500.00
Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets	-	-	-	-	-	-	-
Effective portion of gains or losses on cash flow hedges	-	-	-	-	-	-	-
Translation differences of financial statements denominated in foreign currencies	(13,712,146.43)	-	-	-	-	-	(13,712,146.43)
Total	(7,889,646.43)	(200,000.00)	-	(50,000.00)	(150,000.00)	-	(8,039,646.43)

34. Special reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
2017:				
Production safety fee	4,145,765.65	9,845,498.98	5,828,636.63	8,162,628.00
2016:				
Production safety fee	3,719,755.58	19,844,261.39	19,418,251.32	4,145,765.65

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

35. Surplus reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
2017:				
Statutory surplus reserve	520,074,434.56	-	-	520,074,434.56
2016:				
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.

36. Unappropriated profit

Unit: RMB

Item	Amount	Proportion of appropriation or allocation
2017:		
Before adjustment: Unappropriated profit at the end of prior year	3,381,390,887.86	
Adjustment: Total unappropriated profit at the beginning of year	-	
After adjustment: Unappropriated profit at the beginning of year	3,381,390,887.86	
Add: Net profit attributable to shareholders of the Company for the year	276,407,832.70	
Less: Appropriation to statutory surplus reserve	-	Note1
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	319,802,810.08	Note2
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	3,337,995,910.48	
2016:		
Before adjustment: Unappropriated profit at the end of prior year	3,113,367,524.19	
Adjustment: Total unappropriated profit at the beginning of year	-	
After adjustment: Unappropriated profit at the beginning of year	3,113,367,524.19	
Add: Net profit attributable to shareholders of the parent company for the year	532,376,492.97	
Less: Appropriation to statutory surplus reserve	-	
Appropriation to discretionary surplus reserve	-	
Appropriation to general risk reserve	-	
Ordinary shares' dividends payable	264,353,129.30	
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	3,381,390,887.86	

Note 1: Appropriation to statutory surplus reserve

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

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FOR THE YEAR ENDED 30 JUNE 2017**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****36. Unappropriated profit - continued**

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

Pursuant to the resolution of shareholders' meeting on 5 June 2017, on the basis of 644,763,730 issued shares for the year ended 31 December 2016, dividends of RMB4.96 for every 10 shares were distributed to all shareholders, which amounted to RMB 319,802,810.08.

Note 3: Appropriation to surplus reserve made by subsidiaries

As of 30 Jun. 2017, the balance of the Group's unappropriated profit included appropriation to surplus reserve made by subsidiaries amounting to RMB587,698,230.64 (31 December 2016: RMB587,698,230.64).

37. Operating income and operating costs

Unit: RMB

Item	Jan.-Jun. 2017		Jan.-Jun. 2016	
	Income	Cost	Income	Cost
Principal operating	912,048,648.43	535,264,027.24	892,403,001.57	490,985,319.24
Other operating	17,559,850.48	708,808.22	12,406,650.67	1,173,205.35
Total	929,608,498.91	535,972,835.46	904,809,652.24	492,158,524.59

38. Business taxes and levies

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Business tax	-	1,499,967.15
City construction and maintenance tax	770,184.01	861,254.66
Education surcharges	649,751.23	718,325.63
Others	1,509,581.95	88,394.97
Building taxes	2,170,251.83	-
Total	5,099,769.02	3,167,942.41

39. Administrative expenses

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Employee benefits	53,881,018.25	60,212,414.71
Taxes	3,698.28	2,893,986.34
Depreciation expenses	1,578,761.13	1,436,738.38
Amortization of intangible assets	487,581.23	426,838.44
Others	16,373,672.29	16,977,890.84
Total	72,324,731.18	81,947,868.71

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

40. Financial expenses

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Interest expense	8,737,219.20	21,509,775.01
Less: Capitalized interest expenses	1,107,689.13	-
Less: Interest income	4,186,596.08	3,395,655.74
Exchange differences	6,393,283.53	(4,428,671.94)
Less: Capitalized exchange differences	-	-
Others	316,171.30	568,167.02
Total	10,152,388.82	14,253,614.35

41. Impairment losses of assets

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
I. Bad debt losses	(1,908,239.31)	288,044.16
II. Write-down of inventories	-	-
III. Impairment on available-for-sale financial assets	-	-
IV. Impairment on held-to-maturity investments	-	-
V. Impairment on long-term equity investments	-	-
VI. Impairment on investment properties	-	-
VII. Impairment on fixed assets	-	-
VIII. Impairment on construction materials	-	-
IX. Impairment on construction in progress	-	-
X. Impairment on bearer biological assets	-	-
XI. Impairment on oil and gas assets	-	-
XII. Impairment on intangible assets	-	-
XIII. Impairment on goodwill	-	-
XIV. Others	-	-
Total	(1,908,239.31)	288,044.16

42. Investment income

(1) Details of investment income

Unit: RMB

	Jan.-Jun. 2017	Jan.-Jun. 2016
Long-term equity investments income under equity method	60,092,957.45	63,008,068.56
Investment income on available-for-sale financial assets	9,417,000.00	6,292,187.85
Total	69,509,957.45	69,300,256.41

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

Unit: RMB

Investee	Jan.-Jun. 2017	Jan.-Jun. 2016	Reasons for increases or decreases in the current compared to the prior period
MPIL	23,193,786.97	16,389,086.06	Net profit of investee fluctuates.
China Overseas Harbor Affairs (Laizhou) Co.,Ltd	29,155,806.47	37,197,754.16	Net profit of investee fluctuates.
CMBL	5,476,000.01	7,747,007.96	Net profit of investee fluctuates.
China Merchants Holdings (international) Information Technology Co.,Ltd	2,267,364.00	1,674,220.38	Net profit of investee fluctuates
Total	60,092,957.45	63,008,068.56	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT - continued****43. Non-operating income****(1) Non-operating income**

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016	Amount recognized as non-recurring gain and loss in the current period
Government grants	498,801.18	419,197.16	498,801.18
Gains on disposal of non-current assets	293,053.57	321,539.16	293,053.57
Including: Gains on disposal of fixed assets	293,053.57	140,891.16	293,053.57
Insurance compensation income	-	1,421,480.12	-
Others	1,615,361.54	476,997.37	1,615,361.54
Total	2,407,216.29	2,639,213.81	2,407,216.29

(2) Government grants

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016	Related to assets/Related to income
Local government subsidy for new-energy vehicles	-	20,000.00	Related to income
Special funds for modern logistics project	83,478.24	83,478.24	Related to assets
Special funds for guiding the development of the modern service sector	26,022.60	26,022.60	Related to assets
Reward for energy saving	100,000.02	-	Related to assets
Special funds for energy saving and emission reduction in transportation	180,000.00	280,000.02	Related to assets
Central government subsidy for low-carbon green port project	9,300.30	9,696.30	Related to assets
Subsidy for electric buses	100,000.02	-	Related to assets
Total	498,801.18	419,197.16	

44. Non-operating expenses

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016	Amount recognized as non-recurring gain and loss in the current period
Total losses on disposal of non-current assets	741,487.52	497,708.60	741,487.52
Including: Losses on disposal of fixed assets	741,487.52	393,008.61	741,487.52
Donations contributed	-	-	-
Amercement outlay	-	862.00	-
Others	1,136.84	2,895.03	1,136.84
Total	742,624.36	501,465.63	742,624.36

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

45. Income tax expenses

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Current tax expense	58,847,008.80	49,661,006.76
Deferred income tax	49,425.00	-
Total	58,896,433.80	49,661,006.76

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

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Accounting profit	379,141,563.12	384,431,662.61
Income tax expenses calculated at 25% (the prior year: 25 %)	94,785,390.78	96,107,915.65
Effect of expenses that are not deductible for tax purposes	13,943.60	1,056,319.90
Effect of tax-free income	(17,377,489.36)	(17,325,064.10)
Effect of unrecognized deductible losses and deductible temporary differences for tax purposes	(2,173,730.24)	(31,720.53)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(253,656.69)	(153,427.70)
Effect of tax preference policy	(11,986,902.50)	(31,303,251.96)
Withholding income tax (Note)	1,632,930.63	1,844,132.60
Effect of previous unrecognized deductible temporary differences of deferred income tax	(5,744,052.41)	(533,897.10)
Income tax expenses	58,896,433.80	49,661,006.76

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

46. Other comprehensive income

Please refer to Note (V) 36.

47. Borrowing cost

Unit: RMB

Item	Jan.-Jun. 2017		Jan.-Jun. 2016	
	Amount of borrowing costs capitalized during the year	Capitalization rate	Amount of borrowing costs capitalized during the year	Capitalization rate
Construction in progress	1,107,689.13	4.35%	-	-
Sub-total of borrowing costs capitalized during the year	1,107,689.13	-	-	-
Borrowing costs recognized in profit or loss during the year	7,629,530.07	-	21,509,775.01	-
Total of borrowing costs during the year	8,737,219.20	-	21,509,775.01	-

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**48. Notes to items in the cash flow statement****(1) Other cash receipts relating to operating activities**

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Government grants	20,000.00	-
Tonggu sea-route expenses	14,469,500.00	-
Interest income	3,498,376.84	3,480,587.17
Insurance indemnity	143,442.01	589,702.77
Refunds of harbor construction fee	361,547.93	187,255.90
Others	11,805,226.45	1,520,900.83
Total	30,298,093.23	5,778,446.67

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Port expenses	1,840,742.84	3,110,545.07
Office expenses & utilities	1,813,506.04	3,452,774.73
Consulting & auditing	1,163,253.24	958,941.16
Entertainment	1,175,602.09	1,286,439.91
Verhicles	1,295,699.65	1,384,524.03
Property insurance	1,683,669.16	961,760.89
Travel & accommodation	604,205.21	990,291.95
River channel occupation fee	-	14,469,500.00
Others	24,354,514.37	19,521,179.59
Total	33,931,192.60	46,135,957.33

(3) Other cash payments relating to financing activities

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Debt issue costs	15,792.33	25,986.89

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**49. Supplementary information to the cash flow statement****(1) Supplementary information to the cash flow statement**

Unit: RMB

Supplementary	Jan.-Jun. 2017	Jan.-Jun. 2016
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	320,245,129.32	334,770,655.85
Add: Provision for impairment losses of assets	(1,908,239.31)	288,044.16
Depreciation of fixed assets	93,053,985.18	96,908,007.22
Depreciation and amortization of investment property	412,916.04	460,990.32
Amortization of intangible assets	18,735,921.56	19,233,130.89
Amortization of long-term prepaid expenses	1,039,391.70	1,045,225.04
Losses on disposal of fixed assets , intangible assets and other long-term assets	448,433.95	176,169.44
Financial expenses	14,320,347.84	17,480,007.18
Losses (gains) arising from investments	(69,509,957.45)	(69,300,256.41)
Decrease(Increase) in deferred tax assets	49,425.00	-
Decrease(Increase) in inventories	(3,155,094.07)	(581,772.67)
Decrease(Increase) in operating receivables	(42,492,788.96)	(46,999,409.75)
Increase(Decrease) in operating payables	88,292,309.11	15,176,452.53
Net cash flows from operating activities	419,531,779.91	368,657,243.80
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	593,542,501.41	405,872,026.99
Less: Opening balance of cash	426,036,702.87	683,138,123.66
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase(Decrease) in cash and cash equivalents	167,505,798.54	(277,266,096.67)

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	593,542,501.41	426,036,702.87
Including: Cash on hand	9,319.45	28,943.84
Bank deposits	579,572,897.61	425,934,063.55
Other monetary funds	13,960,284.35	73,695.48
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	593,542,501.41	426,036,702.87

50. Asset with restricted ownership or use right

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

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

51. Foreign currency monetary items

Unit: RMB

Item	Closing balance of original currency	Exchange rate	Closing amount in RMB
Cash and bank balances			263,432,256.56
Including: HKD	22,724,192.12	0.8679	19,722,326.34
USD	35,975,131.41	6.7744	243,709,930.22
Interest Receivable			2,816,790.51
Including: USD	415,799.26	6.7744	2,816,790.51
Accounts Receivable			(1,316,749.70)
Including: HKD	22,344,682.27	0.8679	19,392,949.74
USD	(3,057,052.94)	6.7744	(20,709,699.44)
Other Receivables			599,710.86
Including: HKD	122,698.97	0.8679	106,490.44
Accounts Payable			493,220.42
Including: HKD	3,104,958.40	0.8679	2,694,793.40
Other Payable			(857,378.38)
Including: HKD	(32,185.64)	0.8679	(27,933.92)
USD	(122,438.07)	6.7744	(829,444.46)

(VI) CHANGES IN CONSOLIDATION SCOPE

There is no change in consolidation scope during the year.

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(VII) EQUITY IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Unit: RMB

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

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(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries- continued

(2) Material non-wholly-owned subsidiaries

Unit: RMB

Name of the subsidiary	Proportion of ownership interest held by the minority shareholders	Profit or loss attributable to minority shareholders at the end of the period	Payments for dividends to minority shareholders in the current period	Closing balance of minority interest
2017				
Dongguan Chiwan Wharf Company Limited	15%	6,549,369.92	-	121,612,422.30
Chiwan Container Terminal Co., Ltd	45%	37,287,926.70	-	850,230,794.94
Total		43,837,296.62	-	971,843,217.24
2016				
Dongguan Chiwan Wharf Company Limited	15%	8,269,117.04	-	115,005,875.45
Chiwan Container Terminal Co., Ltd	45%	129,204,093.71	95,677,829.00	812,172,308.08
Total		137,473,210.75	95,677,829.00	927,178,183.53

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

Unit: RMB

Name of the subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dongguan Chiwan Wharf Company Limited	66,924,257.63	1,045,030,059.16	1,111,954,316.79	290,999,718.48	24,441,054.54	315,440,773.02	27,675,293.15	1,027,159,564.62	1,054,834,857.77	277,814,404.40	24,550,555.38	302,364,959.78
Chiwan Container Terminal Co., Ltd	576,471,800.96	1,537,406,810.66	2,113,878,611.62	156,473,119.70	68,003,725.40	224,476,845.10	389,403,217.21	1,575,821,422.22	1,965,224,639.43	87,814,329.79	72,582,958.32	160,397,288.11

Unit: RMB

Name of the subsidiary	Jan.-Jun. 2017				Jan.-Jun. 2016			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Dongguan Chiwan Wharf Company Limited	159,643,720.20	43,662,466.15	43,662,466.15	35,258,020.10	137,362,432.71	32,992,167.94	32,992,167.94	41,785,806.63
Chiwan Container Terminal Co., Ltd	326,262,590.52	82,862,059.33	82,862,059.33	190,279,725.34	374,877,558.79	140,636,274.86	140,636,274.86	164,272,446.41

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(VII) EQUITY IN OTHER ENTITIES - continued

2. Interests in joint ventures and associates

(1) Material joint ventures or associates

Unit: RMB

Investee	Principal place of business	Place of incorporation	Nature of business	Proportion of ownership interests held by the Group (%)		Proportion of voting power in the investee held by the Group (%)		Accounting method of investments in joint ventures and associates
				30 Jun. 2017	31 Dec. 2016	30 Jun. 2017	31 Dec. 2016	
China Overseas Harbor Affairs (Laizhou) Co., Ltd	Laizhou	Laizhou	Warehousing and logistics	40.00	40.00	40.00	40.00	Equity method
MPIL	Shenzhen	British Virgin Islands	Investments	50.00	50.00	50.00	50.00	Equity method

(2) Financial information of material joint venture

Unit: RMB

	China Overseas Harbor Affairs (Laizhou) Co., Ltd	
	30 Jun. 2017/ Jan.-Jun. 2017	31 Dec. 2016/ Jan.-Jun. 2016
Current assets	400,211,214.81	472,412,233.11
Including: cash and cash equivalent	348,455,534.05	428,471,301.05
Non-current assets	1,573,625,586.20	1,746,234,554.37
Total assets	1,973,836,801.01	2,218,646,787.48
Current liabilities	241,883,098.17	60,897,644.03
Non-current liabilities	-	172,396,000.00
Total liabilities	241,883,098.17	233,293,644.03
Minority interests	1,385,120.46	974,119.24
Total equity attributable to shareholders of the parent company	1,730,568,582.38	1,984,379,024.21
Net assets calculated based on the proportion of ownership interest	692,227,432.95	793,751,609.68
Adjustments		
- Goodwill	-	-
- Unrealized Profits Resulting from Intragroup Transactions	-	-
- Others	77,750,005.32	1,229,696.54
Carrying amounts of equity investments in Joint Venture	769,977,438.27	794,981,306.22
Operating income	198,791,298.68	205,506,077.48
Financial expenses	(2,636,003.23)	(1,208,317.13)
Tax expenses	25,348,743.97	17,586,815.81
Net profit	72,846,811.50	93,016,705.73
Other comprehensive income	-	-
Total comprehensive income	72,846,811.50	93,016,705.73
Dividends received from joint ventures in the current year	54,159,674.42	36,132,189.03

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(VII) EQUITY IN OTHER ENTITIES- continued

2. Interests in joint ventures and associates - continued

(3) Financial information of material associates

Unit: RMB

	MPIL	
	30 Jun. 2017/ Jan.-Jun. 2017	31 Dec. 2016/ Jan.-Jun. 2016
Current assets	274,983,620.28	216,977,210.88
Including: cash and cash equivalent	175,748,639.85	160,156,678.41
Non-current assets	1,416,682,757.04	1,274,297,269.88
Total assets	1,691,666,377.32	1,491,274,480.76
Current liabilities	304,628,043.03	299,257,041.62
Non-current liabilities	6,677,923.17	4,031,799.53
Total liabilities	311,305,966.20	303,288,841.15
Minority interests	552,230,300.95	452,668,593.90
Total equity attributable to shareholders of the parent company	828,130,110.18	735,317,045.71
Net assets calculated based on the proportion of ownership interest	414,065,055.10	367,658,522.86
Adjustments		
- Goodwill	-	-
- Unrealized Profits Resulting from Intragroup Transactions	-	-
- Others	(82,610,638.19)	(26,739,280.23)
Carrying amounts of equity investments in Joint Venture	331,454,416.91	340,919,242.63
Operating income	294,856,119.93	242,222,181.42
Financial expenses	3,533,766.50	8,015,452.44
Tax expenses	17,791,571.03	11,674,494.48
Net profit	84,676,438.72	53,437,416.76
Other comprehensive income		-
Total comprehensive income	84,676,438.72	53,437,416.76
Dividends received from joint ventures in the current year	32,658,612.69	36,572,459.27

(4) Summarized financial information of immaterial associates

Unit: RMB

	30 Jun. 2017/ Jan.-Jun. 2017	30 Jun. 2016/ Jan.-Jun. 2016
Associates:		
Total carrying amounts of investment	362,270,471.68	354,527,107.68
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	7,743,364.01	9,421,228.34
- Other comprehensive income	-	-
- Total comprehensive income	7,743,364.01	9,421,228.34

(5) As at 30 Jun. 2017, the long-term equity investments of the Group were not subject to restriction on disposal or remittance of return on investments.

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

1. Risk management objectives and policies

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

*1.1 Market risk**1.1.1 Currency risk*

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with USD and HKD. Several of the Group's subsidiaries have purchases and sales denominated in HKD while the Group's other principal activities are denominated and settled in RMB. As at 30 Jun. 2017, the balance of the Group's assets and liabilities are both denominated in functional currency, except that balance of assets set out below is in HKD and USD. Currency risk arising from the foreign currency balance of assets and liabilities may have impact on the Group's performance.

Unit: RMB

Item	Closing balance	Opening balance
Cash and bank balances	263,432,256.56	200,776,163.48
- HKD	19,722,326.34	25,539,100.17
- USD	243,709,930.22	175,237,063.31
Accounts receivable	(717,038.84)	26,594,259.65
- HKD	19,499,440.18	7,223,373.15
- USD	(20,216,479.02)	19,370,886.50
Short-term borrowings	-	-
- HKD	-	-
Accounts payable	1,837,415.02	2,183,342.35
- HKD	2,666,859.48	2,519,094.88
- USD	(829,444.46)	(335,752.53)

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

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

Sensitivity analysis on currency risk

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

Unit: RMB

Item	Changes in exchange rate	Jan.-Jun. 2017		Jan.-Jun. 2016	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
All foreign currencies	5% appreciation against RMB	13,043,890.14	13,043,890.14	8,645,464.36	8,645,464.36
All foreign currencies	5% depreciation against RMB	(13,043,890.14)	(13,043,890.14)	(8,645,464.36)	(8,645,464.36)

1.1.2 Interest rate risk - changes in cash flows

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

Sensitivity analysis of interest rate risk

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

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

(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

1. Risk management objectives and policies - continued

1.1 Market risk - continued

1.1.3 Other price risk

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

1.2 Credit risk

As at 30 Jun. 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks; the maximum exposure to risks would vary according to the future changes in fair value.

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

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

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

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

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

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

Unit: RMB

Item	Carrying amount	Total amount	Within one year	1-5 years	More than 5 years
The non-derivative financial assets					
Cash and bank balances	593,542,501.41	593,542,501.41	593,542,501.41	-	-
Accounts receivable	243,504,003.91	243,504,003.91	243,504,003.91	-	-
Interest receivable	1,264,914.26	1,264,914.26	1,264,914.26	-	-
Other receivables	18,699,162.98	18,699,162.98	18,699,162.98	-	-
Available-for-sale financial assets	23,709,200.00	23,709,200.00	23,709,200.00	-	-
The non-derivative financial liabilities					
Accounts payable	98,590,197.10	98,590,197.10	98,590,197.10	-	-
Interest payable	6,371,260.30	6,371,260.30	6,371,260.30	-	-
Dividends payable	319,802,810.47	319,802,810.47	319,802,810.47	-	-
Other payable	75,105,519.60	75,105,519.60	75,105,519.60	-	-
Bonds payable	298,629,041.09	298,629,041.09	-	298,629,041.09	-

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

Unit: RMB

Item	Closing Balance			
	Level 1	Level 2	Level 3	Total
Measurements at fair value continuously				
Available-for-sale financial assets:	9,800,000.00	-	-	9,800,000.00
- Equity instruments (Note)	9,800,000.00	-	-	9,800,000.00
Total assets measured at fair value continuously	9,800,000.00	-	-	9,800,000.00

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

(IX) FAIR VALUE - continued

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

The market price of assets and liabilities measured at fair value at level I continuously is determined by the Shanghai stock exchange closing price of equity instruments at 30 Jun. 2017.

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

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

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Unit: RMB

Name of the parent	Related party relationship	Type of the entity	Place of incorporation	Legal representative	Nature of business	Issued share capital	Proportion of the entity's ownership interests held by the parent (%)	Proportion of the entity's voting power held by the parent (%)
CMHI	Parent company	Listed in Hong Kong	Hong Kong	Li Xiao Peng	Port shipping	HKD34,766,421,285	-	66.10(Note)

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

2. Subsidiaries of the Company

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

3. Associates and joint ventures of the Company

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties of the Company

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

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions

(1) Provision and receipt of services

Unit: RMB

Related parties	Content of related party transaction	Pricing and decision-making procedures of related party transactions	Jan.-Jun. 2017	Jan.-Jun. 2016
Receipt of services :				
Haixing	Load and unload service	Negotiation	1,700,226.46	2,050,908.52
Sinotrans Shenzhen Marine Shipping Agency Co., Ltd. ("SSMSA")	Technical service fee	Negotiation	1,976,679.00	1,747,860.00
China Merchants Holdings (International) Information Technology Company Ltd	Technical service fee	Negotiation	1,074,056.62	1,138,679.23
Chiwan Property	Property management service	Negotiation	1,022,057.59	925,553.89
SMT	Load and unload service	Negotiation	748,800.00	556,560.00
Zengcheng Xinkang	Property management service	Negotiation	159,666.73	393,625.32
Xuqin	Landscape Engineering	Negotiation	422,920.75	311,998.48
SMW	Load and unload service	Negotiation	1,159,412.08	250,330.19
CMBL	Load and unload service	Negotiation	1,003,449.45	243,745.29
Ocean Shipping Agency	Agency service	Negotiation	250,650.00	243,675.00
Lianda Tug	Tugboat service	Negotiation	203,305.19	163,684.43
Sinotrans Dongguan Logistics Co., Ltd. ("SDL")	logistics service	Negotiation	-	163,633.97
Haiqin Engineering	Project management	Negotiation	1,694,536.21	138,578.13
China Merchants Property	Property management service	Negotiation	1,153,153.32	125,089.30
SMP	Load and unload service	Negotiation	63,533.89	97,000.75
SCT	Trailer service etc.	Negotiation	2,273,719.92	69,056.60
Total			14,906,167.21	8,619,979.10
Rendering of services:				
SCT	Trailer service etc.	Negotiation	7,339,564.71	7,206,689.95
Ocean Shipping Agency	Tugboat service	Negotiation	7,224,052.83	5,885,342.17
SMT	Trailer service etc.	Negotiation	8,728,097.72	5,873,774.53
SMP	Tugboat service	Negotiation	2,910,447.25	3,490,884.45
Sinotrans Shenzhen Marine Shipping Agency Co., Ltd. ("SSMSA")	Trailer service etc	Negotiation	1,697,221.51	1,981,700.67
Shipping Agency	Trailer service etc.	Negotiation	1,537,334.91	1,283,371.50
China Overseas Harbour Affairs (Laizhou) Co., Ltd	Labor dispatch service	Negotiation	-	736,553.60
International Ocean Shipping	Berthage fee	Negotiation	455,734.78	417,729.46
Lianda Tug	Tugboat service	Negotiation	280,898.54	268,439.64
Youlian Shipyard	Tugboat service	Negotiation	228,868.87	121,635.85
CMCCL	Trailer service	Negotiation	-	118,620.75
CMBL	Trailer service	Negotiation	-	39,004.71
Ocean Shipping Tally	Others	Negotiation	-	32,233.58
Sinoway Shipping Ltd. ("Sinoway Shipping")	Load and unload service	Negotiation	35,252.88	31,055.44
China Marine Shipping Agency Guangdong Co., Ltd. ("CMSA Guangdong")	Load and unload service	Negotiation	-	28,296.23
Zengcheng Xinkang	Others	Negotiation	1,820.31	2,701.97
COFCO & CM (Shenzhen) Grain Electronic Trading Center	Load and unload service	Negotiation	627,197.62	-
China Merchants Heavy Industry Shenzhen Co., Ltd. ("CMHI")	Tugboat service	Negotiation	16,796.23	-
Sinotrans Shenzhen Logistics Co., Ltd.	Others	Negotiation	10,787.74	-
Sinotrans Shenzhen Customs Broker Co., Ltd	Others	Negotiation	7,287.74	-
Total			31,101,363.64	27,518,034.50

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(2) Leases with related parties

The Group as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognised in the current year	Lease income recognised in the previous year
CMBL	Crane	932,038.83	932,038.86
Total		932,038.83	932,038.86

The Group as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Lease payment recognised in the current year	Lease payment recognised in the previous year
Nanshan Group	Land, Office and packing yard	35,087,942.41	32,410,191.19
Malai Warehouse	Office	4,960,034.15	4,642,399.87
Chiwan Base	Office	772,310.94	2,706,819.39
CMPS	Former Bay port lands	1,634,130.06	1,584,900.00
China Merchants Shangzhi	Buildings	725,718.42	377,448.18
Qianhai Property	Staff dormitory	-	108,696.18
Baowan Logistics	Warehouse	54,182.99	42,400.76
SCT	Crane	-	401,285.71
SMW	Warehouse	384,863.11	-
Total		43,619,182.08	42,274,141.28

(3) Transfers of assets involved with related parties

Unit: RMB

related party	Related trade	Jan.-Jun. 2017	Jan.-Jun. 2016
SMW	Transfer-out of empty forklifts and computers	-	129,227.69

(4) Compensation for key management personnel

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Compensation for key management personnel	4,641,702.52	4,504,067.50

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Cash and bank	CMB	227,204,466.31	244,449,550.95
	China Development Finance Company LTD.	205,769.88	1,211,887.57
	Total	227,410,236.19	245,661,438.52
Accounts receivable	SCT	1,433,780.90	29,340.00
	Ocean Shipping Agency	3,387,002.00	2,138,014.00
	SMT	2,156,746.56	1,097,931.17
	SSMSA	388,366.40	568,815.80
	SMP	597,218.76	278,192.54
	Shipping Agency	582,697.00	390,704.00
	Sinoway	19,085.00	24,588.00
	CMBL	11,160.00	-
	International Ocean Shipping	53,902.00	-
	Total	8,629,958.62	4,527,585.51
Other receivables	SMP	282,027.61	1,366,290.52
	SMT	669,136.63	870,864.34
	CMBL	2,180,743.58	2,437,813.73
	Nanshan Group	3,175,200.09	1,054,300.09
	SCT	278,748.50	16,994.00
	Qianhai Property	704,172.00	654,480.00
	Xuqin	3,000.00	323,000.00
	China Merchants Shangzhi	176,299.20	176,299.20
	Chiwan Base	135,621.91	135,621.91
	China Merchants Property	-	5,294.00
	COLOMBO International Container	129,070.78	-
	Others	62,809.00	62,809.00
	Total	7,796,829.30	7,103,766.79
	Accounts payable	Nanshan Group	14,629,308.23
Haixing		515,946.00	575,625.00
SSMSA		892,138.71	743,962.71
Xuqin		702,412.35	793,251.50
SCT		401,415.00	-
China Merchants Holdings Company Ltd		99,675.65	99,675.65
China Merchants Holdings (International) Information Technology Company Ltd.		29,000.00	-
Zengcheng Xinkang		-	207,845.50
CMPS		839,997.00	-
Hoi Tung (Shanghai) Company Limited		-	188,945.00
Chiwan Base		139,400.00	-
Total		18,249,292.94	12,699,518.61
Dividends payable		Nanshan Group	104,004,785.23
	Malai Warehouse	79,950,702.77	-
	Total	183,955,488.00	-

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Other payables	SMT	2,109,987.55	5,173,198.89
	SMP	1,325,496.73	647,066.08
	China Merchants Holdings (International) Information Technology Company Ltd.	815,800.00	42,900.00
	CMPS	839,997.00	-
	Chiwan Base	689,477.50	-
	China Merchants Shangzhi	1,057,795.20	117,532.80
	Nanshan Group	193,487.63	155,593.03
	SCT	133,980.95	247,360.66
	Haiqin Engineering	742,184.61	389,509.73
	Chiwan Property	62,264.92	14,100.90
	China Merchants Group	8,570.12	-
	China Merchants Property	-	3,626.34
	Xuqin	67,426.00	51,624.65
	International Ocean Shipping	10,000.00	10,000.00
	Qianhai Property	327,240.00	-
Total	6,854,233.71	6,852,513.08	

(XI) COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Unit: RMB

Item	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognised in the financial statements:		
- Commitment for acquisition of long-term assets	110,517,815.86	151,991,708.93
-Commitment for foreign investment	56,136,194.00	56,136,194.00
Total	166,654,009.86	208,127,902.93

(2) Operating lease commitments

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

Unit: RMB

Item	Closing balance	Opening balance
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	60,436,842.46	58,325,261.82
2nd year subsequent to the balance sheet date	28,923,889.60	54,599,108.85
3rd year subsequent to the balance sheet date	386,662.62	656,227.25
More than 3 years	323,171.29	-
Total	90,070,565.96	113,580,597.92

2. Contingencies

No material contingencies that should be disclosed by the Group.

(XII) EVENTS AFTER THE BALANCE SHEET

1. Profit appropriation

Unit: RMB

Item	Amount
Proposed distribution of profits or dividends (Note)	319,802,810.08

Note: Please refer to Note (V) 39.

(XIII) OTHER SIGNIFICANT EVENTS

1. Annuity plan

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

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

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

2. Segment reporting

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

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

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting - continued

(2) Segment financial information

Unit: RMB

	Load and unload services		Trailer and tugboat business		Agency and other services		Unappropriated items		Inter-segment deduction		Total	
	Jan.-Jun. 2017	Jan.-Jun. 2016	Jan.-Jun. 2017	Jan.-Jun. 2016	Jan.-Jun. 2017	Jan.-Jun. 2016	Jan.-Jun. 2017	Jan.-Jun. 2016	Jan.-Jun. 2017	Jan.-Jun. 2016	Jan.-Jun. 2017	Jan.-Jun. 2016
Operating income												
Revenue arising from external transactions	865,384,374.34	844,465,634.31	49,878,666.71	46,615,750.31	14,345,457.86	13,728,267.62	-	-	-	-	929,608,498.91	904,809,652.24
Revenue arising from inter-segment transactions	-	-	33,158,187.84	30,707,142.71	-	-	-	-	(33,158,187.84)	(30,707,142.71)	-	-
Total segment operating income	865,384,374.34	844,465,634.31	83,036,854.55	77,322,893.02	14,345,457.86	13,728,267.62	-	-	(33,158,187.84)	(30,707,142.71)	929,608,498.91	904,809,652.24
Reconciling items:												
Operating Income in the financial statements											929,608,498.91	904,809,652.24
Operating cost	497,194,719.83	458,877,279.34	61,369,223.59	56,538,338.80	10,551,079.86	7,450,049.16	-	-	(33,142,187.82)	(30,707,142.71)	535,972,835.46	492,158,524.59
Segment operating profits	368,189,654.51	385,588,354.97	21,667,630.96	20,784,554.22	3,794,378.00	6,278,218.46	-	-	(16,000.02)	-	393,635,663.45	412,651,127.65
Reconciling items:												
Business taxes and surcharges	4,261,580.04	2,081,550.23	108,304.02	125,688.62	9,377.58	685,817.25	-	-	720,507.38	274,886.31	5,099,769.02	3,167,942.41
Administrative expenses	52,148,830.54	57,605,219.02	5,921,650.84	6,952,748.64	2,375,212.07	3,001,025.95	11,879,037.73	14,388,875.10	-	-	72,324,731.18	81,947,868.71
Financial expenses	9,957,541.29	6,084,491.80	(762,020.47)	(760,243.01)	198,656.84	(561,181.41)	758,211.16	9,490,546.97	-	-	10,152,388.82	14,253,614.35
Impairment losses of assets	(1,710,539.31)	288,044.16	(197,700.00)	-	-	-	-	-	-	-	(1,908,239.31)	288,044.16
Investment Income	-	-	-	-	-	-	302,202,787.63	301,993,086.59	(232,692,830.18)	(232,692,830.18)	69,509,957.45	69,300,256.41
Operating profit	303,532,241.95	319,529,049.76	16,597,396.57	14,466,359.97	1,211,131.51	3,152,556.67	289,565,538.74	278,113,664.52	(233,429,337.58)	(232,967,716.49)	377,476,971.19	382,293,914.43
Non-operating income	2,295,857.98	2,488,565.79	111,358.31	120,000.02	-	30,648.00	-	-	-	-	2,407,216.29	2,639,213.81
Non-operating expenses	224,356.40	500,603.63	518,267.96	862.00	-	-	-	-	-	-	742,624.36	501,465.63
Gross profit	305,603,743.53	321,517,011.92	16,190,486.92	14,585,497.99	1,211,131.51	3,183,204.67	289,565,538.74	278,113,664.52	(233,429,337.58)	(232,967,716.49)	379,141,563.12	384,431,662.61
Income tax expenses	53,152,811.68	44,125,732.88	4,047,621.74	3,646,374.51	63,069.75	44,766.77	1,632,930.63	1,844,132.60	-	-	58,896,433.80	49,661,006.76
Net profit	252,450,931.85	277,391,279.04	12,142,865.18	10,939,123.48	1,148,061.76	3,138,437.90	287,932,608.11	276,269,531.92	(233,429,337.58)	(232,967,716.49)	320,245,129.32	334,770,655.85

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting - continued

(2) Segment financial information - continued

Unit: RMB

	Load and unload services		Trailer and tugboat business		Agency and other services		Unappropriated items		Inter-segment deduction		Total	
	Jan.-Jun. 2017	Jan.-Jun. 2016	Jan.-Jun. 2017	Jan.-Jun. 2016	Jan.-Jun. 2017	Jan.-Jun. 2016	Jan.-Jun. 2017	Jan.-Jun. 2016	Jan.-Jun. 2017	Jan.-Jun. 2016	Jan.-Jun. 2017	Jan.-Jun. 2016
Total segment assets	7,963,065,099.65	5,430,595,832.96	214,437,576.01	210,588,801.07	23,106,697.18	36,184,102.36	6,633,151,638.01	7,535,075,833.13	(8,049,339,462.32)	(6,585,683,289.43)	6,784,421,548.53	6,626,761,280.09
Total assets in the financial statements	7,963,065,099.65	5,430,595,832.96	214,437,576.01	210,588,801.07	23,106,697.18	36,184,102.36	6,633,151,638.01	7,535,075,833.13	(8,049,339,462.32)	(6,585,683,289.43)	6,784,421,548.53	6,626,761,280.09
Total segment liabilities	2,334,819,894.52	1,470,340,168.48	116,970,014.74	114,510,739.19	12,669,458.57	26,199,615.99	170,616,779.95	1,764,787,576.27	(1,493,872,754.35)	(2,052,120,486.34)	1,141,203,393.43	1,323,717,613.59
Total liabilities in the financial statements	2,334,819,894.52	1,470,340,168.48	116,970,014.74	114,510,739.19	12,669,458.57	26,199,615.99	170,616,779.95	1,764,787,576.27	(1,493,872,754.35)	(2,052,120,486.34)	1,141,203,393.43	1,323,717,613.59
Supplementary information												
Depreciation	89,519,119.36	91,078,964.84	5,890,089.17	5,890,089.17	316,828.10	316,828.10	83,115.21	83,115.21	-	-	95,809,151.84	97,368,997.32
Amortization	19,618,097.53	20,121,115.31	-	8,748.12	-	-	157,175.70	142,659.36	-	-	19,775,273.23	20,272,522.79
Interest income	14,654,057.22	1,173,650.03	212,306.96	210,552.90	6,467.63	403,115.28	21,265,871.78	(4,195,616.76)	(31,952,107.51)	5,803,954.29	4,186,596.08	3,395,655.74
Interest expense	11,621,275.13	(5,924,339.39)	-	(65,254.86)	-	-	11,652,818.46	21,970,301.28	(13,429,185.26)	5,803,954.29	9,844,908.33	21,784,661.32
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	60,092,957.45	63,008,068.56	-	-	60,092,957.45	63,008,068.56
Long-term equity investment under equity method	-	-	-	-	-	-	1,463,702,326.87	1,439,244,037.52	-	-	1,463,702,326.87	1,439,244,037.52
Non-current assets other than long-term equity investment	4,311,287,038.27	4,303,834,271.18	117,493,640.22	120,159,617.69	84,470.81	16,188,638.70	307,839,267.10	180,875,139.97	(312,845,278.50)	(162,765,586.89)	4,423,859,137.90	4,458,292,080.65

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting – continued

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

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Revenue from external transactions with domestic customers	917,481,142.33	903,301,572.23
Revenue from external transactions with Hong Kong customers	12,127,356.58	1,508,080.01
Total	929,608,498.91	904,809,652.24

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Non-current assets sourced from Mainland of PRC	4,387,973,511.00	4,433,998,794.69
Non-current assets sourced from Hong Kong	4,093.43	6,850.61
Total	4,387,977,604.43	4,434,005,645.30

(4) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB377,015,687.69 , occupying 40.56% of the Group's total operating income.

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

1. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount balance		Bad debt provision		Carrying value	Carrying amount balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	2,262,003.80	9.36	-	-	2,262,003.80	63,999.00	0.43	-	-	63,999.00
Portfolio 2	21,899,519.44	90.64	-	-	21,899,519.44	14,666,413.29	99.57	-	-	14,666,413.29
Subtotal of portfolios	24,161,523.24	100.00	-	-	24,161,523.24	14,730,412.29	100.00	-	-	14,730,412.29
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	24,161,523.24	100.00	-	-	24,161,523.24	14,730,412.29	100.00	-	-	14,730,412.29

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

1. Accounts receivable - continued

(1) Disclosure of accounts receivable by categories - continued

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value
Within 1 year	21,899,519.44	-	-	21,899,519.44	14,666,413.29	-	-	14,666,413.29

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

Unit: RMB

Name of entity	Relationship with the Company	Closing balance	Proportion of the closing balance to the total accounts receivable (%)	Closing balance of bad debt provision
Customer F	Customer	7,358,127.15	30.45	-
Customer G	Customer	6,188,829.45	25.61	-
Customer H	Customer	2,763,000.00	11.44	-
Customer I	Customer	2,000,000.00	8.28	-
Customer J	Customer	1,512,486.82	6.26	-
Total		19,822,443.42	82.04	-

2. Other receivables

(1) Disclosure of other receivables by categories

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount balance		Bad debt provision		B Carrying value	Carrying amount balance		Bad debt provision		B Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Other receivables for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	562,507,733.83	99.70	-	-	562,507,733.83	581,387,532.80	99.75	-	-	581,387,532.80
Portfolio 2	1,664,768.65	0.30	383,456.60	23.03	1,281,312.05	1,455,758.02	0.25	391,186.82	26.87	1,064,571.20
Subtotal of portfolios	564,172,502.48	100.00	383,456.60	0.07	563,789,045.88	582,843,290.82	100.00	391,186.82	0.07	582,452,104.00
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	564,172,502.48	100.00	383,456.60	0.07	563,789,045.88	582,843,290.82	100.00	391,186.82	0.07	582,452,104.00

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

2. Other receivables - continued

(1) Disclosure of other receivables by categories - continued

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

Unit: RMB

Aging	Closing balance				Opening balance			
	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value	Carrying amount balance	Bad debt provision	Proportion (%)	Carrying value
Within 1 year	1,281,312.05	-	-	1,281,312.05	1,034,396.62	149.26	0.01	1,034,247.36
More than 1 year but not exceeding 2 years	-	-	-	-	37,904.80	7,580.96	20.00	30,323.84
More than 2 years but not exceeding 3 years	-	-	-	-	-	-	-	-
More than 3 years	383,456.60	383,456.60	100.00	-	383,456.60	383,456.60	100.00	-
Total	1,664,768.65	383,456.60	23.03	1,281,312.05	1,455,758.02	391,186.82	26.87	1,064,571.20

(2) Disclosure of other receivables by nature

Unit: RMB

Item	Closing balance	Opening balance
Temporary payments	5,205,270.86	2,095,061.81
Deposits	479,634.90	306,791.32
Others	558,487,596.72	580,441,437.69
Including: amounts due from subsidiaries	552,166,847.60	580,057,981.09
Total	564,172,502.48	582,843,290.82

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

Unit: RMB

Name of entity	Nature of the fund	Amount	Aging	Proportion of the amount to the total accounts receivable (%)	Closing balance of bad debt provision
Dongguan Chiwan Terminal Company Limited.	Temporary payment due from subsidiaries	305,375,000.00	Within one year	54.13	-
Dongguan Chiwan Wharf Co., Ltd.	Temporary payment due from subsidiaries	246,791,847.60	Within one year	43.74	-
Chiwan Wharf Holdings (H.K.) Limited.	Temporary payment due from subsidiaries	2,850,941.50	More than three year	0.51	-
Nanshan Group	Temporary payment due from related parties	2,822,760.39	Within one year	0.50	-
CCT	Temporary payment due from related parties	695,498.23	Within one year	0.12	-
Total		558,536,047.72		99.00	-

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

3. Long-term equity investments

Unit: RMB

Investee	Opening balance	Changes								Closing balance	Closing balance of provision for impairment
		Increase	Decrease	Investment income under equity method	Reconciling items from other comprehensive income	Other equity movements	Cash dividends or profits announced of issuance	Provision for impairment	Others		
I. Subsidiaries											
Shenzhen Chiwan International Freight Agency Company Limited	5,500,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	5,500,000.00	-
Shenzhen Chiwan Harbor Container Company Limited	250,920,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	250,920,000.00	-
Shenzhen Chiwan Transportation Company Limited	7,000,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	7,000,000.00	-
Chiwan Wharf Holdings (H.K.) Limited	1,070,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	1,070,000.00	-
Shenzhen Chiwan Tugboat Company Limited	24,000,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	24,000,000.00	-
Chiwan Container Terminal Company Limited	421,023,199.85	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	421,023,199.85	-
Dongguan Chiwan Wharf Company Limited	186,525,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	186,525,000.00	-
Dongguan Chiwan Terminal Company Limited	175,000,000.00	-	-	Not applicable	Not applicable	Not applicable	Not applicable	-	-	175,000,000.00	-
Subtotal	1,071,038,199.85		-					-	-	1,071,038,199.85	-
II. Associates		-									
CMHI	14,595,240.92			2,267,364.00		-	-			16,862,604.92	-
CMBL	151,985,444.98			2,738,000.00		-	-			154,723,444.98	-
Subtotal	166,580,685.90			5,005,364.00		-	-			171,586,049.90	-
III. Joint ventures											
China Overseas Harbor Affairs (Laizhou) Co., Ltd	794,981,306.22			29,155,806.47		-	(54,159,674.42)			769,977,438.27	-
Total	2,032,600,191.97			34,161,170.47		-	(54,159,674.42)			2,012,601,688.02	-

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

4. Operating income and operating costs

Unit: RMB

Item	Jan.-Jun. 2017		Jan.-Jun. 2016	
	Income	Cost	Income	Cost
Principal operating	103,342,484.62	61,542,231.02	90,048,025.87	64,585,052.56
Other operating	16,693,852.72	451,533.62	15,662,004.26	364,898.28
Total	120,036,337.34	61,993,764.64	105,710,030.13	64,949,950.84

5. Investment income

Details of investment income

Unit: RMB

Item	Jan.-Jun. 2017	Jan.-Jun. 2016
Income from long-term equity investments under equity method	34,161,170.47	42,745,478.52
Investment income on available-for-sale financial assets, etc.	9,417,000.00	6,292,187.85
Total	43,578,170.47	49,037,666.37

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

6. Related party transactions

(1) Provision and receipt of services

Unit: RMB

	Content of related party transaction	Pricing and decision-making procedures of related party transactions	Jan.-Jun. 2017	Jan.-Jun. 2016
Receipt of services :				
Chiwan Shipping (Hong Kong) Ltd	Agency service	Negotiation	461,799.81	940,321.59
Xuqin	Landscape engineering	Negotiation	416,694.34	179,068.96
Chiwan Property	Property management service	Negotiation	175,675.19	148,751.65
Haiqin Engineering	Engineering Management	Negotiation	145,848.28	138,578.13
China Merchants Holdings (International) Information Technology Company Ltd	Technical service	Negotiation	63,584.93	74,339.65
Shenzhen Chiwan Tugboat Company Limited	Tugboat services	Negotiation	12,166.04	13,766.04
Shenzhen Chiwan International Freight Agency Company Limited	Agency service	Negotiation	13,007.98	5,368.30
Haixing	Load and unload service	Negotiation	47,518.00	-
Total			1,336,294.57	1,500,194.32
Rendering of services:				
Dongguan Chiwan Wharf Company Limited	Labor dispatch service	Negotiation	5,189,549.19	11,552,504.65
China Overseas Harbour Affairs (Laizhou) Co., Ltd	Labor dispatch service	Negotiation	-	736,553.60
SSMSA	Load and unload service	Negotiation	24,659.43	125,799.71
Shipping Agency	Berthage fee , etc,	Negotiation	-	76,144.33
Ocean Shipping Tally	Load and unload service	Negotiation	-	32,233.58
Ocean Shipping Agency	Load and unload service	Negotiation	-	18,736.79
Dongguan Chiwan Terminal Company Limited	Labor dispatch service	Negotiation	3,953,940.28	-
COFCO & CM (Shenzhen) Grain Electronic Trading Center	Load and unload service	Negotiation	627,197.62	-
Total			9,795,346.52	12,541,972.66

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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

6. Related party transactions - continued

(2) Leases with related parties

The Group as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Lease payment recognised in the current year	Lease payment recognised in the previous year
Nanshan Group	Land, Office and packing yard	4,165,980.04	3,764,963.47
Chiwan Base	Office	772,310.94	786,661.42
Malai Warehouse	Office	2,104,514.22	1,622,229.74
SCT	Crane	-	360,000.00
Total		7,042,805.20	6,533,854.63

7. Amounts due from/to related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Cash and bank balances	China Merchants Bank	25,771,062.09	19,265,421.23
	China Development Finance Co., Ltd.	205,769.88	1,211,887.57
	Total	25,976,831.97	20,477,308.80
Accounts receivable	SSMSA	-	44,129.00
	Shipping Agency	-	19,870.00
	Total	-	63,999.00
Other receivables	Dongguan Chiwan Terminal Company Limited	305,375,000.00	361,632,988.72
	Dongguan Chiwan Wharf Company Limited	246,791,847.60	214,500,000.00
	Chiwan Wharf Holdings (H.K.) Limited	2,850,941.50	2,851,360.05
	Nanshan Group	2,823,660.39	1,022,760.39
	Shenzhen Chiwan Tugboat Company Limited	94,268.78	-
	Chiwan Base	135,621.91	135,621.91
	China Merchants Shangzhi	58,766.40	58,766.40
	Chiwan Container Terminal Company Limited	695,498.23	725,678.44
	CHCC	296,575.90	309,683.43
	Chiwan Property	150.00	150.00
	Hiwin	38,270.45	38,270.45
	Total	559,160,601.16	581,275,279.79

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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

7. Amounts due from/to related parties - continued

Item	Related parties	Closing balance	Opening balance
Long-term receivables	Chiwan Wharf Holdings (H.K.) Limited	11,004,284.75	11,004,284.75
Accounts payable	Nanshan Group	4,238,274.40	2,906,947.14
	Xuqin	702,412.35	785,059.00
	Chiwan Shipping (Hong Kong) Ltd	354,680.93	-
	Total	5,295,367.68	3,692,006.14
Other payables	Shenzhen Chiwan Harbour Container Company Limited	127,229,139.72	243,733,114.96
	Chiwan Container Terminal Company Limited	73,876,018.86	9,697,899.00
	Shenzhen Chiwan Transportation Company Limited	37,801,078.98	46,897,834.66
	Dongguan Chiwan Wharf Company Limited	13,567,675.68	13,260,132.40
	Shenzhen Chiwan Tugboat Company Limited	20,247,549.59	24,912,752.12
	Dongguan Chiwan Terminal Company Limited	15,370,363.68	10,133,892.96
	Shenzhen Chiwan International Freight Agency Company Limited	1,006,117.10	975,053.00
	Chiwan Shipping (Hong Kong) Ltd	160,677.46	1,183,964.01
	Nanshan Group	59,845.95	58,539.14
	China Merchants Shangzhi	352,598.40	-
	Xuqin	35,741.00	10,000.00
	China Merchants Holdings (International) Information Technology Company Ltd.	35,400.00	6,400.00
	Chiwan Property	19,321.90	-
	Haiqin Engineering	-	389,509.47
	Total	289,761,528.32	351,259,091.72
	Long-term payables	Chiwan Wharf Holdings (H.K.) Limited	151,378,000.00
Interests payable	Shenzhen Chiwan Transportation Company Limited	131,478.11	1,500,827.59
	Shenzhen Chiwan Tugboat Company Limited	181,693.54	97,332.08
	Shenzhen Chiwan Harbour Container Company Limited	208,854.27	1,492,533.76
	Chiwan Container Terminal Company Limited	159,250.00	-
	Total	681,275.92	3,090,693.43

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

8. Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Jan.-Jun. 2017	Jan.-Jun. 2016
1. Reconciliation of net profit to cash flows from operating activities:		
Net profits	73,859,979.29	51,196,211.68
Add: Provision for impairment losses of assets	(7,730.22)	-
Depreciation of fixed assets	4,996,839.58	6,151,059.41
Depreciation and amortization of investment property	241,688.10	289,762.32
Amortization of intangible assets	1,467,600.87	1,675,610.86
Amortization of long-term prepaid expenses	89,810.34	89,810.34
Losses(Profits) on disposal of fixed assets, intangible assets and other long-term assets	(81,245.01)	60,987.36
Financial expenses	9,366,137.76	22,414,459.22
Loss (Gains) arising from investments	(43,578,170.47)	(49,037,666.37)
Decrease (Increase) in deferred tax assets	-	-
Decrease(Increase) in inventories	22,917.22	(35,787.10)
Decrease (Increase) in operating receivables	9,406,947.17	127,664,188.41
Increase (Decrease) in operating payables	(72,146,418.49)	(49,194,021.19)
Net cash flows from operating activities	(16,361,643.86)	111,274,614.94
2. Net changes in cash and cash equivalents:		
Closing balance of cash	58,389,908.02	190,393,031.45
Less: Opening balance of cash	97,401,657.09	331,615,767.60
Net increase (decrease) in cash	(39,011,749.07)	(141,222,736.15)

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

SUPPLEMENTARY INFORMATION TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

1. BREAKDOWN OF EXTRAORDINARY GAINS AND LOSSES

Unit: RMB

Item	Amounts	Description
Profit or loss on disposal of non-current assets	(448,433.95)	
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)	498,801.18	
Money lending income earned from non-financial institutions in profit or loss	-	
The excess of attributable fair value of identifiable net assets over the consideration paid for subsidiaries, associates and joint ventures	-	
Profit or loss on exchange of non-monetary assets	-	
Profit or loss on entrusted investments or assets management	-	
Provision of impairment losses for each asset due to force majeure, e.g. acts of God	-	
Profit or loss on debt restructuring	-	
Business restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	-	
Profit or loss relating to the unfair portion in transactions with unfair transaction price	-	
Net profit or loss of subsidiaries recognized as a result of business combination of enterprises under common control from the beginning of the period up to the business combination date	-	
Profit or loss arising from contingencies other than those related to normal operating business	-	
Profit or loss on changes in the fair value of financial assets and financial liabilities held for trading and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than the effective hedging activities relating to normal operating business	-	
Reversal of provision for accounts receivable that are tested for impairment losses individually	-	
Profit or loss on entrusted loans	-	
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model	-	
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements by tax laws and accounting laws and regulations	-	
Custodian fees earned from entrusted operation	-	
Other non-operating income or expenses other than above	1,614,224.70	
Other profit or loss that meets the definition of non-recurring profit or loss	-	
Tax effects	(334,195.42)	
Effects of minority interest (after tax)	(467,611.90)	
Total	862,784.61	

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

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

Unit: RMB

Profits incurred in the current period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit for the current period attributable to ordinary shareholders	5.76	0.429	0.429
Net profit attributable to ordinary shareholders after deducting extraordinary gains and losses	5.74	0.427	0.427