



SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

THE 2017 ANNUAL REPORT

Disclosed on 7 March 2018

Section I. Important Statements, Contents & Terms

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

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

This Report has been reviewed and approved by all directors at the 3rd Meeting of the 9th Board of Directors of the Company.

Possible risks faced by the Company and countermeasures have been explained in “Section IV. Performance Discussion and Analysis” in this Report, which investors are kindly reminded to pay attention to. Any forward-looking statement such as those involving future plans or development strategies in this Report shall not be considered as virtual promises of the Company to investors. And investors are kindly reminded to pay attention to possible risks.

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

The Company’s preliminary plan for profit distribution upon the review and approval at the board meeting: Based on the total shares of 644,763,730, a cash dividend of RMB13.19 (tax included) will be distributed to all the shareholders for every 10 shares they hold. No bonus shares will be granted and no capital reserve will be turned into share capital.

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

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Terms

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

Section II. Company Profile & Financial Highlights

I. Company information

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	深赤湾		
Company name in English (if any)	Shenzhen Chiwan Wharf Holdings Limited		
Abbreviation (if any)	Chiwan Wharf		
Legal representative of the Company	Bai Jingtao		
Registered address	8/F, Chiwan Petroleum Building, Zhaoshang Street, Nanshan District, Shenzhen, PRC		
Zip code	518067		
Office address	8/F, Chiwan Petroleum Building, Zhaoshang Street, Nanshan District, Shenzhen, PRC		
Zip code	518067		
Internet website of the Company	http://www.szcwh.com		
Email address	cwh@szcwh.com		

II. Contact us

	Company Secretary	Securities Representative
Name	Wang Yongli	Hu Jingjing & Chen Dan
Contact address	8/F, Chiwan Petroleum Building, Zhaoshang Street, Nanshan District, Shenzhen, PRC	
Tel.	+86 755 26694222	+86 755 26694222
Fax	+86 755 26684117	+86 755 26684117
E-mail	cwh@szcwh.com	cwh@szcwh.com

III. About information disclosure and where this Report is placed

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

IV. Changes in the registered information

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

V. Other information

The CPAs firm hired by the Company

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable**VI. Accounting and financial highlights**

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

☒ Yes ☐ No

Unit: RMB

Item	2017	2016	Increase/decrease of current year over last year	2015
Operating revenues	2,456,218,834.63	2,381,483,399.94	3.14%	2,342,495,360.79
Netprofits attributable to shareholders of the parent	504,495,064.39	532,376,492.97	-5.24%	521,390,931.84
Net profits attributable to shareholders of the parent before extraordinary gains and losses	497,361,340.01	529,198,583.98	-6.02%	520,784,611.74
Net cash flows from operating activities	1,162,281,754.31	1,121,032,625.07	3.68%	1,231,610,675.57
Basic EPS (RMB/share)	0.782	0.826	-5.33%	0.809
Diluted EPS (RMB/share)	0.782	0.826	-5.33%	0.809
Weighted average ROE (%)	10.45%	11.57%	-1.12%	12.20%
Item	As of 31 Dec. 2017	As of 31 Dec. 2016	Increase/decrease of current year-end than last year-end	As of 31 Dec. 2015
Total assets	7,975,470,563.32	7,792,570,272.01	2.35%	8,186,131,157.94
Net assets attributable to shareholders of the parent	4,922,969,405.92	4,736,680,543.81	3.93%	4,474,942,668.10

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

Unit: RMB

Item	2017	2016		Increase/decrease of current year over last year	2015	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Operating revenues	2,456,218,834.63	1,905,107,140.42	2,381,483,399.94	3.14%	1,872,608,596.16	2,342,495,360.79
Net profits attributable to shareholders of the parent	504,495,064.39	532,376,492.97	532,376,492.97	-5.24%	527,751,492.42	521,390,931.84
Net profits attributable to shareholders of the parent before extraordinary gains and losses	497,361,340.01	530,615,980.15	529,198,583.98	-6.02%	528,043,530.88	520,784,611.74
Net cash flows from operating activities	1,162,281,754.31	827,754,904.11	1,121,032,625.07	3.68%	977,850,737.45	1,231,610,675.57
Basic EPS (RMB Yuan/share)	0.782	0.826	0.826	-5.33%	0.819	0.809
Diluted EPS (RMB Yuan /share)	0.782	0.826	0.826	-5.33%	0.819	0.809
Weighted average ROE (%)	10.45%	11.64%	11.57%	-1.12%	12.34%	12.20%
	As of 31 Dec. 2017	As of 31 Dec. 2016		Increase/decrease of current year-end than last year-end	As of 31 Dec. 2015	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Total assets	7,975,470,563.32	6,620,476,709.79	7,792,570,272.01	2.35%	6,913,772,876.99	8,186,131,157.94
Net assets attributable to shareholders of the parent	4,922,969,405.92	4,709,815,552.89	4,736,680,543.81	3.93%	4,439,600,537.05	4,474,942,668.10

The listed company's total share capital as of the last trading session before the disclosure of this Report:

The listed company's total share capital as of the last trading session before the disclosure of this Report (share)	644,763,730
Fully diluted EPS based on the latest share capital above (RMB Yuan /share)	0.782

Are there any corporate bonds?

☐ Yes ☒ No

VII. Differences between accounting data under domestic and overseas accounting standards

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

No such differences

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

No such differences

VIII. Financial highlights by quarter

Unit: RMB

Item	Q1	Q2	Q3	Q4
Operating revenues	590,462,575.45	586,188,442.54	686,261,296.41	593,306,520.23
Net profits attributable to shareholders of the parent	138,193,456.79	137,867,900.71	164,362,034.13	64,071,672.76
Net profits attributable to shareholders of the parent before extraordinary gains and losses	137,529,057.95	138,082,062.94	163,375,030.69	58,375,188.43
Net cash flows from operating activities	327,701,479.55	246,854,052.48	341,832,880.07	245,893,342.21

The financial indicators above or their summations differ from those which had been disclosed in quarterly or semi-annual reports because they have been retrospectively adjusted as a result of business mergers under the same control.

IX. Extraordinary gains and losses

Unit: RMB

Item	2017	2016	2015	Note
Profit or loss on disposal of non-current assets	431,343.46	-123,667.77	-745,648.90	
Government grants recognized in profit or loss (except for grants that are closely related to the Company's business and are in amounts and quantities fixed in accordance with the national standard)	1,843,431.75	6,142,644.12	4,764,470.53	
Impairment provision reversal for accounts receivable on which impairment test is carried out separately	4,238,993.78	-	-	
Non-operating income or expenses other than above	1,572,703.48	2,078,697.90	1,308,856.45	
Less: Tax effects	290,506.79	1,429,655.13	1,108,165.15	
Effects of minority interest (after tax)	662,241.30	3,490,110.13	3,613,192.83	
Total	7,133,724.38	3,177,908.99	606,320.10	--

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

Section III. Business Highlights

I. Main business during the reporting period

(I) The Company's main business scope and business models

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

(II) Development stage and seasonality of the industry, as well as the Company's position in the industry

The port industry in which the Company competes is a basic industry in the national economy, with its development level tied to the macro economy and trade. Due to seasonal factors and a stronger endogenous driving force of growth, the world economy was on a track of relatively strong recovery during the reporting period, which resulted in a faster recovery of international trade and an uptick in growth of port throughput.

The ports run by the Company have been considered hubs for container and bulk cargo carriers in the Pearl River Delta. The Company's market position and operating performance remained stable during the reporting period.

II. Significant changes in primary assets

1. Significant changes in primary assets

Primary asset	Significant change
Equity assets	The Proposal on Signing The Supplementary Agreement of Media Port Investments Limited Shareholder Agreement was considered and approved at the 2nd Meeting of the 9th Board of the Company dated 23 August 2017. On the same day, the Company, China Merchants Port Holdings Company Limited, Fatten Investments Limited and Media Port Investments Limited signed the said agreement to let the Company control Media Port Investments Limited. As such, the Company has controlled and will include in its consolidated financial statements Shenzhen Mawan Port Services Co., Ltd., Shenzhen Mawan Wharf Co., Ltd. and Shenzhen Mawan Warehouse & Terminals Co., Ltd. The announcement (No. 2017-034) on the related transactions arising from the signed contract has been disclosed on Securities Times, Ta Kung Pao and www.cninfo.com.cn on 25 August 2017.
Entrusted assets	The Proposal on Signing The Agreement on Equity Management Entrustment with China Merchants Port Holdings Company Limited (CMPort) was considered and approved at the 2nd Meeting of the 9th Board of the Company dated 23 August 2017. On the same day, the agreement was signed to let the Company manage, in CMPort's trust, part of the shareholder and other rights in relation to the 80% stake in Mega Shekou Container Terminals Limited, which is held directly by CMPort. This move

	would strengthen the Company's influence and ability of sustainable development among the ports in West Shenzhen. The announcement (No. 2017-035) on the related transaction arising from the signed contract has been disclosed on Securities Times, Ta Kung Pao and www.cninfo.com.cn on 25 August 2017.
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2. Main assets overseas

☐ Applicable ☒ Not applicable

III. Core competitiveness analysis

Regarding container handling, the first phase of the Company's the shore power program covering four container berths in the Company's Chiwan Wharf was completed in August 2017, which is able to supply stable power to large inbound container carriers; in September, the Company applied a smart and safe tallying system to all of its wharfs and won a prize for innovation in "Internet + Smart Port" awarded by the National Development and Reform Commission because of the system.

With respect to bulk cargo handling, in May 2017, the bonded yard of the Company's Machong Wharf has expanded from 16,000 m² to 50,000 m²; in June, the renovated Berth 7# of the Company's Chiwan Wharf began trial operation, with a renewed ability to berth 70,000-ton vessels and a much more efficient gallery system to send the unloaded cargos into the warehouses; and in December, Machong Wharf's 225,000-ton grain silo was put into trial operation.

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

Section IV. Performance Discussion and Analysis

I. Business review

During 2017, the global economy grew at a faster pace, with higher international trade volumes and prices, as well as a basically stable financial market. China's economic growth reached 6.9% for the year as its supply-side structural reform boosted investment and export. The country's foreign trade was improving, with the total value coming to an end of the recent years' negative growth and rebounding 14.2% over last year. As a result, the country's shipping market saw a general recovery, with faster growth in port throughput. According to the preliminary data of China's Ministry of Transport, the country's coastal ports above the designated size registered a cargo throughput of 8.63 billion metric tons, representing a year-over-year growth of 6.4% (3.2 percentage points higher than last year), and a container throughput of 0.21 billion TEU, up 7.7% from a year earlier (4.3 percentage points higher than last year).

During the reporting period, the Company forged ahead, faithfully following the policy of "Adhere to a Down-to-Earth Working Style and Focus on the Main Business for Development". All the business plans that the Company set out for the year have been implemented successfully, with the yearly cargo throughput reaching 69.847 million tons, representing a steady year-over-year increase of 1.8%.

1. Container handling business

A higher container shipping demand spurred by the recovery in international trade, the slowdown in growth in the worldwide shipping capacity and the slightly increased shipping rates brought better earnings to shipping companies. Mergers, restructuring and federalization were still taking place in the shipping sector. The three major shipping unions, namely, 2M, OCEAN and THE began running in April, which has caused adjustments to global shipping routes, as well as a more centralized market.

During the reporting period, the combined container throughput of the ports of the three major cities in South China was 66.11 million TEU, up 5.9% from last year, of which Shenzhen ports handled 25.25 million TEU, a 5.3% year-over-year growth. With hub ports for containers in South China, the Company responded to changing shipping routes in an effective way by soliciting business from new routes and local sources to maintain stability in business. The Company handled a total of 5.374 million TEU of containers throughout the year, up 2.9% from last year and accounting for 21% of the Shenzhen market. In the meantime, the Company continued to forge ahead with the "Internet + Smart Port" campaign to upgrade its comprehensive logistics services. In addition, the Company's ePort platform, a one-stop customer service system, went online, which would connect both the upstream and downstream links for better services.

2. Bulk cargo handling business

During the reporting period, China's supply-side structural reform optimized production capacity and spurred growth in imports of grain and fertilizers. During 2017, China imported 0.13 billion tons of grain, a 13.9% year-over-year increase; and 9.17 million tons of fertilizers, up 10.2% from the year earlier. By seizing market opportunities, the Company handled a total of 21.203 million tons of bulk cargos throughout the year, increasing 12.7% compared to last year.

With respect to grain and feedstuff handling, the Company adopted a business strategy of working on both domestic and foreign trade and successfully attracted new clients by virtue of a keen sense of the market and quality services. Meanwhile, the Company improved its port operation procedure for better efficiency and furthered cooperation with clients to satisfy their various needs. As a result, the Company's customer service quality and local influence kept improving. During 2017, the Company's grain and feedstuff throughput increased 9.4% from last year, of which the inbound data went up 13.0% on a year-over-year basis, solidifying the Company's position as a leading grain and feedstuff handling service provider, as well as priority ports for handling imported and exported grain and feedstuff, in the Pearl River Delta.

As for fertilizer handling, by paying close attention to changes in the market and staying in close contact with clients, the Company handled significantly more cargos from its core clients, attracted new potash clients, restarted the bonded and re-exported calcium phosphate business which had stopped for over two years, and handled an increasing quantity of exported urea and imported pure sodium carbonate. Additionally, the Company offered customized, value-added support services to increase customer loyalty, and extended its rail-water gallery for more business opportunities. During 2017, the fertilizers handled by the Company rose significantly by 40% from last year, the compound fertilizer imports handled accounted for a 55% of the national market, and the potash imports handled took up 9% nationwide, which have further secured the Company's leading position on the market.

3. Support services and investment management

The Company's business of support tow truck, tugboat, customs clearance and barge services operated well. Earnings in this respect have risen as the Company also looked for income while ensuring the support services. 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., offered slightly lower returns to the Company compared to last year.

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

Main business indicator	2017	2016	Change
Total throughput (thousand tons)	69,847	68,603	1.8%
Among which: Container throughput (thousand TEU)	5,374	5,222	2.9%
Bulk cargo throughput (thousand tons)	21,203	18,822	12.7%
Hours charged for tow trucks (thousand hours)	1,169	1,165	0.4%
Hours charged for tugboats (hour)	38,392	32,530	18.0%

During the reporting period, the Company carried out the tasks it had set out for the year, with its focus on lean management for the purposes of better quality and efficiency of internal management. It improved the structure of its Headquarters for a more professional division of functions, as well as for a more solid organizational and human resources structure; further strengthened budgetary and performance management for more effective internal control; made better use of its existing facilities and equipment through technical modification and procedure reform, and enhanced resource allocation assessment and asset control, which have resulted in a significantly higher ratio of resource utilization; and promoted integrated financial management to management the liquidity of each entity within the Company in a more effective way, improve the debt structure and look for the best financial outcome.

II. Main business analysis

1. Overview

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

Unit: RMB

Item	2017	2016	Change	Reason for change
Operating revenues	2,456,218,834.63	2,381,483,399.94	3.14%	-
Operating costs	1,445,228,046.76	1,342,778,196.75	7.63%	-
Administrative expenses	177,345,622.79	188,446,906.70	-5.89%	-
Finance costs	27,224,172.17	32,613,939.18	-16.53%	Decrease in interest expense as a result of less interest-bearing liabilities
Net cash flows from operating activities	1,162,281,754.31	1,121,032,625.07	3.68%	-

2. Revenues and costs

(1) Breakdown of operating revenues

Unit: RMB

Item	2017		2016		Change
	Amount	In operating revenues	Amount	In operating revenues	
Operating revenues	2,456,218,834.63	100%	2,381,483,399.94	100%	3.14%
By business segment					
Cargo handling	2,342,308,735.18	95.36%	2,271,823,689.25	95.40%	3.10%
Support services	176,554,448.36	7.19%	158,782,168.60	6.67%	11.19%
Agency and other services	28,604,158.08	1.16%	29,384,718.03	1.23%	-2.66%
Inter-segment deduction	-91,248,506.99	-3.71%	-78,507,175.94	-3.30%	16.23%
By geographic segment					
Mainland China	2,431,453,323.81	98.99%	2,363,101,851.78	99.23%	2.89%
Hong Kong, China	24,765,510.82	1.01%	18,381,548.16	0.77%	34.73%

(2) Business segments, products or geographic segments contributing over 10% of operating revenues or profit

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin (%)	Operating revenue: +/-% from last year	Operating cost: +/-% from last year	Gross profit margin: +/-% from last year
By business segment						
Cargo handling	2,342,308,735.18	1,387,285,171.07	40.77%	3.10%	8.19%	-2.79%
By geographic segment						
Mainland China	2,431,453,323.81	1,424,915,739.55	41.40%	2.89%	7.29%	-2.40%

(3) Product sales higher than service income

☐ Yes ☒ No

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

☐ Applicable ☒ Not applicable

(5) Breakdown of operating costs

By business segment and product

Unit: RMB

Business segment	Item	2017		2016		Change
		Amount	In operating costs	Amount	In operating costs	
Cargo handling	Loading and unloading services	1,387,285,171.07	95.99%	1,282,246,816.07	95.49%	8.19%
Support services	Tow truck, tugboat and barge services	128,545,300.96	8.89%	119,894,587.11	8.93%	7.22%
Agency and other services	Agency services	20,614,081.68	1.43%	19,108,936.15	1.42%	7.88%
Inter-segment deduction		-91,216,506.95	-6.31%	-78,472,142.58	-5.84%	16.24%
Total		1,445,228,046.76	100.00%	1,342,778,196.75	100.00%	7.63%

(6) Changes in consolidation scope for reporting period

☒ Yes ☐ No

Five entities (Shenzhen Mawan Wharf Co., Ltd., Shenzhen Mawan Port Services Co., Ltd., Shenzhen Mawan Warehouse & Terminals Co., Ltd., Media Port Investments Limited and Fatten Investments Limited) have been newly included in the scope of the Company's consolidated financial statements due to the under-the-same-control mergers that took place in September 2017.

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

☐ Applicable ☒ Not applicable

(8) Main clients and suppliers

Main clients

Sales income from top 5 clients (RMB)	1,014,074,195.31
In total sales income of the year (%)	41.29%
Total sales income from related parties among top 5 clients as a percentage of the total sales income of the year (%)	0.00%

Information about top 5 clients

Serial No.	Client	Sales income generated (RMB)	In total sales income of the year (%)
1	Client A	372,603,266.53	15.17%

2	Client B	259,839,352.74	10.58%
3	Client C	175,090,369.61	7.13%
4	Client D	103,956,938.54	4.23%
5	Client E	102,584,267.89	4.18%
Total	--	1,014,074,195.31	41.29%

Other information about the main clients

☐ Applicable ☒ Not applicable

Main suppliers

Procurement from top 5 suppliers (RMB)	286,473,815.77
In total procurement of the year (%)	40.21%
Total procurement from related parties among top 5 suppliers as a percentage of the total procurement of the year (%)	0.00%

Information about top 5 suppliers

Serial No.	Supplier	Procurement (RMB)	In total procurement of the year (%)
1	Supplier A	70,696,215.78	9.92%
2	Supplier B	69,387,647.42	9.74%
3	Supplier C	69,124,353.78	9.70%
4	Supplier D	43,606,945.06	6.12%
5	Supplier E	33,658,653.73	4.72%
Total	--	286,473,815.77	40.21%

Other information about the main suppliers

☐ Applicable ☒ Not applicable

3. Expense

Unit: RMB

Item	2017	2016	Change	Reason for any significant change
Administrative expenses	177,345,622.79	188,446,906.70	-5.89%	
Finance costs	27,224,172.17	32,613,939.18	-16.53%	Decrease in interest expense as a result of less interest-bearing liabilities

4. R&D investments

In light of the development trends in the modern logistics industry, the Company has formulated an R&D policy of developing “automatic hardware” and “intelligent software”. The Company is committed to building smart, green wharfs. R&D teams have been set up to work on improvements in port operation procedure and service quality. As a result, the Company has accumulated key technologies regarding a one-stop customer service platform, smart management of containers of hazardous materials, a smart, visible container handling system, a port-related supply chain information inquiry system, an automatic storage yard system, a warning system for berthing vessels, smart tallying, a smart weighbridge system, warehousing techniques, etc. These R&D results will help transform the Company with a more automatic, smart, energy-saving and environment-friendly procedure.

As of the end of the reporting period, the Company has independently designed 22 high-tech systems, which have been all commercialized to help the Company provide better wharf services. A specialized function has been set up by the Company to be responsible for management of the

Company's intellectual property rights. The Company has filed its R&D achievements to authorities for intellectual property rights recognition and protection. As of the end of the reporting period, the Company (inclusive of subordinates) has had 1 patent for invention, 10 utility models and 19 software copyrights.

Particulars about R&D investments:

Item	2017	2016	Change
Number of R&D personnel	78	76	2.63%
R&D personnel in total employees	4.54%	5.37%	-0.83%
R&D investment (RMB)	30,523,311.93	28,215,328.71	8.18%
R&D investment in operating revenues	1.24%	1.18%	0.06%
Capitalized R&D investment (RMB)	0.00	0.00	
Capitalized R&D investment in total R&D investment	0.00%	0.00%	

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

5. Cash flows

Unit: RMB

Item	2017	2016	Change	Reason for significant change
Subtotal of cash inflows from operating activities	2,559,512,439.23	2,493,690,238.82	2.64%	-
Subtotal of cash outflows from operating activities	1,397,230,684.92	1,372,657,613.75	1.79%	-
Net cash flows from operating activities	1,162,281,754.31	1,121,032,625.07	3.68%	-
Subtotal of cash inflows from investing activities	343,617,622.29	247,387,640.33	38.90%	Better returns on investments and increase in withdrawn investments
Subtotal of cash outflows from investing activities	440,427,177.26	398,447,492.64	10.54%	-
Net cash flows from investing activities	-96,809,554.97	-151,059,852.31	35.91%	Increase in cash inflows from investing activities
Subtotal of cash inflows from financing activities	229,850,000.00	1,228,117,634.71	-81.28%	Lower borrowings
Subtotal of cash outflows from financing activities	1,001,183,883.86	2,455,617,374.53	-59.23%	Decrease in borrowing repayment and interest payment, as well as in dividend payment by subsidiaries to their minority shareholders
Net cash flows from financing activities	-771,333,883.86	-1,227,499,739.82	37.16%	Decrease in cash outflows from financing activities
Net increase in cash and cash equivalents	276,113,879.93	-244,432,396.34	212.96%	-

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

☐ Applicable ☒ Not applicable

III. Non-core business analysis

Unit: RMB

Item	Amount	In total profit (%)	Source/reason	Recurring or not
Investment income	64,321,791.76	7.40%	Share of profits of joint ventures and associates	Yes
Asset impairment	-5,474,833.11	-0.63%	Reversal of allowances for doubtful accounts	No
Non-operating income	2,533,092.56	0.29%	Client default income and tax withholding fee	No
Non-operating expenses	960,389.08	0.11%	Loss incurred by disposal of property, plant or equipment	No

IV. Assets and liabilities**1. Major changes in asset composition**

Unit: RMB

Item	As of 31 Dec. 2017		As of 31 Dec. 2016		Proportion change (%)	Reason for significant change
	Amount	In total assets (%)	Amount	In total assets (%)		
Monetary assets	818,193,679.32	10.26%	542,079,799.39	6.96%	3.30%	Increased retained earnings and a government subsidy of RMB100 million resulted in a 51% increase in monetary assets
Accounts receivable	257,081,961.83	3.22%	214,806,648.35	2.76%	0.46%	-
Inventories	21,862,480.10	0.27%	22,011,047.53	0.28%	-0.01%	-
Investment property	22,821,081.69	0.29%	23,646,913.77	0.30%	-0.01%	-
Long-term equity investments	1,152,620,039.97	14.45%	1,151,874,922.62	14.78%	-0.33%	-
Property, plant and equipment	3,929,355,718.60	49.27%	3,871,338,923.59	49.68%	-0.41%	-
Construction in progress	86,317,666.70	1.08%	167,093,107.33	2.14%	-1.06%	Construction in progress decreased 48% because the Machong Wharf bulk grain warehouse expansion program and the Chiwan Wharf Berth 7# alteration

						program were completed and therefore reclassified to property, plant and equipment
Short-term borrowings			241,270,000.00	3.10%	-3.10%	Repayment

2. Assets and liabilities measured at fair value

Unit: RMB

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							
Available-for-sale financial assets	8,550,000		975,000				9,850,000
Subtotal of financial assets	8,550,000		975,000				9,850,000
Total of the above	8,550,000		975,000				9,850,000
Financial liabilities	0		0				0

Major changes in measurement attributes of main assets in reporting period

☐ Yes ☒ No

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

Not applicable

V. Investments

1. General situation

☐ Applicable ☒ Not applicable

2. Major equity investments made in reporting period

☐ Applicable ☒ Not applicable

3. Major non-equity investments ongoing in reporting period

☐ Applicable ☒ Not applicable

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

Unit: RMB

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Opening book value	Gain/loss on fair value changes in current period	Cumulative fair value changes recorded into equity	Purchased in current period	Sold in current period	Gain/loss in current period	Closing book value	Accounting title	Source of funds
Stock	600377	Jiangsu Expressway	1,120,000	Fair value method	8,550,000	0	975,000	0	0	420,000	9,850,000	Available-for-sale financial assets	Self-owned funds
Stock	400032	Petrochemical A1	3,500,000	Cost method	382,200	0	0	0	0	0	382,200	Available-for-sale financial assets	Self-owned funds
Stock	400009	Guangjian 1	27,500	Cost method	17,000	0	0	0	0	0	17,000	Available-for-sale financial assets	Self-owned funds
Total			4,647,500	--	8,949,200	0	975,000	0	0	420,000	10,249,200	--	--

(2) Investments in financial derivatives

No such cases in reporting period

5. Use of raised funds

No such cases in reporting period

VI. Sale of major assets and equity interests**1. Sale of major assets**

No such cases in reporting period

2. Sale of major equity interests

No such cases in reporting period

VII. Main controlled and joint stock companies

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

Unit: RMB

Company name	Company variety	Main business	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Chiwan Container Terminal Co., Ltd.	Subsidiary	Container handling	USD95.3 million	2,200,821,901.66	1,469,702,023.87	705,811,823.85	239,963,641.03	206,149,099.70
Shenzhen Chiwan Harbor Container Co. Ltd.	Subsidiary	Container handling	RMB288.2 million	845,503,146.31	493,529,710.43	334,178,721.89	133,993,560.50	114,680,600.61
Dongguan Chiwan Terminal Co., Ltd.	Subsidiary	Handling and storage of bulk cargos	RMB400 million	910,385,228.27	424,056,471.09	248,373,550.54	77,955,794.33	68,084,620.21
Dongguan Chiwan Wharf Company Limited	Subsidiary	Handling and storage of bulk cargos	RMB450 million	1,250,343,171.69	566,864,884.54	288,983,282.12	85,012,102.32	63,799,222.57
Shenzhen Mawan Warehouse & Terminals Co., Ltd.	Subsidiary	Container handling	RMB335 million	935,164,042.94	768,750,207.27	376,357,577.41	141,865,877.71	120,868,848.99
Chiwan Wharf Holdings (HK) Limited	Subsidiary	Investment holding	HKD1 million	1,700,062,836.50	1,682,262,276.42	0.00	265,941,469.66	237,733,028.12

Other main subsidiaries and joint stock companies

Unit: RMB

Company name	Company variety	Industry	Main products /services	Registered capital	Total assets	Net assets	Net profit
Shenzhen Mawan Port Services Co., Ltd.	Subsidiary	Transportation	Container handling	RMB200million	401,082,033.52	279,228,424.38	19,470,338.08
Shenzhen Mawan Wharf Co., Ltd.	Subsidiary	Transportation	Container handling	RMB200million	245,528,319.87	229,587,088.34	16,215,768.05
Shenzhen Chiwan Transportation Co., Ltd.	Subsidiary	Transportation	Tow truck service for containers in the port	RMB15million	76,711,665.74	33,654,003.93	3,493,179.75
Shenzhen Chiwan Tugboats Co., Ltd.	Subsidiary	Transportation	Tugboat service	RMB24million	152,998,569.09	51,002,798.08	24,007,581.80
China Overseas Harbour Affairs (Laizhou) Co., Ltd.	Stock-participating subsidiary	Transportation	Handling and warehousing of petroleum, liquefied products and bulk cargos	USD 176,407,700	1,986,204,661.51	1,763,630,820.84	107,015,673.01
Chiwan Shipping (HK) Company Limited	Subsidiary	Transportation	Forwarding agent	HKD0.8million	12,204,111.78	2,395,537.88	1,873,655.10

VIII. Structured bodies controlled by the Company

☐ Applicable ☒ Not applicable

IX. Outlook of the Company's future development

1. Outlook and trends of the industry

In 2018, with the continuing steady recovery of the world economy, the economic operation in China is predicted to remain stable. In the future, while the inclination of the national policy towards the real economy is expected to shore up the needs for goods trade, there are some unfavorable external conditions, such as the evolution of the global trade and investment outlook and the trade protectionism raising its head. The positive trend of the shipping industry is expected to be sustained, but we need to be cautiously optimistic since the imbalance between supply and demand has not been solved from the root after going through the phased repair. The port industry has generally maintained the development tendency of advancement in steady growth, and will enter the key transformation phase from high-speed growth to high-quality development. However, the structural excess of the industrial capacity and the slowed increase of demands are becoming normal and with the market-oriented reform of the port charges, the port companies are faced with challenges in their profitability. It has become an inexorable trend for the port companies to actively seek to transform from port operators to port comprehensive service providers by making use of the Internet technology and the industrial integration opportunity.

In terms of container handling, the regional container transportation demands are expected to grow moderately. Affected by factors such as the regional competition, the allied operation of shipping companies and the adjustment of the regional urban planning, the Company faces great pressure in the growth of its container business. The Company will closely follow up with the latest mergers and acquisitions of its customers, reinforce the flexibility of the business negotiations and actively secure new routes, while initiating the berth upgrading project and helping to push the expansion and dredging works of Tonggu Fairway and the construction of the public fairway in the western port area so as to improve the hardware resource conditions at the port for sustained stability of the container business.

As for bulk cargo handling, regional demand for grain, feedstuff and fertilizer is expected to keep growing. The new bulk grain warehouse resource input, the bonded and transit businesses and the cultivation of new supply of goods and new business forms will bring business growth opportunities to the Company. The Company will follow closely the market and industrial policy changes and take positive business tactics. Meanwhile, it will accelerate the upgrading of the berth and warehousing resources in Chiwan Port and the construction of the warehousing facilities in Machong Port so as to enhance the overall resource capacity and ensure the steady advancement of the business scale and the industrial position of bulk cargo handling.

2. Development strategy

During the 13th Five-Year Plan period, focusing on the strategy vision of "Building the Regional 1st Level's Port Integrated Service Provider", the Company sticks to the principle of "Based on Main Business of Port Service, Be a Local Standard; Expand Comprehensive Service for Business Upgrade". We strive to build a company featuring excellent management, great efficiency, potential

for sustained development and the ability to create constant value for its shareholders, employees, customers and the society.

In the reporting period, we researched and formulated the implementation schemes for our strategic planning, proposing the “123 Development Strategy”: sticking to one center - centered around innovation-driven, playing the role of two platforms - the financing platform and the investment subject platform, and well establishing three bases - the business development and innovation base, the technological support and incubation base and the talent cultivation and reservation base.

The Company considers entering the ro-ro port warehousing market in the future and starting from the ro-ro logistics, gradually expand the domestic and even the overseas commercial vehicle ro-ro port businesses, developing new business growth points other than container and bulk cargo handling businesses.

3. Business plans for 2018

2018 is the first year of implementing the spirit of the 19th National Congress of the CPC. Faced with the complicated market situation in the new age, the Company will vigorously respond to the challenges and seek to achieve sound growth of its business results and profits. Our main business plans are as follows:

(1) To focus on the operation of the port main business and expand the business scale advantage

We will closely follow the shipping market and industrial trend changes, take positive business tactics, develop new supply of goods and new customers while maintaining the existing customers, and consolidate and further enhance our market position in the regional port. Meanwhile, we will cultivate new business forms by combining with the port main business, develop logistics value chain services and provide more breakthrough value-added supporting businesses to achieve the stable growth of our business scale and profits.

(2) To optimize resource allocation and improve resource guarantee capability

We will actively carry forward the construction of the Tonggu Fairway and the public fairway in the western port area, speed up the upgrading of Berth 10# and 11# in Chiwan Port and Berth 5# in Mawan Port, and improve the container navigating and berthing capabilities in the port. We will accelerate the construction of Berth 5# and 6# in Chiwan Port and the warehousing upgrading in the port, the construction of the bulk grain warehouses in Machong Port and the compound fertilizer surge bins, and improve the bulk cargo berthing and warehousing capabilities in the port. We will intensify the optimized use of stock resources and establish the collaborative sharing mechanism for the bulk cargo business resources in the two ports to fully enhance the resource guarantee capability.

(3) To base on lean management and innovation to promote quality and efficiency for internal management

Lean management and innovation will be pushed forward oriented by problems in the actual production and operation. We will reinforce the system construction and the talent team building to strengthen the internal management foundation; deepen the corporate culture and brand construction to enhance the Company's soft power for competition; specifically propel the major cost control, track and increase profit margins with long-term effects; expedite the application of the Internet technology in ports to improve the management quality and efficiency; focus on boosting the factorization of bulk cargo bagging, the optimization and promotion of the intelligent tally system and the establishment of the staff incentive mechanism closely related to performance.

(4) To intensify the investment expansion and drive our leaping management

We will keep looking for regional opportunities for resource integration and business expansion, and make use of our financing platform and brand advantage, so as to further perfect and enlarge our business layout. Meanwhile, we will adjust to the progress of the shareholders' committed implementation of the horizontal competition and vigorously seek opportunities to achieve the synergistic effect of capital and business, so as to improve our integrated competitiveness and drive our leaping development.

(5) Capital needs and use plan

The total investment on fixed assets of the Company in 2018 is planned to reach RMB 675,460,000, of which: RMB 490,730,000 is for the investment on port warehousing projects; RMB 139,040,000 is for that on mechanical equipment and technological upgrading projects; RMB 31,420,000 is for that on information projects; and RMB 14,270,000 is for that on administrative, office and miscellaneous projects. The required funds of the above capital expenditure are mainly from the cash inflow obtained from Company's operation and third-party financings.

4. Possible risks and countermeasures

(1) External risks

The external risks mainly come from the uncertainty of the macroeconomic recovery and the increasingly fierce competition among regional ports. As our main business is strongly external and the potential risk factors in the macroeconomic recovery will bring negative effects to the container shipping market and the large bulk cargo demands, we face major challenges in maintaining the stability of the port business; the port capacity supply is excessive in the Pearl River Delta, leading to worsened homogeneous competition among ports, potential risks of business segregation and increased pressure of decreasing port charge rates. Our investing companies are all in the port, logistics or the related industries and face the same business fluctuation risks, thus resulting in the fluctuation of our investment returns.

We attach importance to the research and estimation of the external operating environment, intensify the business operation risk warning ability, plan in advance effective measures to actively respond to market changes and seek opportunities among challenges to strive for the stability of the core business. We will further optimize the port resource allocation, enhance our comprehensive competitiveness, reinforce our advantageous position within the region and build an industrial benchmark enterprise. Meanwhile, we will strengthen our control on investments and external expansion and balance the return risk fluctuation by expanding the business layout, innovating business models and optimizing the profiting structure.

(2) Internal risks

The internal risks mainly come from the increased operation costs and relatively onefold business structure. The price of such production factors as land and labor continues to rise and the port operation costs go up rigidly, causing narrowed corporate profit margins; our port loading and unloading businesses occupy a big proportion with relatively single profiting source and thus, our business extension and expansion abilities are yet to be improved.

We further develop and enhance the profits of using stock resources by continuing to advance the lean management, increase our investment on scientific researches, focus on the technological innovation of techniques and reduce the labor scale to achieve improved quality, efficiency and abilities. With our existing advantages, we will base on our port main business, develop comprehensive port services and cultivate new profit growth points to gradually transform from a conventional port operator to a comprehensive port service provider.

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

Date	Way of visit	Type of visitor	Main discussion, materials provided & index
2017.2.15	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ssessgs/S000022/index.html)
2017.5.10	One-on-one meeting	Institution	
2017.5.11	One-on-one meeting	Institution	
2017.6.7	One-on-one meeting	Institution	
2017.6.28	One-on-one meeting	Institution	
2017.9.29	One-on-one meeting	Institution	
2017.11.3	One-on-one meeting	Institution	
2017.11.6	One-on-one meeting	Institution	
2017.12.8	One-on-one meeting	Institution	
2017.12.14	One-on-one meeting	Institution	
January-December 2017	By phone or written inquiry (EasyIR platform of SZSE)	Individual	
Times of visit			162
Number of visiting institutions			10
Number of visiting individuals			211
Number of other visiting entities			0
Significant undisclosed information disclosed, revealed or leaked			No

2. From end of reporting period to disclosure date

Date	Way of visit	Type of visitor	Main discussion, materials provided & index
2018.1.4	One-on-one meeting	Institution	Main discussion: basic business condition, investments and financial condition of the Company; Materials provided: brochure of the Company; Index: SZSE EasyIR (http://irm.cninfo.com.cn/ssessgs/S000022/index.html)
2018.2.6	One-on-one meeting	Institution	
2018.2.6	One-on-one meeting	Institution	
January-March 2018	By phone or written inquiry (EasyIR platform of SZSE)	Individual	
Times of visit			28
Number of visiting institutions			3
Number of visiting individuals			25
Number of other visiting entities			0
Significant undisclosed information disclosed, revealed or leaked			No

Section V. Significant Events

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

Formulation, execution or adjustments of profit distribution policy for common shareholders, especially cash dividend policy, in reporting period

Pursuant to the guiding spirit of the Notice of CSRC on Further Implementing Matters Related to Cash Dividends of Listed Companies, the Notice of CSRC Shenzhen Bureau on Fully Implementing the Notice of CSRC on Further Implementing Matters Related to Cash Dividends of Listed Companies (Shen-Zheng-Ju-Gong-Si-Zi (2012) No. 43), the Company has revised some articles in its Articles of Association in relation to the profit distribution policy, which involves the specific policy, the decision-making procedure and mechanism, the adjustment and implementation of the profit distribution policy, profit distributed to foreign shareholders and other aspects (for the revised Articles of Association of the Company, see www.cninfo.com.cn). The revised Articles of Association of the Company was reviewed and approved on the 5th Special Session of the 7th Board of Directors for 2012 on 3 August 2012, and later on the 1st Special Shareholders' General Meeting for 2012 on 21 August 2012. During the reporting period, the Company executed the profit allocation policy in strict compliance with the revised Articles of Association, and it did not again alter the profit allocation policy, especially the cash dividend policy.

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

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

(1) Profit distribution and dividend payout plan for 2015

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

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

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

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

(2) Profit distribution and dividend payout plan for 2016

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

1) According to the Company Law and the Articles of Association of the Company, the Company may stop making statutory surplus reserve when its accumulative amount reaches 50% of the registered capital. The accumulative statutory surplus reserve of the Company (without subsidiaries) stood at RMB520,074,434.56 for 2016, equal to 80.66% of the registered capital. Therefore, the Company intends not to draw surplus reserve from retained profit for 2016.

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

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

(3) Profit distribution and dividend payout pre-plan for 2017

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company (without subsidiaries) for 2017 stood at RMB731,510,588.25 and the cumulative distributable profit at RMB1,046,473,178.03.

1) According to the Company Law and the Articles of Association of the Company, the Company may stop making statutory surplus reserve when its accumulative amount reaches 50% of the registered capital. The accumulative statutory surplus reserve of the Company (without subsidiaries) stood at RMB 520,074,434.56 for 2017, equal to 80.66% of the registered capital. Therefore, the Company intends not to draw surplus reserve from retained profit for 2017.

2) Based on the total 644,763,730 shares as at the end of 2017, a cash dividend of RMB 13.19 (tax included) is to be distributed for every 10 shares, with a total of RMB 850,443,359.87 to be distributed.

After the aforesaid allocations, the retained profit of the Company (without subsidiaries) would stand at RMB 196,029,818.16.

The above-mentioned allocation pre-plan shall be submitted to the 2017 Annual Shareholders' Meeting for review and approval.

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

Unit: RMB

Year	Cash dividend (tax included)	Net profit attributable to common shareholders of the Company in consolidated statement for the year	Ratio of cash dividend to net profit attributable to common shareholders of the Company in consolidated statement (%)	Cash dividend in other forms	Ratio of cash dividend in other forms
2017	850,443,359.87	504,495,064.39	168.57%	0	0%
2016	319,802,810.08	532,376,492.97	60.07%	0	0%
2015	264,353,129.30	521,390,931.84	50.70%	0	0%

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

Dividend for every 10 shares (RMB) (tax included)	13.19
Increased shares for every 10 shares (share)	0
Total shares as the basis for the allocation preplan (share)	644,763,730
Total cash dividends (RMB) (tax included)	850,443,359.87
Distributable profit (RMB)	1,046,473,178.03
Percentage of the cash dividends in the total distributed profit (%)	100%
Details of profit distribution for the year	
<p>As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company (without subsidiaries) for 2017 stood at RMB 731,510,588.25 and the cumulative distributable profit at RMB 1,046,473,178.03.</p> <p>1) According to the Company Law and the Articles of Association of the Company, the Company may stop making statutory surplus reserve when its accumulative amount reaches 50% of the registered capital. The accumulative statutory surplus reserve of the Company (without subsidiaries) stood at RMB 520,074,434.56 for 2017, equal to 80.66% of the registered capital. Therefore, the Company intends not to draw surplus reserve from retained profit for 2017.</p> <p>2) Based on the total 644,763,730 shares as at the end of 2017, a cash dividend of RMB 13.19 (tax included) is to be distributed for every 10 shares, with a total of RMB 850,443,359.87 to be distributed.</p> <p>After the aforesaid allocations, the retained profit of the Company (without subsidiaries) would stand at RMB 196,029,818.16.</p> <p>The above-mentioned allocation pre-plan shall be submitted to the 2017 Annual Shareholders' Meeting for review and approval.</p>	

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

Commitment	Commitment maker	Type of commitment	Contents	Time of making commitment	Period of commitment	Fulfillment
Share reform commitment	CND Group	Other	In order to enhance the shareholding confidence of tradable share holders, and encourage the core management and key personnel so that the interests of the management and all the shareholders can coincide, CND made a commitment to entrust, through the general meeting of the Company, the Board of Directors of the Company to formulate and carry out an equity incentive plan at a proper timing after the completion of the share division reform according to applicable laws and regulations.	5 April 2006	Standing	CND Group proposed in Mar. 2009 to the Company <The Report on Formulating and Carrying out the Equity Incentive Plan of Shenzhen Chiwan Wharf Holdings Limited>, which was reviewed and approved in the general meeting of the Company in May 2009. The Board of Directors of the Company was authorized to formulate and carry out an equity incentive plan at a proper timing according to applicable laws and regulations. In Jun. 2014, according to <The Methods (Trial) for State Holding Listed Companies to Carry out Equity Incentive> jointly promulgated by the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance, as well as <The Administrative Methods (Trial) for Equity Incentive of Listed Companies> promulgated by CSRC, the equity incentive plan could not be successfully formulated due to policy and regulation changes, as well as some restrictions. Therefore, the Company has decided not to formulate and carry out the equity incentive plan for now. The Board of Directors will continue to follow and study relevant policies and regulations, and reconsider formulating

						and carrying out a new equity incentive plan according to the actual situation of the Company and executing the decision-making procedure.
Commitment in the acquisition report or the report on equity changes	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 September 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. CMPort has issued the Document about Continuing to Fulfill the Commitment made by China Merchants Holdings International Company Limited on horizontal competition on 10 August 2017. The Company convened the Meeting of shareholders on 11 September 2017, reviewing and approving the Agreement about continuing to fulfill the commitment on horizontal competition by controlling shareholders. CMPort would continue to fulfill Commitment made by China Merchants Holdings International Company Limited on horizontal competition, and promised to solve the horizontal competition completely before 16 September 2020, which had taken effect since 17 September 2017, and it is continuously valid when CMPort is the controlling shareholder of the Company.
	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 December 2012	Whenever Malai Storage holds the Company's shares	In the process of execution
	CND Group	Other	CND Group irrevocably and unconditionally agrees that if Chiwan Wharf suffers from	20 March 2011	Standing	In the process of execution

minority shareholders			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.			
Executed on time or not	Yes					
Explain in detail specific reasons for failing to fulfill commitment and plan for next step in case of commitment unfulfilled on time	N/A					

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

☐ Applicable ☒ Not applicable

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

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

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

☐ Applicable ☒ Not applicable

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

Compared with the financial statement of the previous year, the major changes in the Company's accounting policy are: On 28 April 2017, the Ministry of Finance published the *Accounting Standards for Business Enterprises No. 42 - Non-current Assets or Disposal Groups Held for Sale and Discontinued Operations*; on 10 May 2017, the Ministry of Finance revised and published the *Accounting Standards for Business Enterprises No. 16 - Government Subsidies*; in accordance with the issuance requirements of the Ministry of Finance, we have implemented the Standards No. 42 since 28 May 2017 and the Standards No. 16 since 12 June 2017. Implementing the Standards No. 42 does not produce effects on the Company's net loss/profits, total assets and net assets of the current and previous periods; implementing the Standards No. 16 does not product any effect on the Company's net loss/profits, total assets and net assets of the current and previous periods.

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

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

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

Our Company signed the *Supplementary Agreement to the MEDIA PORT INVESTMENTS LIMITED Shareholder Agreement* with China Merchants Port Holdings Co., Ltd. (the "CMPH"), FATTEN INVESTMENTS LIMITED and MEDIA PORT INVESTMENTS LIMITED on 23 August 2017 in Shenzhen. After the signing of the agreement, our Company will realize the control and consolidation of Shenzhen Mawan Wharf Co., Ltd. ("SMW"), SMP and Shenzhen Mawan Terminals Co., Ltd. ("SMT") (together referred to as "Mawan Companies"). For more details, please see the *Connected Transaction Announcement on the Signing of Supplementary Agreement to the MEDIA PORT INVESTMENTS LIMITED Shareholder Agreement* (Announcement No. 2017-034) that we published on <http://www.cninfo.com.cn> on 25 August 2017.

As of the end of September 2017, we had completed the director appointment for MEDIA PORT INVESTMENTS LIMITED and realized our control over Mawan Companies in form and nature. Based on the related provisions of the *Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements*, our Company has consolidated Mawan Companies since September 2017, and in accordance with the requirements on company consolidation under the same control, has adjusted the opening balance of the comparative financial statement and the amount of the same period for the previous year.

IX. Particulars about engagement and disengagement of CPAs firm

Present CPAs firm:

Name of domestic CPAs firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic CPAs firm (RMB'0,000)	280.135
Consecutive years of the audit services provided by domestic CPAs firm	6
Name of the certified public accountants from the domestic CPAs firm	Huang Yue, Jiang Qishen
Name of overseas CPAs firm (if any)	Naught
Remuneration of overseas CPAs firm (RMB'0,000) (if any)	0
Consecutive years of the audit services provided by overseas CPAs firm (if any)	Naught
Name of the certified public accountants from the overseas CPAs firm (if any)	Naught

CPAs firm changed in current period or not?

☐ Yes ☒ No

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

As approved by the 1st Session of the Audit Committee under the 8th Board of Directors for 2017, the 7th Session of the 8th Board of Directors and the Annual General Meeting for 2016, it was agreed to renew the employment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's accounting firm for 2017 to audit the annual financial report and internal control. The fee for auditing the financial report for 2017 and internal control are RMB 1,930,000.00 and RMB 360,000.00 respectively, totaling RMB 2,290,000.00.

Due to the business combination under the same control of the Company in September, 2017, five companies, Shenzhen Mawan Wharf Co., Ltd., Shenzhen Mawan Port Services Co., Ltd., Shenzhen Mawan Warehouse & Terminals Co., Ltd., MEDIA PORT INVESTMENTS LIMITED, and FATTEN INVESTMENTS LIMITED are merged into the Company. Audit fee increased by RMB 510,135.00 and the total audit fee was RMB 2,800,135.00.

X. Particulars about trading suspension and termination faced after the disclosure of annual report☐ Applicable ☒ Not applicable**XI. Related events of the bankruptcy organization**☐ Applicable ☒ Not applicable**XII. Significant lawsuits and arbitrations**☐ Applicable ☒ Not applicable

XIII. Punishment and rectification

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

Unit: RMB

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (RMB10,000')	Proportion in same kind of transactions	Approved transaction amount (RMB10,000')	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	68,793,867.81	6,879.39	80.48%	6,000	Yes	Payment by month	68,793,867.81	28 March 2017	See http://www.cninfo.com.cn for the resolution announcement (No. 2017-007)
Total				--	--	6,879.39	--	6,000	--	--	--	--	--
Details about return of large-amount sales				N/A									
Where the Company classifies and estimates the total amount of routine related-party transactions for the reporting period, explain the actual implementation during the reporting period (if any)				N/A									
Explain why the transaction price is greatly different from the market price (if applicable)				N/A									

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

4. Credits and liabilities with related parties

☐ Applicable ☒ Not applicable

5. Other significant related-party transactions

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	Related party	Receivable from related party	Deposits	No	121.19	34,162.25	34,164.17	119.27
CMF	Same final actual controller	Receivable from related party	Deposits	No	-	15,035.93		15,035.93

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

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

☐ Applicable ☒ Not applicable

(2) Contracting

☐ Applicable ☒ Not applicable

(3) Leasing

☐ Applicable ☒ Not applicable

2. Significant guarantee

☐ Applicable ☒ Not applicable

3. Entrusted cash management

(1) Entrusted asset management

☐ Applicable ☒ Not applicable

(2) Entrusted loans

☐ Applicable ☒ Not applicable

4. Other significant contracts

☐ Applicable ☒ Not applicable

XVIII. Social responsibilities

1. Fulfillment of social responsibilities

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

The Company maintained the legitimate rights and interests of the employees and exercised the labor management according to laws. The Company signed standard labor contracts with the employees and purchased the social insurance, housing funds and the enterprise annuity in line with the regulations; based on the individual particulars of the employees, coupled with the actual needs of the Company, conducted training on staff skills, management ability and cohesiveness in various forms, and improved employees’ personal qualities and work enthusiasm; provided the employees with more career development opportunities by establishing a fair and open performance appraisal system and a scientific and reasonable promotion channel. The Company took positive measures to care for its employees, applying for the talent housing and renting subsidies, which effectively alleviated the employees’ living pressure.

The Company attached great importance to the production safety and the occupational health; duly organized employees to undergo the annual check-up and occupational health check-up and established the employee health records; conscientiously implemented the system of responsibility in safe production with the character of “one position pairing dual responsibilities”, took advantage of the advanced safety management system, strictly executed the safe inspection and hidden risks

governance in production places, held many times of emergency drills and specific rectification, and spread knowledge on safety through multiple channels and in multiple ways so that the safety awareness of the staff improved obviously with no significant safety production liability accident of the Company during 2017.

The Company firmly protected the legitimate rights and interests of its customers and suppliers by improving the service quality and standardizing the procurement process; improved the service quality by launching the customer service platform, the smart production system and the smart tally system; improved the bidding and procurement management system, fully enabling the bidding and procurement platform, and implemented the system strictly in accordance with the national laws and regulations and the Company's system.

The Company placed importance on pushing forward the resource conservation and the environmental protection through technological renovation, making due contributions to the building of a livable urban environment. In 2017, the Company reduced the energy consumption and pollutant emission through a series of effective measures, including actively promoting the building of shore power for ships, proactively scraping its own yellow label vehicles, improving the bulk cargo covering and transportation techniques and initiating the recycled use of pilot lubricant oil. At the same time, we strictly carried out the requirements for environmental protection in the design and construction of the projects in port areas. In August 2017, Chiwan Container Terminal Co., Ltd., the Company's subsidiary holding company, successfully passed the review of the Ministry of Science and Technology and was identified as the "State-Level High-Tech Enterprise"; in November, the Company was identified as the "Shenzhen Key Logistics Enterprise" by the Transport Commission of Shenzhen Municipality.

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

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

3. Environmental protection

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

☐ Yes ☒ No ☐ Not applicable

Whether a social responsibility report is released

☐ Yes ☒ No

XIX. Other significant events

1. Particulars about suspension and resumption of the stock trading

The stock of the Company had been suspended since the market opened on 20 November 2017 because the actual controller, China Merchants Port Holdings Company Limited, planned and demonstrated some significant events related to the Company. After the negotiation and demonstration by related parties, the Company confirmed that the above significant events were significant assets restructuring, so the stock of the Company continued to be suspended as significant assets restructuring events since the market opened on 4 December 2017. The Company convened the First Special General Meeting in 2018 on 13 February 2018, reviewing and approving

the Agreement about Planning to Continue the Suspension of Significant Assets Restructuring. The Company applied to Shenzhen Stock Exchange for continuing to suspend the stock of the Company since the market opened on 22 February 2018. The accumulative suspension time of the significant assets restructuring, in principle, would be less than 6 months. The Company expects to disclose pre-plan of the significant assets restructuring or the restructuring report and apply for resumption of the stock trading in accordance with the requirements of Information Disclosure Content and Format Guidelines of Companies Issuing Securities in Public No. 26--Significant Assets Restructuring of Listing Companies no later than 21 May 2018. During the period of suspension, the Company should announce the progress of it at least every five week days.

2. Information disclosure index

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

Date	Content
01/12/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of December 2016
02/09/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of January 2017
03/10/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of February 2017
03/28/2017	Announcement on Resolutions of the Seventh Meeting of the Eighth Board of Directors
03/28/2017	Announcement on Resolutions of the Seventh Meeting of the Eighth Supervisory Board
03/28/2017	Abstract of Annual Report 2016
03/28/2017	Announcement on Expected Routine Related-Party Transactions for 2017
03/28/2017	Statement of Independent Director Nominees of the Ninth Board of Directors
03/28/2017	Statement of Independent Director Candidates of the Ninth Board of Directors
04/11/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of March 2017
04/13/2017	Announcement on Abnormality of Stock Price
04/28/2017	Announcement on Resolutions of the First Special Meeting of the Eighth Board of Directors in 2017
04/28/2017	The Text of Quarter One Report 2017
04/28/2017	Announcement on Related-Party Transactions about Signing Financial Service Agreement with Sinotrans & CSC Finance Co., Ltd.
04/28/2017	Announcement on Related-Party Transactions about renewing the Financial Service Agreement with Zhongkai Finance Co., Ltd.
04/28/2017	Notice of Annual General Meeting 2016
05/10/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of April 2017
05/27/2017	Indicative Announcement on Convening Annual General Meeting 2016
06/06/2017	Announcement on Resolutions of Annual General Meeting 2016
06/06/2017	Announcement on Resolutions of the First Meeting of the Ninth Board of Directors
06/06/2017	Announcement on Resolutions of the First Meeting of the Ninth Supervisory Committee
06/07/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of May 2017
06/09/2017	Announcement on the Due Payment of 2016 Phase III Short-term Financing Bonds
07/08/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of June 2017
07/25/2017	Announcement on the Execution of the 2016 Dividend Payout
08/03/2017	Announcement on Obtaining Registration Permit for Issuing Super-short-term Financing

	Bonds
08/03/2017	Announcement on Resignation of the Chairman
08/05/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of July 2017
08/09/2017	Announcement on Resignation of the Directors
08/19/2017	Indicative Announcement on Issuance of 2017 Phase I Super-short-term Financing Bonds
08/25/2017	Announcement on Resolutions of the Second Meeting of the Ninth Board of Directors
08/25/2017	Announcement on Resolutions of the Second Meeting of the Ninth Supervisory Committee
08/25/2017	Abstract of Semi-annual Report 2017
08/25/2017	Announcement on Related-Party Transactions about Signing Supplemental Agreement of Shareholders Agreement of MEDIA PORT INVESTMENTS LIMITED
08/25/2017	Announcement on Related-Party Transactions about Signing Equity Entrustment Management Agreement with China Merchants Port Holdings Company Limited
08/25/2017	Announcement on Continuing to Fulfill the Commitment on Horizontal Competition by Controlling Shareholders
08/25/2017	Announcement on Related-Party Transactions about Signing Financial Service Agreement with Sinotrans & CSC Finance Co., Ltd.
08/25/2017	Notice of the First Special General Meeting in 2017
08/25/2017	Announcement on Issue Results of 2017 Phase I Super-short-term Financing Bonds
09/01/2017	Announcement on Obtaining Governmental Subsidy by Controlling Subsidiaries
09/02/2017	Indicative Announcement on Convening the First Special General Meeting in 2017
09/07/2017	Announcement on Resignation of CFO of the Company
09/09/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of August 2017
09/12/2017	Announcement on Resolutions of the First Special General Meeting in 2017
09/12/2017	Announcement on Resolutions of the First Special Meeting of the Ninth Board of Directors in 2017
09/12/2017	Announcement on Acquisition of 51% equity of Zhongshan Port&Shipping Enterprise Group
10/13/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of September 2017
10/30/2017	Announcement on Resolutions of the Second Special Meeting of the Ninth Board of Directors in 2017
10/30/2017	The Text of Quarter Three Report 2017
11/10/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of October 2017
11/21/2017	Announcement on Delisting of Significant Events
11/27/2017	Announcement on the Progress of Delisting of Significant Events
12/04/2017	Announcement on Delisting of Significant Assets Restructuring
12/08/2017	Announcement on Voluntary Information Disclosure of Business Volume Data of November 2017
12/11/2017	Announcement on the Progress of Delisting of Significant Assets Restructuring
12/18/2017	Announcement on the Progress of Delisting of Significant Assets Restructuring
12/20/2017	Announcement on Application for Continuing the Suspension due to the Expiration of Significant Assets Restructuring Delisting
12/27/2017	Announcement on the Progress of Delisting of Significant Assets Restructuring

XX. Significant events of the subsidiaries of the Company

Dongguan Chiwan Wharf Harbour Affairs Co., Ltd., a controlled subsidiary of the Company, received in August 2017 a government subsidy of RMB100 million from the National Treasury Payment Center of the Dongguan city for the Phase III of the Dongguan Humen Port Machong

Wharf Xinshanan operation field Berths 2# and 3# bulk grain warehouses program, which had been included in the central government's budget. Relevant announcement (No: 2017-040) was published on Securities Times, Ta Kung Pao (HK) and www.cninfo.com.cn on 1 September 2017.

Section VI. Share Changes & Particulars about Shareholders

I. Changes in shares

1. Changes in shares

Unit: share

	Before		Increase (+)/ decrease (-)					After	
	Number	Percent age (%)	Issue of additional shares	Bonus issue	Reserves to stocks	Other	Sub-total	Number	Percent age (%)
I. Restricted shares	304,538	0.05%	0	0	0	-144,432	-144,432	160,106	0.03%
1. Shares held by state	0	0%	0	0	0	0	0	0	0%
2. Shares held by state-owned corporations	0	0%	0	0	0	0	0	0	0%
3. Shares held by other domestic investors	304,538	0.05%	0	0	0	-144,432	-144,432	160,106	0.03%
Including: 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	-144,432	-144,432	160,106	0.03%
4. Shares held by foreign investors	0	0%	0	0	0	0	0	0	0%
Including: Shares held by foreign corporations	0	0%	0	0	0	0	0	0	0%
Shares held by foreign individuals	0	0%	0	0	0	0	0	0	0%
II. Non-restricted shares	644,459,192	99.95%	0	0	0	144,432	144,432	644,603,624	99.97%
1. Renminbi common shares	464,585,671	72.05%	0	0	0	-7,312	-7,312	464,578,359	72.05%
2. Domestically listed foreign shares	179,873,521	27.90%	0	0	0	151,744	151,744	180,025,265	27.92%
3. Overseas listed foreign shares	0	0%	0	0	0	0	0	0	0%
4. Other	0	0%	0	0	0	0	0	0	0%
III. Total shares	644,763,730	100%						644,763,730	100%

Reasons for share changes

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

Particulars about the approval of the change in share capital

☐ Applicable ☒ Not applicable

The transfer of change in share capital

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

2. Changes in restricted shares

Unit: share

Name of shareholders	Number of restricted shares at the period-begin	Number of relieved restricted shares	Number of increased restricted shares	Number of restricted shares at the period-end	Reason of restriction	Date of restriction relief
Zhang Jianguo	55,712	0	0	55,712	According to the Articles of Association and the relevant laws and regulations	-
Yuan Yuhui	10,530	0	0	10,530		-
Ni Keqin	21,909	0	0	21,909		-
Zhao Chaoxiong	48,716	0	0	48,716		-
Wang Yongli	3,739	0	0	3,739		-
Yao Shenglan	0	0	19,500	19,500		-
Qu Jiandong	84,408	84,408	0	0		-
Zhao Qiang	11,328	11,328	0	0		-
Nie Qi	65,745	65,745	0	0		-
Zhang Fang	2,451	2,451	0	0		-
Total	304,538	163,932	19,500	160,106		--

II. Issuance and listing of securities

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. List of the existing internal employee stocks

☐ Applicable ☒ Not applicable

III. Shareholders and actual controller

1. Shareholders and their holdings

Unit: share

Total number of common shareholders at period-end	35,592, including 25,133A-shareholders and 10,459 B-shareholders	Total number of common shareholders at previous month-end of this Report's disclosure	35,592, including 25,133A-shareholders and 10,459 B-shareholders	Total number of preference shareholders with resumed voting rights at period-end (if any)	0	Total number of preference shareholders with resumed voting rights at previous month-end of this Report's disclosure (if any)	0
5% greater shareholders or top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at period-end	+/- in reporting period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares
CHINA NANSHAN DEVELOPMENT (GROUP) INC.	State-owned corporation	32.52%	209,687,067	0	0	209,687,067	0
SHENZHEN MALAI STORAGE CO., LTD.	Common domestic corporation	25.00%	161,190,933	0	0	161,190,933	0
KEEN FIELD ENTERPRISES LIMITED	Foreign corporation	8.58%	55,314,208	0	0	55,314,208	Unknown
CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign corporation	7.43%	47,914,954	0	0	47,914,954	Unknown
CITIC SECURITIES CO., LTD	Common domestic corporation	1.47%	9,467,951	0	0	9,467,951	0
NORGES BANK	Foreign corporation	0.43%	2,802,863	1,142,301	0	2,802,863	Unknown
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign corporation	0.41%	2,617,518	0	0	2,617,518	Unknown
MAI SHUQING	Domestic individual	0.35%	2,238,347	1,908,847	0	2,238,347	0
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	Foreign corporation	0.33%	2,126,022	-325,037	0	2,126,022	Unknown
CANADA POST CORPORATION REGISTERED PENSION PLAN	Foreign corporation	0.24%	1,579,096	-52,300	0	1,579,096	Unknown
Strategic investors or general corporations becoming top-ten shareholders due to placing of new shares (if any)	N/A						
Related or acting-in-concert parties among the shareholders above	China Merchants Port Holdings Company Limited ("CMPort") is a shareholder of China Nanshan Development (Group) Inc., and Shenzhen Malai Storage Co., Ltd. and Keen Field Enterprises Limited are both wholly-funded subsidiaries of CMPort. Other than that, the Company does not know whether the other non-restricted shareholders are related parties or not.						

Top 10 non-restricted shareholders			
Name of shareholder	Number of non-restricted shares held at period-end	Type of shares	
		Type	Number
CHINA NANSHAN DEVELOPMENT (GROUP) INC.	209,687,067	A share	209,687,067
SHENZHEN MALAI STORAGE CO., LTD.	161,190,933	A share	161,190,933
KEEN FIELD ENTERPRISES LIMITED	55,314,208	B share	55,314,208
CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	47,914,954	B share	47,914,954
CITIC SECURITIES CO., LTD	9,467,951	A share	9,467,951
NORGES BANK	2,802,863	B share	2,802,863
VANGUARD EMERGING MARKETS STOCK INDEX FUND	2,617,518	B share	2,617,518
MAI SHUQING	2,238,347	A share	2,238,347
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	2,126,022	B share	2,126,022
CANADA POST CORPORATION REGISTERED PENSION PLAN	1,579,096	B share	1,579,096
Related or acting-in-concert parties among the top ten non-restrictedly tradable share holders and between the top ten non-restrictedly tradable share holders and the top ten shareholders	China Merchants Port Holdings Company Limited (“CMPort”) is a shareholder of China Nanshan Development (Group) Inc., and Shenzhen Malai Storage Co., Ltd. and Keen Field Enterprises Limited are both wholly-funded subsidiaries of CMPort. Other than that, the Company does not know whether the other non-restricted shareholders are related parties or not.		
Top ten common shareholders conducting securities margin trading (if any)	N/A		

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

2. Particulars about the controlling shareholder

Nature of the controlling shareholders: central state-owned shareholding

Type of the controlling shareholders: corporation

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Business scope
China Merchants Port Holdings Company Limited	Li Xiaopeng	28 May 1991	14602056-000-05-16-0	Port services, bonded logistic and cold chain services, property development and investment
Equities held by the controlling shareholder in other listed companies at home or overseas by holding or shareholding during the reporting period	CMPort holds: 26.45% shares of Shanghai International Port (Group) Co., Ltd.; 21.05% shares of Dalian Port (PDA) Company Limited; 3.09% shares of Ningbo Zhoushan Port Co., Ltd 2.54% shares of Qingdao Port International Co., Ltd.			

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

3. Particulars about the actual controller

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

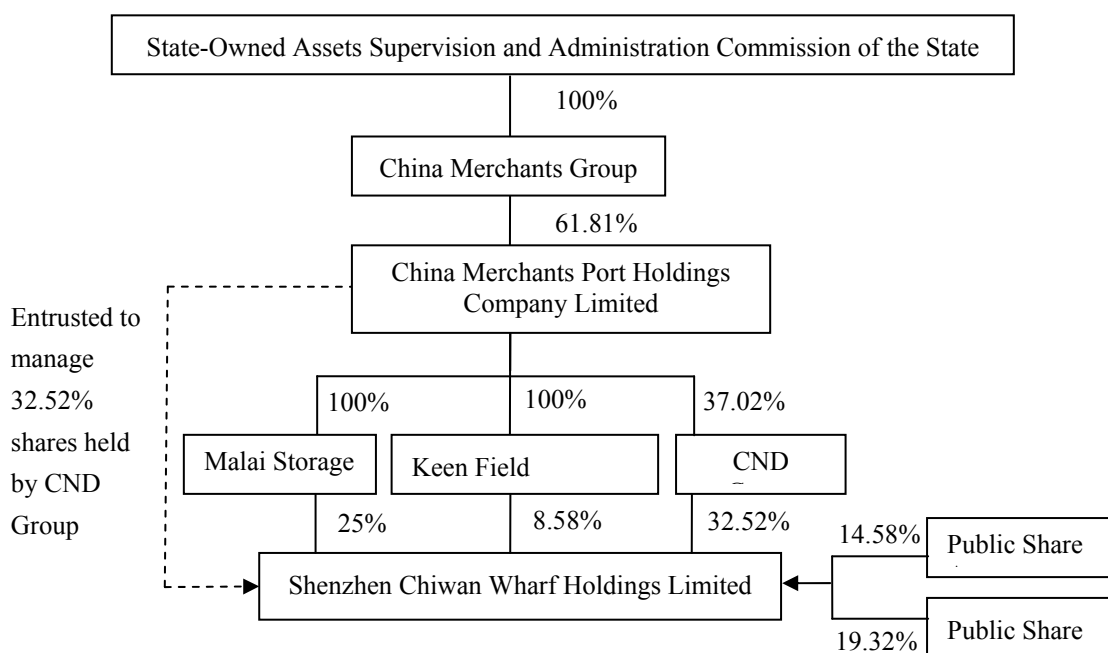
Type of the actual controller: corporation

Name of the actual controller	Legal representative / company principal	Date of establishment	Organization code	Business scope
China Merchants Group	Li Jianhong	14 October 1986	10000522-0	Lease and agency of water/land passenger-cargo transportation, water/land conveyance and facilities; investment and management of port and storage business; salvage, refloatation and tugboat; industrial production; construction, repairing, checking and marketing of shipping, offshore petroleum drilling equipment; repairing and checking of drilling platform and drilling container; overall contracting of water/land construction projects and the related offshore petroleum development projects, and their construction organization and logistic services; procurement, supply and sale of water/land communication and transportation equipment; export and import business of transportation; investment and management of finance, insurance, trust, securities, futures business; investment and management of tourism, hotels, catering services and relevant service; real estate development, management and consultancy of property; investment and management of petroleum and chemical industry; investment and operation of infrastructure of communication; overseas assets management. Development and management of Shenzhen Shekou Industrial Zone and Fujian Zhangzhou Development Zone.
Equities of the other listed companies at home or overseas controlled by the actual controller during the reporting period	China Merchants Group holds: 72.36% shares of China Merchants Shekou Industrial Zone Holdings Co., Ltd.; 74.35% shares of China Merchants Land Limited; 44.09% shares of China Merchants Securities Co. Ltd.; 47.66% shares of China Merchants Energy Shipping Co., Ltd.; 27.86% shares of China Merchants Bank Co., Ltd.; 68.75% shares of Sinotrans Shipping Ltd.; 66.31% shares of Sinotrans Limited; 60.95% shares of Sinotrans Air Transportation Development Co., Ltd.; 68.71% shares of China Merchants Expressway Network&Technology Holdings Co., Ltd; 23.15% shares of Sichuan Expressway Company Limited; 29.94% shares of Anhui Expressway Company Limited; 24.53% share of China International Marine Containers (Group) Ltd. 27.59% shares of China Merchants China Direct Investment Limited; 18.87% shares of Shenzhen Expressway Co., Ltd; 17.75% shares of Fujian Expressway Development Co., Ltd; 16.02% shares of Shangdong Hi-speed Co., Ltd; 16.52% shares of Heilongjiang Transport Development Co., Ltd; 15.63% shares of Jilin Expressway Co., Ltd;			

	15.43% shares of Henan Zhongyuan Expressway Co., Ltd; 13.86% shares of Guangxi Wuzhou Communications Co., Ltd. 11.69% shares of Jiangsu Expressway Company Limited; 7.04% shares of Xiandai Touzi Co., Ltd 9.00% shares of Hubei Chutian Expressway Co., Ltd 2.17% shares of Shenzhen Sunline Tech Co., Ltd
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There was no change of the actual controller of the Company during the reporting period.

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

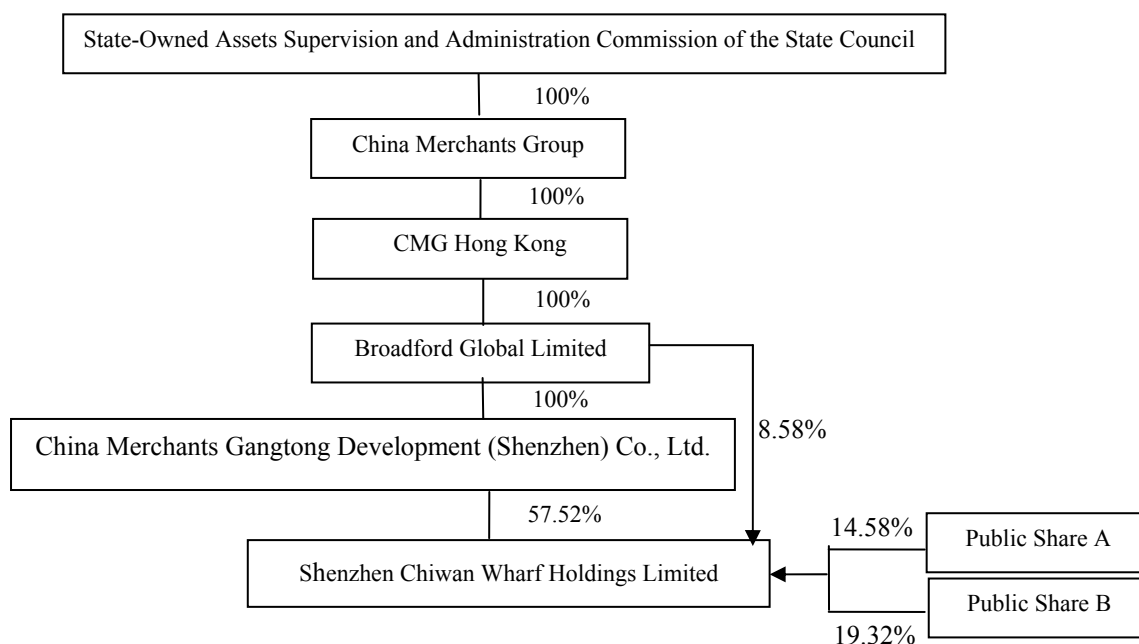


Due to the planning and demonstration of China Merchants Group - the actual controller of the Company on major events related to the Company and through the application of the Company, the Company's stock was suspended from the market opening on 20 November 2017. Subsequently, upon the consultation and demonstration of related parties, the Company confirmed that the aforementioned major event constituted material asset reorganization. From the market opening on 4 December 2017, the Company's stock transferred to the material asset reorganization event and continued to be suspended. On 1 December 2017, the Company signed the *Agreement of Intent for Reorganization* with China Merchants Group (Hong Kong) Co., Ltd. regarding this reorganization. The two parties of the Agreement reached the consensus on the intentional arrangements for the planned asset reorganization issue, and the relevant announcement (Announcement No.: No. 2018-008) was published on *Securities Times*, *Ta Kung Pao* and www.cninfo.com.cn on 27 January 2018.

On 7 February 2018, the Company made the disclosure announcement by publishing the *Summary of the Report for the Acquisition* and the *Simplified Report of Change in Equity* on www.cninfo.com.cn. After the completion of the acquisition, China Merchants Gangtong Development (Shenzhen) Co., Ltd. (CMGD) and Broadford Global Limited hold a total of 370,878,000 A-shares and 55,314,208 B-shares of Shenzhen Chiwan, occupying 66.10% of the total issued capital stock of Shenzhen

Chiwan (including A-shares of 57.52% and B-shares of 8.58%); CND Group, Malai Storage and KFEL no longer hold any share of Shenzhen Chiwan. The controlling shareholder of Shenzhen Chiwan has changed from China Merchants Port to CMGD with no change in the actual controller, which is still China Merchants Group.

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



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

☐ Applicable ☒ Not applicable

4. 10% or greater corporate shareholders

Name of corporate shareholder	Legal representative / company principal	Date of establishment	Registered capital	Business scope or management activities
China Nanshan Development (Group) Inc.	Wang Zhixian	28 September 1982	RMB900 million	Land development, port transportation, related manufacture, commerce, real estate, tourism, bonded yards and warehouses, etc.
Shenzhen Malai Storage Co., Ltd.	Bai Jingtao	14 September 2006	HKD1.6 billion	Logistics information consulting for goods, related technical service, warehousing projects (in preparation)

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

☐ Applicable ☒ Not applicable

Section VII. Preference Shares

☐ Applicable ☒ Not applicable

No preference shares during reporting period

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

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

Name	Office title	Current/ former	Sex	Age	Starting and ending dates of office term	Shares held at the period-begin (share)	Increased shares of the period (share)	Decreased shares of the period (share)	Other increase/d ecrease (share)	Shares held at the period-end (share)
Bai Jingtao	Chairman of the Board	Current	Male	52	Sep. 2017-Jun. 2020	0	0	0	0	0
Zhou Qinghong	Vice Chairman of the Board	Current	Male	54	Sep. 2017-Jun. 2020	0	0	0	0	0
Lv Shengzho u	Director	Current	Male	53	Jun. 2017-Jun. 2020	0	0	0	0	0
Li Yubin	Director	Current	Male	46	Jun. 2017-Jun. 2020	0	0	0	0	0
Liu Bin	Managing Director	Current	Male	48	Jun. 2017-Jun. 2020	0	0	0	0	0
Zhang Jianguo	Director	Current	Male	53	Jun. 2017-Jun. 2020	74,282	0	0	0	74,282
Yuan Yuhui	Independent director	Current	Male	67	Jun. 2017-Jun. 2020	14,040	0	0	0	14,040
Su Qiyun	Independent director	Current	Male	54	Jun. 2017-Jun. 2020	0	0	0	0	0
Li Changqin g	Independent director	Current	Male	50	Jun. 2017-Jun. 2020	0	0	0	0	0
Zhao Jianli	Supervisory Board Chairman	Current	Female	54	Jun. 2017-Jun. 2020	0	0	0	0	0
Sun Ligan	Supervisor	Current	Male	50	Jun. 2017-Jun. 2020	0	0	0	0	0
Wen Ling	Supervisor	Current	Female	53	Jun. 2017-Jun. 2020	0	0	0	0	0
Ni Keqin	Supervisor	Current	Female	53	Jun. 2017-Jun. 2020	29,211	0	0	0	29,211
Zheng Linwei	Supervisor	Current	Male	47	Jun. 2017-Jun. 2020	0	0	0	0	0
Zhao Chaoxion g	Vice General Manager	Current	Male	52	Jun. 2017-Jun. 2020	64,954	0	0	0	64,954
Wang Yongli	Vice General Manager and Board Secretary	Current	Male	50	Jun. 2017-Jun. 2020	4,985	0	0	0	4,985
Lin Cong	Vice General Manager	Current	Male	59	Jun. 2017-Jun. 2020	0	0	0	0	0

Yao Shenglan	CFO	Current	Female	51	Sep. 2017-Jun. 2020	0	26,000	0	0	26,000
Shi Wei	Chairman of the Board	Former	Former	54	Jan. 2016-Aug. 2017	0	0	0	0	0
Pan Ke	Director	Former	Male	40	Nov. 2015-Aug. 2017	0	0	0	0	0
Qu Jiandong	Director	Former	Male	53	Jan. 2016-Jun. 2017	112,544	0	0	0	112,544
Yu Shixin	Supervisory Board Chairman	Former	Male	55	Nov. 2015-Jun. 2017	0	0	0	0	0
Zhao Qiang	General Manager	Former	Male	56	May 2014-Jun. 2017	15,103	0	0	0	15,103
Nie Qi	Vice General Manager	Former	Male	55	May 2014-Jun. 2017	87,659	0	0	0	87,659
Zhang Fang	CFO	Former	Male	53	May 2014-Sep. 2017	3,267	0	0	0	3,267
Total	--	--	--	--	--	406,045	26,000	0	0	432,045

II. Changes in directors, supervisors and senior management staff

Name	Office title	Type	Date	Reason
Shi Wei	Chairman of the Board	Leaving office	Aug. 1, 2017	Job change
Pan Ke	Director	Leaving office	Aug. 8, 2017	Job change
Qu Jiandong	Director	Leaving office for expiration of his term	Jun. 5, 2017	Job change
Yu Shixin	Supervisory Board Chairman	Leaving office for expiration of his term	Jun. 5, 2017	Job change
Zhao Qiang	General Manager	Appointment and removal	Jun. 5, 2017	Job change
Nie Qi	Vice General Manager	Leaving office for expiration of his term	Jun. 5, 2017	Job change
Zhang Fang	CFO	Leaving office	Sep. 6, 2017	Job change

III. Particulars about important personnel

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

Chairman of the Board Mr. Bai Jingtao, graduated from Department of Water Conservancy of Tianjin University with a bachelor's degree in Port&Sea-route Engineering. Then, he attended the graduate school of Wuhan University of Technology and the graduate school of Shanghai Maritime University, acquiring a master's degree in Management Science and Engineering and a doctor's degree in Transportation Planning and Management respectively. Now, he acts as the Managing Director in China Merchants Port Holdings Company Limited. He successively held the post of Head of Infrastructure Management Division and Water Transport Division of Ministry of

Transport, vice general manager in Zhangzhou China Merchants Economic and Technological Development Zone, commissioner of Zhangzhou Port Office, vice commissioner of Xiamen Port Authority, vice general manager in China Merchants Holdings International Company Limited, party secretary and standing vice director of Management Committee in Zhangzhou China Merchants Economic and Technological Development Zone, party secretary and general manager in Zhangzhou China Merchants Economic and Technological Development Zone. He has been acting the Chairman of the Company since September 2017.

Vice Chairman Mr. Zhou Qinghong, graduated from Shanghai Maritime University with a master's degree in Transportation Planning and Management. Now, he serves as the managing director in Shekou Container Terminals Ltd. he successively held the post of general manager in China Merchants Port Service (Shenzhen) Co., Ltd. and Shenzhen Haixing Harbor Development Co., Ltd., etc. He has been acting as vice chairman of the Company since Sep. 2017.

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

Director Mr. Li Yubin, graduated from Tianjin University with a bachelor's degree in port & sea-route engineering and a master degree in engineering management, and graduated in 2007 from the University of Hong Kong with a Doctorate in real estate and construction. He has rich experience in port construction & operation and logistics management. Now, he serves as vice general manager in China Merchants Port Holdings Company Limited. Joining in China Merchants Port Holdings Company Limited in 2007, he was once an assistant to the GMs of the Planning & Business Department, as well as the GM of the Strategy and Operations Management Department of China Merchants Port Holdings Company Limited, and a Deputy GM and then the GM of China Merchants Bonded Logistics Co., Ltd. And he has been a Director of the Company since Jan. 2013.

Managing Director Mr. Liu Bin, graduated from Zhongnan University of Economics and Law and received his MBA degree from Dalian University of Technology. Now, he acts as the managing director of the Company and Chiwan Container Terminal Co., Ltd. He once was an vice GM of Business Management Department and Commerce Department, an deputy GM then the GM of Administration Department, the GM of Human Resource Department and Supervision Department as well as an vice chief economist after joining China Merchants Port Holdings Company Limited. He has been serving as the managing director of the Company since Jun. 2017.

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

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

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

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

Supervisory Board Chairman Ms. Zhao Jianli, has a bachelor's degree in transportation management engineering and a master's degree in financial management of Xi'an Highway Institute. Now, she serves as the vice chief auditor and GM of Administration Department/Western Hong Kong Purser Department in China Merchants Port Holdings Company Limited. Joining China Merchants Port Holdings Company Limited in Sept. 2003, she was once the internal control and audit manager, an assistant to the GM and a Deputy GM of China Merchants Port Holdings Company Limited. She acted as a supervisor of the Company from Jan. 2013 to Jun. 2017. And she has been the supervisory board chairman of the Company since Jun. 2017.

Supervisor Mr. Sun Ligan, graduated from the Central University of Finance and Economics with his doctor's degree in management and accounting. In 2008, he joined China Merchants Port Holdings Company Limited. Now, he acts as the general manager of Finance Department in China Merchants Port Holdings Company Limited, taking charge of financial affairs. Before being a member of China Merchants Port Holdings Company Limited, he once was the CFO in China Merchants Colombo International Container Terminals Limited. And he has been acting as a supervisor of the Company since Jun. 2017.

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

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

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

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

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

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

CFO Ms. Yao Shenglan, possesses a bachelor's degree in Accounting from Hubei University and a master's degree in Transportation Planning and Management from Shanghai Maritime University. She once acted as an accountant of Finance Department in Wuhan Water Transportation Engineering Institute, a cost accountant of Finance Department in CIMC Containers Co., Ltd., a vice general manager of Finance Department in Shekou Container Terminals Co., Ltd., senior manager of Finance Department in China Merchants Holdings (International) Co., Ltd., the vice general manager and CFO in Shekou Container Terminals Co., Ltd. And she has been serving as the CFO of the Company since Sep. 2017.

Concurrent positions in shareholding entities

Name	Shareholding entity	Position in shareholding entity	Term of office	Remuneration or allowance from shareholding entity (Yes/No)
Bai Jingtao	China Merchants Port Holdings Company Limited	Managing director	Apr. 2015-now	Yes
Lv Shengzhou	China Merchants Port Holdings Company Limited	CFO	Oct. 2015-now	Yes
	Shenzhen Malai Storage Co., Ltd.	Director	May 2016-now	No
Li Yubin	China Merchants Port Holdings Company Limited	Vice GM	Nov. 2016-now	Yes

Sun Ligan	China Merchants Port Holdings Company Limited	GM of Finance Department	May 2016-now	Yes
Zhang Jianguo	China Nanshan Development (Group) Inc.	Vice GM	Feb. 2015-now	Yes
		CFO	Jan. 2013-now	
Zhao Jianli	China Merchants Port Holdings Company Limited	Vice chief auditor and GM of Administration Department	Jun. 2010-now	Yes
	Shenzhen Malai Storage Co., Ltd.	Supervisor	Mar. 2013-now	No
Wen Ling	China Merchants Port Holdings Company Limited	GM of Capital Operation Department	May 2016-now	Yes

Concurrent positions in other entities

Name	Other entity	Position in other entity	Term of office	Remuneration or allowance from other entity (Yes/No)
Bai Jingtao	China Merchants International (China) Investment Co., Ltd.	Board Chairman	Dec. 2015-now	No
	Shekou Container Terminals Ltd.	Board Chairman	May 2016-now	No
	Shenzhen Lianyunjie Container Terminals Co., Ltd.	Board Chairman	Oct. 2016-now	No
	Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Board Chairman	May 2016-now	No
	Anyunjie Terminal Depot (Shenzhen) Co., Ltd.	Board Chairman	May 2016-now	No
	Chiwan Container Terminal Co., Ltd.	Board Chairman	May 2016-now	No
	Shenzhen Mawan Port Service Co., Ltd.	Board Chairman	Feb. 2016-now	No
	Shenzhen Mawan Godown & Wharf Co., Ltd.	Board Chairman	Feb. 2016-now	No
	Shanghai International Port (Group) Co., Ltd.	Vice Board Chairman	Jan. 2016-now	No
	China Merchants International Terminal (Qingdao) Company Ltd.	Board Chairman	Oct. 2016-now	No
	Zhangzhou China Merchants Port Co., Ltd.	Board Chairman	Dec. 2016-now	No
	Zhangzhou China Merchants Hap Mun Bay Port Service Co., Ltd.	Board Chairman	Mar. 2017-now	No
	Dalian Port Company Limited	Vice Board Chairman	Jun. 2016-now	No
	Juzhongzhi Investment (Shenzhen) Co., Ltd.	Board Chairman	Dec. 2015-now	No
	Silk Road E-Merchants Information Technologies Co., Ltd.	Director	Mar. 2016-now	No
	China Merchants Port Development (Shenzhen) Co., Ltd.	Board Chairman	Sep. 2016-now	No

	Shenzhen JinYuRongTai Investment & Development Co., Ltd.	Board Chairman	Jun. 2016-now	No
	Shenzhen China Merchants Qianhaiwan Properties Co., Ltd.	Board Chairman	Jan. 2017-now	No
	Terminal Link	Director	Jun. 2017-now	No
Zhou Qinghong	Shekou Container Terminals Ltd.	Managing director	Oct. 2016-now	Yes
	Shenzhen Lianyunjie Container Terminals Co., Ltd.	Director	Oct. 2016-now	No
	Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Director	Nov. 2016-now	No
	Anyunjie Terminal Depot (Shenzhen) Co., Ltd.	Director	Nov. 2016-now	No
	Shenzhen Haixing Harbor Development Co., Ltd.	Board Chairman	Jan 2017-now	No
	China Merchants Port Service (Shenzhen) Co., Ltd.	Board Chairman	Dec. 2016-now	No
	Shenzhen Haixing Onoda Logistics Development Co., Ltd.	Vice Board Chairman	Apr. 2009-now	No
	Shenzhen Mawan Wharf Co., Ltd.	Board Chairman	Dec. 2016-now	No
	Shenzhen Chiwan Port Container Co., Ltd.	Director	Aug. 2017-now	No
	Grain Electronic Trade Center of China Grain Merchants Group (Shenzhen)	Director	Aug. 2014-now	No
Lv Shengzhou	Shekou Container Terminals Ltd.	Director	May 2016-now	No
	Shenzhen Lianyunjie Container Terminals Co., Ltd.	Director	Oct. 2016-now	No
	Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Director	May 2016-now	No
	Anyunjie Terminal Depot (Shenzhen) Co., Ltd.	Director	May 2016-now	No
	Shenzhen Lianyongtong Terminal Co., Ltd.	Director	Dec. 2016-now	No
	Shanghai International Port (Group) Co., Ltd.	Supervisor	Mar. 2016-now	No
	Ningbo Daxie China Merchants International Terminals Co., Ltd.	Director	Mar. 2016-now	No
	China Merchants International Terminal (Qingdao) Company Ltd.	Director	Oct. 2016-now	No
	China Merchants International Container Terminal (Qingdao) Co., Ltd.	Director	Oct. 2016-now	No
	Qingdao Qianwan United Container Terminal Co., Ltd.	Director	Mar. 2016-now	No
	Qingdao Qianwan United Advance Container Terminal Co., Ltd	Director	Mar. 2016-now	No
	China Nanshan Development (Group) Inc.	Supervisory Board Chairman	Apr. 2016-now	No
	China Merchants Bonded Logistics Co., Ltd.	Vice Board	Jun. 2016-now	No

		Chairman		
	Shenzhen JinYuRongTai Investment & Development Co., Ltd.	Director	Jun. 2016-now	No
	Shenzhen Malai Storage Co., Ltd.	Director	May 2016-now	No
	Shenzhen China Merchants Qianhaiwan Properties Co., Ltd.	Director	Jan. 2017-now	No
Li Yubin	Asia Airfreight Terminal Company Limited	Director	Apr. 2014-now	No
	Modern Terminals Limited	Director	Mar. 2015-now	No
	Shekou Container Terminals Ltd.	Director	Aug. 2012-now	No
	Shenzhen Lianyunjie Container Terminals Co., Ltd.	Director	Sep. 2012-now	No
	Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Director	Sep. 2012-now	No
	Anyunjie Terminal Depot (Shenzhen) Co., Ltd.	Director	Sep. 2012-now	No
	Shenzhen Lianyongtong Terminal Co., Ltd.	Director	Jan. 2014-now	No
	Zhangzhou China Merchants Port Co., Ltd.	Director	Oct. 2014-now	No
	China Merchants International Terminal (Qingdao) Company Ltd.	Vice Board Chairman	Oct. 2016-now	No
	COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	Director	Aug. 2012-now	No
	China Merchants Holdings (International) Information Technology Co., Ltd.	Director	Apr. 2012-now	No
	China Merchants Bonded Logistics Co., Ltd.	Board Chairman	Jun. 2017-now	No
	Juzhongzhi Investment (Shenzhen) Co., Ltd.	Vice Board Chairman	Dec. 2015-now	No
	Silk Road E-Merchants Information Technologies Co., Ltd.	Legal representative	Mar. 2016-now	No
Li Yubin	Free Trade Zone (Shanghai) Information Service Co., Ltd.	Director	Nov. 2017-now	No
	Grain Electronic Trade Center of China Grain Merchants Group (Shenzhen)	Vice Board Chairman	Aug. 2017-now	No
Liu Bin	China Merchants International (China) Investment Co., Ltd.	Director	May 2016-now	No
	Shenzhen Mawan Warehouse & Terminals Co., Ltd.	Director	Sep. 2017-now	No
	Shenzhen Mawan Port Services Co., Ltd.	Director	Sep. 2017-now	No
	Guangdong Yide Port Co., Ltd.	Board Chairman	Jan. 2017-now	No
Zhang Jianguo	China Development Finance Co., Ltd.	Director	Dec. 2012-now	No
	Shenzhen Chiwan Petroleum Supply Base Co., Ltd.	Director	Jul. 2016-now	No

	Shenzhen New Nanshan Holding (Group) Co., Ltd.	Vice Board Chairman	Aug. 2015-now	No
	Hefei Baowan International Logistics Center Company Limited	Board Chairman	Feb. 2017-now	No
Zhao Jianli	Shekou Container Terminals Ltd.	Director	Sep. 2013-now	No
	Shenzhen Lianyunjie Container Terminals Co., Ltd.	Director	May 2013-now	No
	Anxunjie Container Terminals (Shenzhen) Co., Ltd.	Director	May 2013-now	No
	Anyunjie Terminal Depot (Shenzhen) Co., Ltd.	Director	May 2013-now	No
	Shenzhen Lianyongtong Terminal Co., Ltd.	Supervisor	Jan. 2014-now	No
	Antongjie Terminal Depot (Shenzhen) Co., Ltd.	Supervisor	Feb. 2014-now	No
	Ansujie Terminal Depot (Shenzhen) Co., Ltd.	Supervisor	Mar. 2014-now	No
	Shenzhen Mawan Wharf Co., Ltd.	Director	Apr. 2013-now	No
	China Merchants Port Service (Shenzhen) Co., Ltd.	Director	Apr. 2010-now	No
	China Merchants International Terminal (Qingdao) Company Ltd.	Supervisor	Oct. 2016-now	No
	China Merchants International Container Terminal (Qingdao) Co., Ltd.	Supervisor	Mar. 2016-now	No
	China Merchants Bonded Logistics Co., Ltd.	Supervisor	Mar. 2016-now	No
	Grain Electronic Trade Center of China Grain Merchants Group (Shenzhen)	Supervisor	Aug. 2014-now	No
Sun Ligan	Shenzhen JinYuRongTai Investment & Development Co., Ltd.	Supervisor	Jun. 2016-now	No
	Shenzhen China Merchants Qianhaiwan Properties Co., Ltd.	Supervisor	Jan. 2017-now	No
	Asia Airfreight Terminal Company Limited	Director	Oct. 2016-now	No
	China Merchants Container Services Ltd.	Director	Aug. 2016-now	No
	COLOMBO INTERNATIONAL CONTAINER TERMINALS LIMITED	Director	Apr. 2016-now	No
Wen Ling	LOME CONTAINER TERMINAL SA	Director	Jul. 2016-now	No
	Modern Terminals Limited	Director	Jul. 2016-now	No
	China Merchants Port Service (Shenzhen) Co., Ltd.	Supervisor	Mar. 2008-now	No
	Zhangjiang Port (Group) Co., Ltd.	Vice Supervisory Board Chairman	Nov. 2007-now	No
	Shenzhen Haiqin Engineering Supervision & Management Co., Ltd.	Supervisor	Sep. 2012-now	No
	China Merchants Port Development (Shenzhen) Co.,	Supervisor	Sep. 2016-now	No

Ltd.			
Guangdong Yide Port Co., Ltd.	Supervisor	Aug. 2017-now	No
SHANTOU CMPORT GROUP CO., LTD.	Supervisor	Aug. 2017-now	No

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

☐ Applicable ☒ Not applicable

IV. Remuneration for directors, supervisors and senior management

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

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

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

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

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

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

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

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

Unit: RMB'0,000

Name	Position	Gender	Age	Current/ former	Total before-tax remuneration gained from the Company	Whether gained remuneration from the related parties of the Company
Bai Jingtao	Board Chairman	Male	52	Current	0	Yes
Zhou Qinghong	Vice Board Chairman	Male	54	Current	0	Yes
Lv Shengzhou	Director	Male	53	Current	0	Yes
Li Yubin	Director	Male	46	Current	0	Yes
Liu Bin*	Managing director	Male	48	Current	49	No

Zhang Jianguo	Director	Male	53	Current	0	Yes
Yuan Yuhui	Independent director	Male	67	Current	10	No
Su Qiyun	Independent director	Male	54	Current	10	No
Li Changqing	Independent director	Male	50	Current	10	No
Zhao Jianli	Supervisory Board Chairman	Female	54	Current	0	Yes
Sun Ligan	Supervisor	Male	50	Current	0	Yes
Wen Ling	Supervisor	Female	53	Current	0	Yes
Ni Keqin	Supervisor	Female	53	Current	103	No
Zheng Linwei	Supervisor	Male	47	Current	114	No
Zhao Chaoxiong	Vice GM	Male	52	Current	104	No
Wang Yongli	Vice GM & Board Secretary	Male	50	Current	102	No
Lin Cong	Vice GM	Male	59	Current	75	No
Yao Shenglan*	CFO	Female	51	Current	18	No
Shi Wei	Board Chairman	Female	54	Former	0	Yes
Pan Ke	Director	Male	40	Former	0	Yes
Qu Jiandong	Director	Male	53	Former	0	Yes
Yu Shixin	Supervisory Board Chairman	Male	55	Former	0	Yes
Zhao Qiang	GM	Male	56	Former	89	No
Nie Qi	Vice GM	Male	55	Former	38	No
Zhang Fang	CFO	Male	53	Former	80	No
Total	--	--	--	--	802	--

* Remuneration for Managing Director Liu Bin and CFO Yao Shenglan in the table above is for the period of July-December 2017 and October-December 2017 respectively.

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

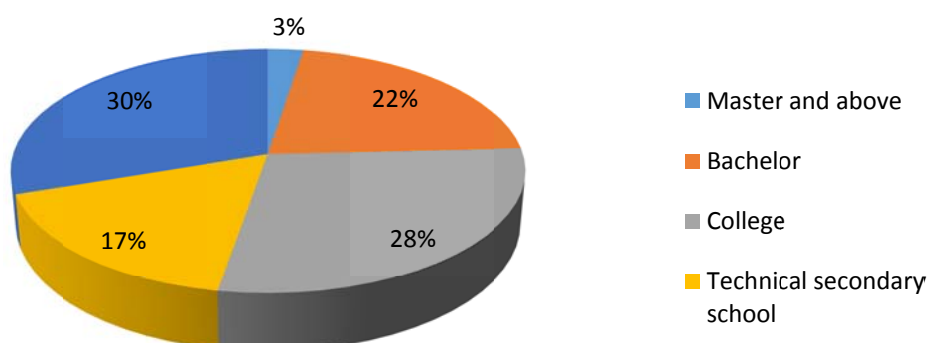
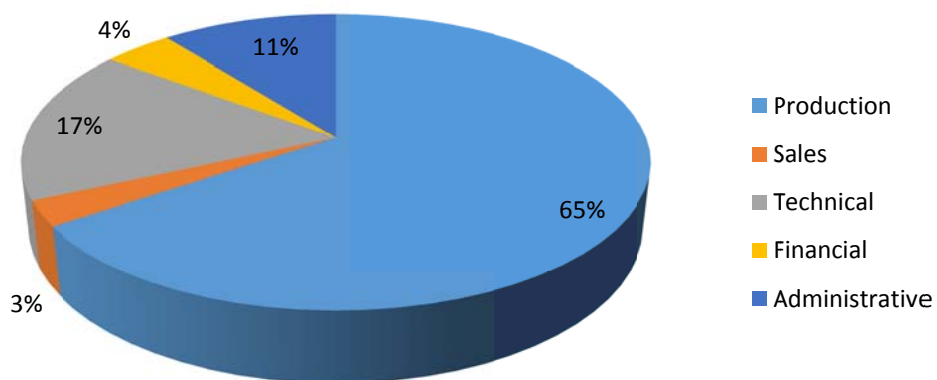
☐ Applicable ☒ Not applicable

V. About employees

1. Number, functions and educational backgrounds of employees

Number of in-service employees of the Company	378
Number of in-service employees of main subsidiaries	1,341
Total number of in-service employees	1,719
Total number of employees with remuneration in current period	1,719

Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	50
Functions	
Function	Number of employees
Production	1,126
Sales	47
Technical	291
Financial	72
Administrative	183
Total	1,719
Educational backgrounds	
Educational background	Number of employees
Master and above	44
Bachelor	373
College	489
Technical secondary school	293
Below above	520
Total	1,719



2. Employee remuneration policy

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

3. Employee training plans

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

4. Labor outsourcing

☐ Applicable ☒ Not applicable

Section IX. Corporate Governance

I. Basic details of corporate governance

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

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

To carry out and implement the key spirit of Mr. Xijiping, the General Secretary’s speeches as well as the deployment and requirements from the Conference of Supervision Work for National Securities and Futures about enhancing the protection of investors and purifying the capital market, on the basis of the Notice of Shenzhen Securities Regulatory Commission on Further Developing the Special Project of “the Blue Sky Action Y2017” to Protect Investors (SZJF〔2017〕NO.43) (named as the Notice thereafter) so as to make the special project of “the Blue Sky Action” normalized, institutionalized and long-term, we developed the special project of “the Blue Sky Action Y2017” to protect investors with details as below:

(1) We strictly implemented the system and sustained the process normalization. We strictly implemented the governing systems such as *Management System on Information Disclosure*, *Management System on Inside Information and Insiders* and *System on Investor-relations Management* on the basis existing systems to normalize the operation. In the future, we would sustainably revised and perfected related systems as well as kept the standardability of process on the basis of laws and regulations.

(2) We would improve the quality of information disclosed. In a responsible manner to investors, we faced all our investors in prudence, fairness, and impartiality strictly based on laws, regulations, and related systems, and continued to willfully disclose business data monthly to help investors be aware of the running of the Company and then make a rational judgment in investments.

(3) We would continue to strictly prevent insider trading. We have always been attaching importance to the prevention and control against insider trading and have made *Management System on Inside Information and Insiders* and would strictly implement it.

(4) We would continue to keep good relationship with investors. Wang Yongli, the deputy GM and Board Secretary of the Company personally takes charge of the work of investor-relations management and investor protection with the assistance of Board Secretariat who makes the relevant daily work. We severely practiced the Investors’ Management System of the Company and *Management System on Information Disclosure* in communication with investors. All information disclosed was subject to the announcement published. And there was no information to disclose that had not been published to mislead investors.

In order to further enhance the management on investor relations, strengthen the communication with the vast investors, practically improve the transparency and governance of the listed Company, as well as positively response the Shenzhen Securities Regulatory Commission's call of developing the special project of "the Blue Sky Action Y2017" to protect investors, on August 25, the Company organized a mid-term performance conference through teleconference, invited domestic and overseas investors through brokerage channels and established more direct communication channels for small and medium-sized investors to understand the Company's situation. At the performance briefing, the Company briefly briefed investors on the performance of the first half of the year and informed shareholders of major events such as commitment to postponement. Liu Bin, the managing director and Wang Yongli, the deputy general manager and Board Secretary responded to the concerns of investors one by one communicate these concerns. After the meeting, small and medium-sized investors generally reported that this exchange method is efficient and direct. In view of the interim results release was effective, the company then again on October 31 held the third quarter results conference by telephone conference to introduce the company's performance of first three quarters and the progress of shareholder commitment postponement to investors. Wang Yongli, deputy general manager and Board Secretary, patiently answered questions from investors and conducted in-depth communication and exchange on macroeconomics, industry situation and company management issues.

(5) We kept steady profit distribution policy to pay shareholders back. We have always been keeping faith with the culture and concept about stock equity as repaying the society and shareholders, for whom we have practically implemented for years by maintaining the cash bonus rate around 50% to 60% every year, not to mention our good investors relation management over the years. We have refinanced for about RMB 0.37 billion in the capital market, and distributed cash dividends of about RMB 4.725 billion since we went public in 1993. In this year, we have confirmed the cash bonus rate up to 60% in accordance with the annual fund arrangement, the performance and investment and development planning etc. Upon the disclosure of announcement on dividends, some investors called our Board Secretariat to affirm the policy and expressed their hope that the Company could keep such a dividend policy. We would adhere to the principle of paying back shareholders and positively pay back shareholders through stable dividends in strict accordance with the rules in the Company Law and the Articles of Association as well as on the basis of our actual situation.

Through positive conduction of the aforesaid special work, we formulated the special mechanism for protecting investors suitable for our development, which required us to stick to the consciousness of protecting investors in daily work, continue to highly value the investors protection work, keep perfecting our behaviors of protecting investors, as well as guide investors to build rational investment concept, improve risk awareness and self-protection capability. We would continue to keep firm operation, make hard efforts to information disclosure, inside information management, as well as investor-relations maintenance and protection, build a good company image, keep steady profit distribution policy, better improve our standard operation level, create a good atmosphere with other enterprises in the jurisdiction area of Shenzhen Securities Regulatory Commission where the special project of "Blue Sky Action" would be normalized, institutionalized and long-term, and share our growth and development with the investors.

2. Shareholders and shareholders' general meeting: the Company ensures that all the shareholders, especially minority shareholders, are equal and could enjoy their full rights. The Company called and held shareholders' general meeting strictly in compliance with the Rules for Shareholders' General Meeting.
3. Relationship between the controlling shareholder and the Company: controlling shareholder of the Company acted in line with rules during the reporting period, did not intervened the decisions, productions or operations of the Company directly or indirectly in exceeding the authority of the shareholders' general meeting, and did not appropriate any funds of the Company.
4. Directors and the Board of Directors: the Company elected directors in strict accordance with the Articles of Association. Number and composition of members of the Board were in compliance with relevant laws and regulations; all Directors attend Board meetings and shareholders' general meeting in a serious and responsible manner and participated enthusiastically relevant training so as to know better about laws and regulations as well as the rights, obligations and liabilities of Directors. The Company set up the Audit Committee as approved by the First Special Shareholders' Meeting for Y2004 and the Nomination, Remuneration and Evaluation Committee and Strategy Committee of the Board as approved by the Annual General Meeting for Y2005, with a view to ensuring the efficient operation and scientific decision-making of the Board of Directors.
5. Supervisors and the Supervisory Board: number and composition of the members of the Supervisory Board were in compliance with the requirements of laws and regulations. The supervisors diligently and seriously performed their duties and obligations, took responsible attitudes to all shareholders and supervised the financial affair as well as the performance by the Company's Directors, managers and other senior executives of their duties in compliance with the laws and regulations.
6. Stakeholders: the Company fully respected and safeguarded the legal rights and interests of the banks and other creditors, staff, clients and other stakeholders so as to develop the Company in a consistent and healthy way.
7. Information disclosure and transparency: the Company authorized the Board Secretary to take charge of information disclosure, and the Chairman as well as related Directors to meet with shareholders. The Company disclosed relevant information in a true, accurate, complete and timely way in strict accordance with the requirements of laws, regulations and the Articles of Association, formulated the Management Rules on Information Disclosure, the Management System on Inside Information and Insiders and the Rules on the Management of Investors Relations, and designated Securities Times, Ta Kung Pao and <http://www.cninfo.com.cn> as its newspaper and website for information disclosure, so as to ensure all shareholders have equal opportunity to obtain the information.
8. During the reporting Period, *Approval Authority and Process of Major Events* was revised combining with the *Articles of Association* in accordance with responsibility and authority of the Company as well as its business development and job demand which has been reviewed and approved on the Second Meeting of the 9th Board of Directors held at 23 Aug. 2017.

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

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

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

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

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

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

☐ Yes ☒ No

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

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

Separation in business: The Company has its own assets, personnel, qualifications and ability to carry out operating activities and is able to operate independently in the market. Separation in personnel: The Company has basically separated its staff from its controlling shareholder. No senior

management staff of the Company holds positions at controlling shareholder of the Company. Separation in assets: The Company possesses its own self-governed assets and domicile. Separation in organization: The Company has established and improved the corporate governance structure according to law and has an independent and complete organizational structure. Separation in finance: The Company has set up its own financial department as well as normative accounting system and the financial management system on its subsidiaries. The Company has its own bank accounts and does not share the same bank account with its controlling shareholder. The Company has been paying tax in accordance with the laws and regulations on its own behalf.

III. Horizontal competition

Type of the question	Name of shareholders	Cause	Methods	Work progress and follow-up plans
Horizontal competition	CMPort *	Mainly was the historical reason, comparatively, cooperation more than competition between CMPort and the Company *	CMPort has promised to completely solve the horizontal competition problem before Sep. 16, 2020.	CMPort was actively promote and discuss the research of solution for the horizontal competition, including independence of Chiwan Wharf, further reinforce the stable development of the west port in Shenzhen, enhance strategic synergy effect and endeavor to focus on the equity of shareholder of the Company. The Company timely and actively communicated with CMPort and perform information disclosure obligation in term of the stipulation of the existing relevant laws and regulations.

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

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

On 10 Aug. 2017, the Company received *Commitment to Continue to Perform the Commitment to Horizontal Competition by China Merchants Holdings (International) Company Limited* from CMPort. Then *Proposal on Continuing to Perform Commitment to Horizontal Competition by Controlling Shareholders* was reviewed and approved on shareholders meeting held on 11 Sep. 2017. CMPort will go on performing the Commitment to Horizontal Competition by China Merchants Holdings (International) Company Limited and promise to completely solve the problem of horizontal competition before 16 Sep. 2020. The said commitment went into effect on 17 Sep. 2017 and will be valid during the period when CMPort acts as the controlling shareholder of the Company.

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

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

Session	Type	Proportion of investors' participation	Convening date	Disclosure date	Index to the disclosed
The Annual Shareholders' General Meeting of 2016	The Annual Shareholders' General Meeting	75.43%	06/05/2017	06/06/2017	For the resolution announcement (No. 2017-019), see http://www.cninfo.com.cn
The First Special Shareholders' General Meeting of 2017	Special Shareholders' General Meeting	77.31%	09/11/2017	09/12/2017	For the resolution announcement (No. 2017-044), see http://www.cninfo.com.cn

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

☐ Applicable ☒ Not applicable

V. Performance of the Independent Directors

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

Particulars about the independent directors attending the board sessions						
Independent director	Sessions required to attend during the reporting period	Attendance in person	Attendance by way of telecommunication	Entrusted presence (times)	Absence rate	Non-attendance in person for two consecutive times
Yuan Yuhui	5	3	1	1	0	N/A
Su Qiyun	5	3	2	0	0	N/A
Li Changqing	5	3	2	0	0	N/A
General meetings sat in on by independent directors		2				

Notes to non-attendance in person for two consecutive times

Not applicable

2. Particulars about independent directors proposing objection on relevant events

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

3. Other explanations about the duty performance of independent directors

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

☒ Yes ☐ No

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

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

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

(I) Performance of the Audit Committee of the Board

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

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

(1) On 24 Mar. 2017, the First Meeting of the Audit Committee of the 8th Board of Directors for 2017 was held at Conference Room 2, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

- 1) “Internal Auditing Report of the Company for 2016” was reviewed and approved;
- 2) Internal Control and Audit Office's Auditing Report of the Company for 2016 No.01-04” was reviewed and approved;
- 3) “Anti-fraud Risk Assessment Report for 2016” was reviewed and approved;
- 4) “Internal Auditing Plan of the Company for 2017” was reviewed and approved;
- 5) “Working Report of the Audit Committee of the Board in 2016” was reviewed and approved;
- 6) “The Annual Financial Report for 2016 of the Company” was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- 7) “The Financial Statements of 2016” was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- 8) “Report on the Change of the Accounting Firm for 2017” was reviewed and approved. The Audit Committee continue employ Deloitte Touche Tohmatsu Certified Public Accountants LLP to shoulder the audit of the annual financial statements and the internal audit for 2017. This proposal was submitted to the Board of Directors of the Company for approval.

(2) On 26 Apr. 2017, the Second Meeting of the Audit Committee of the 8th Board of Directors for 2017 was held by communication voting at which the Internal Auditing Report of the Company for the First Quarter of 2017 was reviewed and approved unanimously.

(3) On 5 Jun. 2017, the First Meeting of the Audit Committee of the 9th Board of Directors for 2017 was held at Conference Room 2, 11/F., Chiwan Haiyun Building, at which the Proposal on Election of Convener for the Audit Committee under the 9th Board of Directors was reviewed and approved unanimously. The said proposal was later submitted to the Board for review.

(4) On 23 Aug. 2017, the Second Meeting of the Audit Committee of the 9th Board of Directors for 2017 was held at Conference Room 2, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

- 1) “The Semi-Annual Financial Report for 2017 of the Company” was reviewed and approved and was submitted to the Board of Directors of the Company for approval;
- 2) “Internal Auditing Report of the Company for the Second Quarter of 2017” was reviewed and approved.

(5) On 27 Oct. 2017, the Third Meeting of the Audit Committee of the 9th Board of Directors for 2017 was held by telecommunication voting at which the Internal Auditing Report of the Company for the Third Quarter of 2017 was reviewed and approved unanimously.

(6) On 21 Dec. 2017, the Fourth Meeting of the Audit Committee of the 9th Board of Directors for 2017 was held at Conference Room 1, 8/F., Chiwan Petroleum Building, Shenzhen, at which the Report on the Company's operation and the Audit Report on the Company's Finance and Internal Control by Deloitte Touche Tohmatsu Certified Public Accountants LLP for 2017 were debriefed.

2. In accordance with relevant requirements of CSRC and Shenzhen Stock Exchange, the specific working rules and procedure for the Audit Committee, during the reporting period, the Audit Committee of the Board of the Company oversaw the auditing of the Annual Report of the

Company for 2016 with due diligence, details of which are as follows:

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

(2) The Audit Committee expressed its audit opinions two times on the annual financial statements of the Company for 2016.

During the reporting period, the Audit Committee expressed its audit opinions two times on the annual financial statements of the Company for 2016 in accordance with relevant requirements from CSRC.

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

After the Auditors issued their preliminary audit opinions, the Audit Committee reviewed the Financial Statements again and issued the following opinions: the Company prepared the Financial Statement in full compliance with the New Enterprise Accounting Standards and relevant provisions of the financial control system of the Company, the procedures for the preparation of the Financial Statements were reasonable and proper, which gave a true and fair view of the Company's assets, liabilities, equity interests and operation results as at 31 December 2016. Information included in the Financial Statements was objective and complete. Financial Statements for 2016 which was preliminarily audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP may be submitted for review at the 7th Meeting of the 8th Board of Directors.

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

The Audit Committee issued letters to Deloitte Touche Tohmatsu Certified Public Accountants LLP on 22 Jan. and 24 Feb. 2017 respectively to urge them to produce their audit recommendation on the financial statements and the summary statement of adjusting events in a timely manner to help our financial staff finish the preparation of financial statements and related notes for 2016 as soon as possible, so as to ensure the annual audit and information disclosure proceed as scheduled.

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

During the auditing period, the Audit Committee of the Board focused on the problems discovered in process of audit, urged auditors to finish the preparation of their report within a prescribed period of time and ensured the truthfulness, accuracy and completeness of the annual report. The Certified Public Accountants issued a standard unqualified audit report on 24 Mar. 2017. The Audit Committee considered that the Certified Public Accountants conducted their audit in accordance with China's Independent Auditing Standards, the audit time was sufficient, the deployment of the auditors was appropriate and their practicing capability was excellent, and that the audit report issued sufficiently reflected the Company's financial condition as at 31 Dec. 2016 and its operation

results and cash flows for the year 2016 and the audit conclusion made was in line with the actual situation of the Company.

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

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

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

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

1. On 24 Mar. 2017, the First Meeting of the Nomination, Remuneration and Evaluation Committee of the 8th Board of Directors for 2017 was held at Conference Room 1, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

(1) “The Working Report of the Nomination, Remuneration and Evaluation Committee of the Board for 2016”; and

(2) “The Report on the Remuneration of the Directors, Supervisors and Senior Management Staff for 2016”.

(3) “The Proposal on Examining Director Candidates” was reviewed and approved unanimously. Upon review by the Board, these director candidates would be elected at a meeting of shareholders.

2. On 5 Jun. 2017, the First Meeting of the Nomination, Remuneration and Evaluation Committee of the 9th Board of Directors for 2017 was held at Conference Room 1, 11/F., Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

(1) “The Proposal on Election of convener for the Nomination, Remuneration and Evaluation Committee under the 9th Board of Directors” was reviewed and approved and was submitted to the Board for review.

(2) “The Proposal on Hiring General Manager of the Company” was reviewed and approved and was submitted to the Board for review.

(3) “The Proposal on Hiring Deputy General Manager of the Company” was reviewed and approved and was submitted to the Board for review.

(4) “The Proposal on Hiring CFO of the Company” was reviewed and approved and was submitted to the Board for review.

(5) “The Proposal on Hiring Board Secretary” was reviewed and approved and was submitted to the Board for review.

3. On 23 Aug. 2017, the Second Meeting of the Nomination, Remuneration and Evaluation Committee of the 9th Board of Directors for 2017 was held at Conference Room 3, 11/F, Chiwan

Haiyun Building, Shenzhen, at which The Proposal on Examining Director Candidates was reviewed and approved unanimously. Upon review by the Board, these director candidates would be elected at a meeting of shareholders.

4. On 11 Sep. 2017, the Third Meeting of the Nomination, Remuneration and Evaluation Committee of the 9th Board of Directors for 2017 was held at Conference Room 3, 11/F, Chiwan Haiyun Building, Shenzhen, at which The Proposal on Hiring CFO of the Company was reviewed and approved unanimously and was submitted to the Board for review.

(III) Performance of the Strategy Committee

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

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

1. On 24 Mar. 2017, the First Meeting of the Strategy Committee of the 8th Board of Directors for 2017 was held at 11:00 a.m. at Conference Room 2, 11/F, Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

(1) “The Working Report of the Strategy Committee of the Board for 2016” was reviewed and approved;

(2) “The Business Development Plan for 2017 to 2021” was reviewed and approved.

2. On 5 Jun. 2017, the First Meeting of the Strategy Committee of the 9th Board of Directors for 2017 was held at 4:35 p.m. at Conference Room 1, 11/F, Chiwan Haiyun Building, Shenzhen, at which the Proposal on Election of Convener for the Strategy Committee under the 9th Board of Directors was reviewed and approved unanimously and was submitted to the Board for review.

3. On 23 Aug. 2017, the Second Meeting of the Strategy Committee of the 9th Board of Directors for 2017 was held at 2:50 p.m. at Conference Room 1, 11/F, Chiwan Haiyun Building, Shenzhen, at which the following proposals were reviewed and approved unanimously:

(1) “The Proposal on Signing the Supplementary Agreement on the Shareholder Agreement of MEDIA PORT INVESTMENTS LIMITED” was reviewed and approved and was submitted to the Board for review.

(2) “The Proposal on Signing the Management Entrusting Agreement on Equity with China Merchants Port Holdings Company Limited” was reviewed and approved and was submitted to the Board for review.

4. On 11 Sep. 2017, the Third Meeting of the Strategy Committee of the 9th Board of Directors was held at 4:00 p.m. at Conference Room 1, 11/F, Chiwan Haiyun Building, Shenzhen, at which the Proposal on Acquisiting 51% of Shares in Zhongshan Port&Shipping Enterprise Group was reviewed and approved unanimously and was submitted to the Board for review.

5. On 11 Sep. 2017, the Fourth Meeting of the Strategy Committee of the 9th Board of Directors was held at 4:40 p.m. at Conference Room 1, 11/F, Chiwan Haiyun Building, Shenzhen, at which the

Proposal on Election of Convener for the Strategy Committee under the 9th Board of Directors was reviewed and approved unanimously and was submitted to the Board for review.

VII. Performance of the Supervisory Board

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

☐ Yes ☒ No

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

VIII. Performance Evaluation and Incentive Mechanism for Senior Management Staff

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

IX. Internal Control

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

☐ Yes ☒ No

2. Self-appraisal report on internal control

Disclosure date of the Self-appraisal Report on Internal Control		03/07/2018		
Disclosure index of the Auditor’s Report on Internal Control		see www.cninfo.com.cn		
The proportion of total assets included in evaluation scope entities in the Company's total assets of the consolidated financial statements		93%		
The proportion of operation revenue included in evaluation scope entities in the Company's operation revenue of the consolidated financial statements		97%		
Defect Judging Standards				
Category	Financial Report	Non-Financial Report		
Qualitative criteria	If a defect or defect group give rise to the following events which can not be prevented or found and made rectification, the defect or defect group are recognized as significant defects: (1) Malpractices of directors, supervisors and senior management: (2) The Company make correction to the financial report issued;	Great defect	Significant defect	Common defect
		Development direction severity deviate from the strategic goals, investment direction, and business structure, commercial modeled. which completely unable to support the realization of strategic goals	Development direction severity deviate from the strategic goals, investment direction, and business structure, commercial modeled. which unable to support the realization of strategic goals at a larger extent	Development direction severity deviate from the strategic goals, investment direction, and business structure, commercial modeled. which completely can't fully support the realization of strategic goals
		Strategy implementation is	Strategy implementation is	Strategy implementation is

	<p>(3) Certified Public Accountant find that there is a significant error in the financial report, however, the internal control did not discover it when conducting internal control;</p> <p>(4) The Audit Committee under the Board and Internal Audit Service's supervision to the internal control is invalid.</p>	blocked, almost all indicators of strategy implementation can not completed as planned	blocked, most of indicators of strategy implementation can not completed as planned	blocked, part of indicators of strategy implementation can not completed as planned
		Have a significant adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed 20% above (Including 20%)	Have a greater adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed10% to 20% (Including 10%)	Have an adverse impact on the asset turnover ability, which lead to total asset turnover rate lowed10% below
		Lead to break off of common business/service or it takes half year or above to recover the break off of common business/service	Lead to break off of common business/service or it takes three months or half year below to recover the break off of common business/service	Some daily business is influenced, lead to break off of common business/service or it takes three months below to recover the break off of common business/service
		Badly damage the working enthusiasm of all the employees, will give rise to large scale group events or heavy damage to enterprises culture and enterprises cohesion	In a large extent, damage the working enthusiasm of all the employees, reduce work efficiency, have greatly adverse effect to enterprises culture and enterprises cohesion	In a large extent, damage the working enthusiasm of all the employees, reduce work efficiency, have some adverse effect to enterprises culture and enterprises cohesion
		The employee's ability and professional skills universally can not meet the enterprise development needs by a large margin	The employee's ability and professional skills in some significant fields can not meet the enterprise development needs	The employee's ability and professional skills in some fields can not meet the enterprise development
		Negative news spread in the field of the entire business (including extending to industry chain),or was paid attention by the national media or public media, the	Negative news spread in the field of the entire business, or was paid attention or reported by the local media the recovery of	Negative news spread in the field of the entire business, have small damage to the reputation of the enterprise, the recovery of reputation will take three months

		recovery of reputation will take more than six months	reputation will take three to six months	below
		The enterprise's internal confidential information leakage which badly affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management	The enterprise's internal confidential information leakage which affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management in a large extent	The enterprise's internal confidential information leakage which affect the enterprise's competitive capacity in the market, or affect the competitive capacity in management in a general extent
Quantitative criteria	The judging standard was the net profits attributable to the parent Company's shareholders in the consolidated financial statements audited in last year. Misstatement amount $\geq 5\%$ above of judging standard was great defect; 5% judging standard $> 1\%$ misstatement amount was significant defect; misstatement amount $< 1\%$ below of judging standard was general standard.	The judging standard was the net profits attributable to the parent Company's shareholders in the consolidated financial statements audited in last year.		
		Great defect	Significant defect	Common defect
		Had significant adverse impact to the annual operation profits or cause decrease of annual operation profits when at 5% (including 5%) above of judging standard	Had larger adverse impact to the annual operation profits or cause decrease of annual operation profits when at 1% (including 1%) to 5% judging standard	Had adverse impact to the annual operation profits or cause decrease of annual operation profits when at 1% below of judging standard
		Had significant adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 10% (including 10%) above of judging standard	Had larger adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 5% (including 5%) to 10% above of judging standard	Had adverse impact to decrease of inflow of total cash flow or increase of outflow total cash flow when at 5% below of judging standard
		Great investment mistake incurred which cause direct economy losses when at 5% (including 5%) above of judging standard or the return on investment more than 40% lower than expected	Larger investment mistake incurred which cause direct economy losses when at 1% (including 1%) to 5% of judging standard or the return on investment less than	Great investment mistake incurred which cause direct economy losses when at 1% below of judging standard or the return on investment less than 30% lower than expected

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

report (Piece)	
Number of important defects of non-financial report (Piece)	0

X. Audit report on internal control

Audit opinion paragraphs in the Audit Report on Internal Control	
We believe that Shenzhen Chiwan Wharf Holdings Limited has maintained effective internal control over financial reporting in all material respects as of 31 December 2017 as per the Basic Rules for Enterprise Internal Control and relevant regulations.	
Disclosure of Audit Report on Internal Control	Disclosed
Disclosure date of the Audit Report on Internal Control	7 Mar. 2018
Disclosure index of the Audit Report on Internal Control	Details of the Internal Control Report of Shenzhen Chiwan Wharf Holdings Limited was disclosed on www.cninfo.com.cn
Type of Audit Report on Internal Control	Standard Unqualified auditor's report
Whether there is significant defect in non-financial report	No

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

☐ Yes ☒ No

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

☒ Yes ☐ No

Section X. Corporate Bonds

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

None

Section XI. Auditor's Report (See attached)

Type of audit opinion	Standard and unqualified auditor's report
Date of signing audit report	5 March 2018
Audit agency	Deloitte Touche Tohmatsu Certified Public Accountants LLP
No. of audit report	De Shi Bao (Shen) Zi (18) No. P00146
Name of CPA	Huang Yue, Jiang Qishen

Section XII. Documents Available for Reference

- I. Financial Statements carrying the signatures and stamps of the Company Principal, the Chief Financial Officer and the person in charge of accounting firm;**
- II. Original copy of the Auditor's Report stamped by the accounting firm and signed and stamped by registered accountants;**
- III. Original copies of all documents and the announcements thereof disclosed in the reporting period on “Securities Times” and “Ta Kung Pao”;**
- IV. Original copy of the Annual Report signed by the Chairman.**

For and on behalf of the Board

Bai Jingtao

Chairman of the Board

Shenzhen Chiwan Wharf Holdings Limited

Dated 7 March 2018

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FINANCIAL STATEMENTS AND
AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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AUDITOR'S REPORT

De Shi Bao (Shen) Zi (18) No. P00146
(Page 1, 4 pages)

To the Shareholders of Shenzhen Chiwan Wharf Holdings Limited

1. Audit Opinion

We have audited the accompanying financial statements of Shenzhen Chiwan Wharf Holdings Limited (hereinafter referred to as "Chiwan Wharf"), which comprise the consolidated and company balance sheets as at 31 December 2017, and the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements of Chiwan Wharf present fairly, in all material respects, the consolidated and company's financial position as of 31 December 2017, the consolidated and company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

2. Basis for Opinion

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

3. Key Audit Matters

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

Measurement of Bad Debt Provision for Accounts Receivable

As disclosed in Note (5) 3 and Note (14) 1 to financial statements, the carrying amount of accounts receivable in consolidated financial of Shenzhen Chiwan Wharf Company as at 31 December 2017 amounts to RMB 258,362,011.56 with correspondent provision for bad debts records RMB 1,280,049.73. The carrying amount of accounts receivable of the Company amounts to RMB 12,987,394.84 with no provision. Bad debt provision for accounts receivable is based on management's significant judgement and estimation, customer credit status assessment and recent performance of the shipping market together with other information such as the aging report of accounts receivable. Thus the measurement of bad debt provision for accounts receivable is identified as the key audit matter.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (18) No. P00146
(Page 2, 4 pages)

3. Key Audit Matters-continued

Measurement of Bad Debt Provision for Accounts Receivable - continued

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

- (1) Interviewed with the management to confirm whether the policies on bad debt provision for accounts receivable had been performed consistently.
- (2) Compared the Company's policies on bad debt provision for accounts receivable with those of similar business to evaluate if the policies adopted were reasonable.
- (3) Selected samples from the accounts receivable ledgers and checked supporting documents such as fee note and invoice to check the accuracy aging report.
- (4) Enquired credit worthiness report of top five customers by accounts receivable closing breakdown (combined accounted for 59.98% of total accounts receivable closing balance) and analysed their solvency; We evaluated the reasonability of bad debt provision for accounts receivable according to customers' repayment records and subsequent repayment.
- (5) Based on bad debt provision policies, recalculated the provision amounts and compared with provision made by the management to check the accuracy.

4. Other Information

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

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

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

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

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

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

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (18) No. P00146
(Page 3, 4 pages)

5. Responsibilities of the Management and Those Charged with Governance for the Financial Statements - continued

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

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

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

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

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

- (1) Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that was sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud was higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Understood audit related internal control in order to design audit procedures that were appropriate in the circumstances.
- (3) Evaluated the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Concluded on the appropriateness of the directors' application of the going concern basis of accounting. Based on audit evidence obtained, concluded on whether the material uncertainty of events or conditions that may cause cast significant doubt on the Company's ability to continue as a going concern existed. If we concluded that a material uncertainty existed, we were required to draw attention in our auditor's report to the related disclosures in the financial statements or to modify our opinion, if such disclosures were inadequate. Our conclusions were based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (18) No. P00146
(Page 4, 4 pages)

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

- (5) Evaluated the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represented the underlying transactions and events in a manner that achieved fair presentation.
- (6) Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We were responsible for the direction, supervision and performance of the group audit. We remained solely responsible for our audit opinion

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

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

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

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountant
(Engagement Partner)
Huang Yue

Chinese Certified Public Accountant
Jiang Qishen

5 March 2018

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

AT 31 DECEMBER 2017

Consolidated Balance Sheet

Unit: RMB

Item	Notes	Closing balance	Opening balance (restated)	Item	Notes	Closing balance	Opening balance (restated)
ASSETS				LIABILITIES AND SHAREHOLDERS' EQUITY			
Current assets:				Current liabilities:			
Cash and bank balances	(V)1	818,193,679.32	542,079,799.39	Short-term borrowings	(V)20	-	241,270,000.00
Notes receivable	(V)2	500,000.00	900,000.00	Accounts payable	(V)21	131,837,865.23	100,280,495.74
Accounts receivable	(V)3	257,081,961.83	214,806,648.35	Receipts in advance	(V)22	56,571,454.49	49,703,772.23
Prepayments	(V)4	4,354,830.16	7,851,540.99	Employee benefits payable	(V)23	95,361,472.09	99,664,484.67
Interest receivable	(V)5	1,175,305.39	129,125.26	Taxes payable	(V)24	96,453,101.66	57,154,550.00
Dividends receivable	(V)6	-	-	Interest payable	(V)25	3,678,493.15	3,577,374.14
Other receivables	(V)7	21,209,538.29	94,148,486.48	Dividends payable	(V)26	263,384,499.42	-
Inventories	(V)8	21,862,480.10	22,011,047.53	Other payables	(V)27	138,012,498.12	78,857,359.41
Other current assets	(V)9	33,491,432.18	18,310,220.71	Other current liabilities	(V)28	100,000,000.00	250,000,000.00
Total current assets		1,157,869,227.27	900,236,868.71	Total current liabilities		885,299,384.16	880,508,036.19
Non-current Assets:				Non-current Liabilities:			
Available-for-sale financial assets	(V)10	23,759,200.00	22,459,200.00	Bonds payable	(V)29	298,931,506.83	298,331,506.85
Long-term equity investments	(V)11	1,152,620,039.97	1,151,874,922.62	Long-term payables	(V)30	25,000,000.00	25,000,000.00
Investment properties	(V)12	22,821,081.69	23,646,913.77	Special payables	(V)31	32,563,422.41	34,326,860.44
Fixed assets	(V)13	3,929,355,718.60	3,871,338,923.59	Deferred income	(V)32	156,048,997.49	64,613,319.88
Construction in progress	(V)14	86,317,666.70	167,093,107.33	Deferred tax liabilities	(V)18	10,584,342.80	6,044,979.79
Intangible assets	(V)15	1,350,224,998.54	1,397,932,963.83	Total non-current liabilities		523,128,269.53	428,316,666.96
Goodwill	(V)16	10,858,898.17	10,858,898.17	TOTAL LIABILITIES		1,408,427,653.69	1,308,824,703.15
Long-term prepaid expenses	(V)17	98,278,001.09	102,257,785.97	SHAREHOLDERS' EQUITY:			
Deferred tax assets	(V)18	11,031,026.43	12,500,983.16	Share capital	(V)33	644,763,730.00	644,763,730.00
Other non-current assets	(V)19	132,334,704.86	132,369,704.86	Capital reserve	(V)34	167,480,381.25	167,480,381.25
Total non-current assets		6,817,601,336.05	6,892,333,403.30	Other comprehensive income	(V)35	19,800,344.49	18,825,344.49
				Special reserve	(V)36	4,767,373.45	4,145,765.65
				Surplus reserve	(V)37	520,074,434.56	520,074,434.56
				Unappropriated profit	(V)38	3,566,083,142.17	3,381,390,887.86
				Total shareholders' equity attributable to equity holders of the parent		4,922,969,405.92	4,736,680,543.81
				Minority interests		1,644,073,503.71	1,747,065,025.05
				TOTAL SHAREHOLDERS' EQUITY		6,567,042,909.63	6,483,745,568.86
TOTAL ASSETS		7,975,470,563.32	7,792,570,272.01	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,975,470,563.32	7,792,570,272.01

The accompanying notes form part of the financial statements.

The financial statements on pages 5 to 112 were signed by the following:

Legal Representative: Bai Jingtao
Chief Financial Officer: Yao Shenglan
Head of Accounting Department: Li Xiaopeng

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

AT 31 DECEMBER 2017

Balance Sheet of the Company

Unit: RMB

Item	Note	Closing balance	Opening balance	Item	Note	Closing balance	Opening balance
ASSETS				LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Assets:				Current Liabilities:			
Cash and bank balances		230,039,345.73	97,401,657.09	Accounts payable		18,376,556.53	15,743,751.91
Accounts receivable	(XIV)1	12,987,394.84	14,730,412.29	Receipts in advance		98,400.00	-
Prepayments		-	175,000.00	Employee benefits payable		51,689,614.60	53,761,846.04
Dividends receivable		589,478,376.49	134,702,787.76	Taxes payable		1,578,674.01	1,906,748.15
Other receivables	(XIV)2	583,090,959.69	582,452,104.00	Interest payable		8,010,008.11	5,657,953.71
Inventories		415,163.18	394,234.74	Dividends payable		37,608,540.65	37,608,540.65
Other current assets		2,210,653.66	997,740.76	Other payables		834,923,800.53	358,982,632.32
Total current assets		1,418,221,893.59	830,853,936.64	Other current liabilities		100,000,000.00	250,000,000.00
Non-current Assets:				Total current liabilities		1,052,285,594.43	723,661,472.78
Available-for-sale financial assets		23,759,200.00	22,459,200.00	Non-current Liabilities:			
Long-term receivables		11,004,284.75	11,004,284.75	Bonds payable		298,931,506.83	298,331,506.85
Long-term equity investments	(XIV)3	2,215,952,842.62	2,032,600,191.97	Long-term payables		150,098,000.00	116,662,000.00
Investment property		13,116,783.72	13,600,159.92	Deferred tax liabilities		2,182,500.00	1,857,500.00
Fixed assets		204,839,343.34	179,815,891.12	Total non-current liabilities		451,212,006.83	416,851,006.85
Construction in progress		10,631,762.77	29,437,068.97	TOTAL LIABILITIES		1,503,497,601.26	1,140,512,479.63
Intangible assets		59,954,618.20	62,890,018.39	SHAREHOLDERS' EQUITY			
Long-term prepaid expenses		3,976,969.45	4,156,590.13	Share capital		644,763,730.00	644,763,730.00
Total non-current assets		2,543,235,804.85	2,355,963,405.25	Capital reserve		240,001,254.59	240,001,254.59
				Other comprehensive income		6,647,500.00	5,672,500.00
				Special reserve		-	1,027,543.25
				Surplus reserve		520,074,434.56	520,074,434.56
				Unappropriated profit		1,046,473,178.03	634,765,399.86
				TOTAL SHAREHOLDERS' EQUITY		2,457,960,097.18	2,046,304,862.26
TOTAL ASSETS		3,961,457,698.44	3,186,817,341.89	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,961,457,698.44	3,186,817,341.89

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated Income Statement

Unit: RMB

Item	Note	Amount incurred in the current period	Amount incurred in the previous period (restated)
I. Operating income	(V)39	2,456,218,834.63	2,381,483,399.94
Less: Operating costs	(V)39	1,445,228,046.76	1,342,778,196.75
Business taxes and levies	(V)40	10,940,157.34	12,943,373.62
Administrative expenses	(V)41	177,345,622.79	188,446,906.70
Financial expenses	(V)42	27,224,172.17	32,613,939.18
Impairment losses of assets	(V)43	(5,474,833.11)	6,482,674.79
Add: Investment income	(V)44	64,321,791.76	79,664,899.16
Including: Income from investments in associates and joint ventures	(V)44	54,904,791.76	73,372,711.31
Gains (losses) on disposal of assets	(V)45	431,343.46	(123,667.77)
Other income	(V)46	1,843,431.75	-
II. Operating profit		867,552,235.65	877,759,540.29
Add: Non-operating income	(V)47	2,533,092.56	11,247,978.77
Less: Non-operating expenses	(V)48	960,389.08	3,155,864.44
III. Gross profit		869,124,939.13	885,851,654.62
Less: Income tax expenses	(V)49	155,266,164.06	124,401,633.70
IV. Net profit		713,858,775.07	761,450,020.92
(I) Categorization by continuity of operation			
1.Net profit of continued operation		713,858,775.07	761,450,020.92
2.Net profit of discontinued operation		-	-
(II) Categorization by attribution of ownership			
1.Net profit attributable to shareholders of the parent		504,495,064.39	532,376,492.97
2.Profit or loss attributable to minority shareholder		209,363,710.68	229,073,527.95
V. Amount of Other Comprehensive Net Income After Tax:	(V)50	975,000.00	(150,000.00)
Amount of other comprehensive net income after tax attributable to equity holders of the parent		975,000.00	(150,000.00)
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
1.Change as a result of remeasurement of the net defined benefit plan liability or asset		-	-
2.Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss		-	-
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		975,000.00	(150,000.00)
1.Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss		-	-
2.Gains or losses on changes in fair value of available-for-sale financial assets		975,000.00	(150,000.00)
3.Translation differences of financial statements denominated in foreign currencies		-	-
Amount of other comprehensive net income after tax attributable to minority shareholders		-	-
VI. Total comprehensive income attributable to:		714,833,775.07	761,300,020.92
Shareholders of the parent		505,470,064.39	532,226,492.97
Minority shareholders		209,363,710.68	229,073,527.95
VII. Earnings per share:			
(I) Basic earnings per share		0.782	0.826
(II) Diluted earnings per share		0.782	0.826

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2017

Income Statement of the Company

Unit: RMB

Item	Note	Amount incurred in the current period	Amount incurred in the previous period
I. Operating income	(XIV)4	262,128,083.88	223,985,141.78
Less: Operating costs	(XIV)4	147,940,894.54	142,385,061.09
Business taxes and levies		2,028,572.84	2,614,833.60
Administrative expenses		70,778,282.50	77,019,295.74
Financial expenses		(8,048,217.56)	15,068,123.74
Impairment losses of assets		(7,730.22)	7,730.22
Add: Investment income	(XIV)5	648,579,235.35	208,616,109.27
Including: Income from investments in associates and joint ventures	(XIV)5	49,683,858.86	67,621,133.66
Gains on disposal of assets		304,464.57	175,644.31
II. Operating profit		698,319,981.70	195,681,850.97
Add: Non-operating income	(XIV)6	33,035,528.92	1,469,415.07
Less: Non-operating expenses		241,366.11	1,699,991.85
III. Gross profit		731,114,144.51	195,451,274.19
Less: Income tax expenses		(396,443.74)	(22,956.92)
IV. Net profit		731,510,588.25	195,474,231.11
V. Amount of Other Comprehensive Net Income After Tax:		975,000.00	(150,000.00)
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		-	-
(i) Change as a result of remeasurement of the net defined benefit plan liability or asset		-	-
(ii) Share of other comprehensive income of the investee under the equity method that will not be reclassified to profit or loss		-	-
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		975,000.00	(150,000.00)
(i) Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss		-	-
(ii) Gains or losses on changes in fair value of available-for-sale financial assets		975,000.00	(150,000.00)
(iii) Translation differences of financial statements denominated in foreign currencies		-	-
VI. Total comprehensive income attributable to:		732,485,588.25	195,324,231.11

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated Cash Flow Statement

Unit: RMB

Item	Note	Amount incurred in the current period	Amount incurred in the previous period (restated)
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		2,413,013,796.73	2,445,812,846.21
Other cash receipts relating to operating activities	(V)52(1)	146,498,642.50	47,877,392.61
Sub-total of cash inflows		2,559,512,439.23	2,493,690,238.82
Cash payments for goods purchased and services received		718,669,072.08	696,632,871.53
Cash payments to and on behalf of employees		438,886,444.82	422,013,895.54
Payments of all types of taxes		162,789,797.10	152,879,499.28
Other cash payments relating to operating activities	(V)52(2)	76,885,370.92	101,131,347.40
Sub-total of cash outflows		1,397,230,684.92	1,372,657,613.75
Net Cash Flows from Operating Activities	(V)53(1)	1,162,281,754.31	1,121,032,625.07
II. Cash Flows from Investing Activities:			
Cash receipts from investments income		63,576,674.42	42,660,239.57
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		2,940,947.87	1,457,144.76
Other cash receipts relating to investing activities	(V)52(3)	277,100,000.00	203,270,256.00
Sub-total of cash inflows		343,617,622.29	247,387,640.33
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		230,427,177.26	182,477,236.64
Other cash payments relating to investing activities	(V)52(4)	210,000,000.00	215,970,256.00
Sub-total of cash outflows		440,427,177.26	398,447,492.64
Net Cash Flows from Investing Activities		(96,809,554.97)	(151,059,852.31)
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		130,000,000.00	378,117,634.71
Cash receipts from issue of bonds		99,850,000.00	850,000,000.00
Sub-total of cash inflows		229,850,000.00	1,228,117,634.71
Cash repayments of borrowings		621,270,000.00	1,988,542,335.39
Cash payments for distribution of dividends or profit or interest		379,511,558.61	464,372,385.00
Including: Payments for distribution of dividends or profit to minorities		39,636,273.27	139,222,645.92
Other cash payments relating to financing activities	(V)52(5)	402,325.25	2,702,654.14
Sub-total of cash outflows		1,001,183,883.86	2,455,617,374.53
Net Cash Flows from Financing Activities		(771,333,883.86)	(1,227,499,739.82)
IV. Effect of Foreign Exchange Rate Changes on Cash and		(18,024,435.55)	13,094,570.72
V. Net Increase (Decrease) in Cash and Cash Equivalents		276,113,879.93	(244,432,396.34)
Add: Opening balance of Cash and Cash Equivalents	(V)53(2)	542,079,799.39	786,512,195.73
VI. Closing Balance of Cash and Cash Equivalents	(V)53(2)	818,193,679.32	542,079,799.39

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2017

Cash Flow Statement of the Company

Unit: RMB

Item	Note	Amount incurred in the current period	Amount incurred in the previous period
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		269,045,995.41	242,290,965.55
Other cash receipts relating to operating activities		716,765,626.94	808,126,879.09
Sub-total of cash inflows		985,811,622.35	1,050,417,844.64
Cash payments for goods purchased and services received		78,023,594.34	71,852,072.97
Cash payments to and on behalf of employees		111,426,044.20	118,427,797.66
Payments of all types of taxes		10,127,012.26	6,394,756.31
Other cash payments relating to operating activities		247,511,704.35	673,179,988.69
Sub-total of cash outflows		447,088,355.15	869,854,615.63
Net Cash Flows from Operating Activities		538,723,267.20	180,563,229.01
II. Cash Flows from Investing Activities:			
Cash receipts from investments income		63,576,674.42	260,243,067.32
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		2,693,776.59	2,304,251.36
Other cash receipts relating to investing activities		683,875,000.00	-
Sub-total of cash inflows		750,145,451.01	262,547,318.68
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		19,183,612.16	26,783,222.80
Other cash payments relating to investing activities		685,067,880.47	-
Sub-total of cash outflows		704,251,492.63	26,783,222.80
Net Cash Flows from Investing Activities		45,893,958.38	235,764,095.88
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		163,436,000.00	216,662,000.00
Cash receipts from issue of bonds		99,850,000.00	850,000,000.00
Sub-total of cash inflows		263,286,000.00	1,066,662,000.00
Cash repayments of borrowings		380,000,000.00	1,400,000,000.00
Cash payments for distribution of dividends or profit or interest		333,589,040.71	315,547,137.22
Other cash payments relating to financing activities		402,325.25	2,702,654.14
Sub-total of cash outflows		713,991,365.96	1,718,249,791.36
Net Cash Flows from Financing Activities		(450,705,365.96)	(651,587,791.36)
IV. Effect of Foreign Exchange Rate Changes on Cash and		(1,274,170.98)	1,046,355.96
V. Net Increase (Decrease) in Cash and Cash Equivalents		132,637,688.64	(234,214,110.51)
Add: Opening balance of Cash and Cash Equivalents		97,401,657.09	331,615,767.60
VI. Closing Balance of Cash and Cash Equivalents		230,039,345.73	97,401,657.09

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

Item	2017									2016 (restated)								
	Attributable to shareholders of the parent								Total shareholders' equity	Attributable to shareholders of the parent								Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others	Minority interests		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profit	Others	Minority interests	
I. Closing balance of the preceding year	644,763,730.00	167,480,381.25	(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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination involving enterprises	-	-	26,864,990.92	-	-	-	-	819,886,841.52	846,751,832.44	-	-	26,864,990.92	-	-	-	-	764,679,256.83	791,544,247.75
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	644,763,730.00	167,480,381.25	18,825,344.49	4,145,765.65	520,074,434.56	3,381,390,887.86	-	1,747,065,025.05	6,483,745,568.86	644,763,730.00	165,564,739.15	18,975,344.49	3,719,755.58	520,074,434.56	3,113,367,524.19	-	1,554,389,149.90	6,020,854,677.87
III. Changes for the year	-	-	975,000.00	621,607.80	-	184,692,254.31	-	(102,991,521.34)	83,297,340.77	-	1,915,642.10	(150,000.00)	426,010.07	-	268,023,363.67	-	192,675,875.15	462,890,890.99
(I) Total comprehensive income	-	-	975,000.00	-	-	504,495,064.39	-	209,363,710.68	714,833,775.07	-	-	(150,000.00)	-	-	532,376,492.97	-	229,073,527.95	761,300,020.92
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognized in shareholders'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	(319,802,810.08)	-	(312,431,865.50)	(632,234,675.58)	-	-	-	-	-	(264,353,129.30)	-	(36,392,732.50)	(300,745,861.80)
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	(319,802,810.08)	-	(312,431,865.50)	(632,234,675.58)	-	-	-	-	-	(264,353,129.30)	-	(36,392,732.50)	(300,745,861.80)
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	621,607.80	-	-	-	76,633.48	698,241.28	-	-	-	426,010.07	-	-	-	(4,920.30)	421,089.77
1. Withdrawn in the period	-	-	-	17,456,696.76	-	-	-	7,404,742.09	24,861,438.85	-	-	-	21,328,063.02	-	-	-	7,305,065.01	28,633,128.03
2. Utilized in the period	-	-	-	(16,835,088.96)	-	-	-	(7,328,108.61)	(24,163,197.57)	-	-	-	(20,902,052.95)	-	-	-	(7,309,985.31)	(28,212,038.26)
(VI) Others	-	-	-	-	-	-	-	-	-	-	1,915,642.10	-	-	-	-	-	-	1,915,642.10
IV. Closing balance of the year	644,763,730.00	167,480,381.25	19,800,344.49	4,767,373.45	520,074,434.56	3,566,083,142.17	-	1,644,073,503.71	6,567,042,909.63	644,763,730.00	167,480,381.25	18,825,344.49	4,145,765.65	520,074,434.56	3,381,390,887.86	-	1,747,065,025.05	6,483,745,568.86

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

Item	2017							2016						
	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	-	-	975,000.00	(1,027,543.25)	-	411,707,778.17	411,655,234.92	-	957,821.05	(150,000.00)	(437,907.36)	-	(68,878,898.19)	(68,508,984.50)
(I) Total comprehensive income	-	-	975,000.00	-	-	731,510,588.25	732,485,588.25	-	-	(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 recognized 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. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss made up by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	(1,027,543.25)	-	-	(1,027,543.25)	-	-	-	(437,907.36)	-	-	(437,907.36)
1. Withdrawn in the period	-	-	-	2,239,851.36	-	-	2,239,851.36	-	-	-	2,621,610.60	-	-	2,621,610.60
2. Utilized in the period	-	-	-	(3,267,394.61)	-	-	(3,267,394.61)	-	-	-	(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	6,647,500.00	-	520,074,434.56	1,046,473,178.03	2,457,960,097.18	644,763,730.00	240,001,254.59	5,672,500.00	1,027,543.25	520,074,434.56	634,765,399.86	2,046,304,862.26

The accompanying notes form part of the financial statements.

(I) GENERAL INFORMATION OF THE COMPANY

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

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

The company's and consolidated financial statements have been approved by the Board of Directors on 5 March 2018.

The scope of consolidated financial statements in the current period involves 15 subsidiaries. See Note (VII) "Equity in other entities" for details. Changes in the scope of consolidated financial statements in the current period are subsidiaries acquired through business combination under common control. See Note (VI) "Changes in the consolidated scope" for details.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation of financial statements

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

Basis of accounting and principle of measurement

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

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

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

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS - continued

Basis of accounting and principle of measurement - continued

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

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

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

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

Going Concern

The Group evaluated its going concern ability within 12 months since 31 December 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 ("ASBE").

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 31 December 2017, and the Company's and consolidated results of operations and cash flows for the year then ended.

2. Accounting period

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

3. Operating cycle

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

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

4. Functional currency

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

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

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

5.1 Business combinations involving enterprises under common control

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

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

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

5.2 Business combinations not involving enterprises under common control and goodwill

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

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

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

(III) 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 is subject to for using the equity method.

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

8. Recognition criteria of cash and cash equivalents

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

9. Foreign currency transactions

9.1 Transactions denominated in foreign currencies

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

At the balance sheet date, foreign currency monetary items are translated into 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 Classification and recognition of financial liabilities

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(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	The accounts receivables amount over RMB 5,000,000.00 are recognized as individually significant receivables by the Group.
Provision methods for receivables that are individually significant and for which bad debt provision is individually assessed	For receivables that are individually significant, the Group assesses the receivables individually for impairment; for a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

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

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

Portfolios that use aging analysis for bad debt provision:

Aging	Provision proportion for accounts receivable (%)	Provision proportion for other receivables (%)
Within 180 days (inclusive)	0-3	0-3
More than 181 days but not exceeding year	5	5
More than 1 year but not exceeding 2 years	20	20
More than 2 years but not exceeding 3 years	50	50
More than 3 years	100	100

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

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

(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. Non-current assets held for sale and disposal group

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

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

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

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

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

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

14. Long-term equity investments

14.1 Basis for determining joint control and significant influence over investee

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

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

14. Long-term equity investments - continued

14.2 Determination of investment cost

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

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

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

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

14.3 Subsequent measurement and recognition of profit or loss

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

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

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

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

14. Long-term equity investments - continued

14.3 Subsequent measurement and recognition of profit or loss - continued

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

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

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

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

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

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

14. Long-term equity investments - continued

14.4 Disposal of long-term equity investments

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

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

15. Investment properties

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

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

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

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

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

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

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

16.2 Depreciation of each category of fixed assets

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

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

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

16.3 Other explanations

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

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

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

17. Construction in progress

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

18. Borrowing Costs

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

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

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

19. Intangible assets

Intangible assets include land use rights, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

19. Intangible assets - continued

Category	Amortization method	Estimated useful lives (years)	Residual value (%)
Land use rights	Straight-line method	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.

20. Impairment of long-term assets

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

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

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

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

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

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

21. Long-term prepaid expenses

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

22. Employee benefits

22.1 The accounting treatment of short-term employee benefits

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

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

22.2 The accounting treatment of post-employment benefits

All the post-employment benefits are defined contribution plans.

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

22.3 The accounting treatment of termination benefits

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

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

23. Provisions

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

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

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

24. Revenue

24.1 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.

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.

24.2 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.

25. Government grants

Government grants are transfer of monetary assets or non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attached to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

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

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

25. Government grants - continued

25.1 The accounting treatment of government grants related to assets

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

25.2 The accounting treatment of government grants related to income

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

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

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

26. Deferred tax assets/ deferred tax liabilities

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

26.1 Current income tax

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

26.2 Deferred tax assets and deferred tax liabilities

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

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

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

26. Deferred tax assets/ deferred tax liabilities - continued

26.2 Deferred tax assets and deferred tax liabilities - continued

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

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

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

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

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

26.3 Offset of income tax

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

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

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

27. Leases

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

27.1 The accounting treatment of operating leases

27.1.1 The Group as lessee under operating leases

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

27.1.2 The Group as lessor under operating leases

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

28. Safety Production Cost

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

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

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

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

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

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

Goodwill impairment

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

Recognition of deferred tax

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

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

30. Changes in Significant Accounting Policies

The Group started adopting the *Accounting Standard for Business Enterprise No.42 Held-for-sale Non-current Assets and Disposal Groups and Discontinued Operations* issued by Ministry of Finance ("MoF") in 2017, and the *Accounting Standard for Business Enterprise No.16 - Government Grants* revised by MoF in 2017 respectively since 28 May 2017 and 12 June 2017 respectively. Besides, the financial statements have been prepared under the *Notice of the Revised Format of Financial Statements for General Business Enterprise* (Cai Kuai (2017) No. 30, hereinafter referred to as the "Cai Kuai No.30 Document") released by the MoF on 25 December 2017.

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

30. Changes in Significant Accounting Policies - continued

Held-for-sale Non-current Assets and Disposal Groups and Discontinued Operations

Accounting Standard for Business Enterprise No.42 Held-for-sale Non-current Assets and Disposal Groups and Discontinued Operations specifies regulations for classifications and measurement of held-for-sale non-current assets or disposal group, requiring separately present profit or loss arising from continued operations or discontinued operations in the income statement with detailed disclosures about information of the held-for-sale non-current assets or disposal group and discontinued operations. This standard requires prospective approach for accounting treatment, which has no impact on the financial statements for the comparable years.

Government grants

Prior to the implementation of the *Accounting Standard for Business Enterprise No.16 - Government Grants (revised)*, a government grant related to an assets of the Group is recognized as deferred income and evenly amortized to non-operating income over the useful life of the related assets. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and included in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

After the implementation of the *Accounting Standard for Business Enterprise No.16 - Government Grants (revised)*, a government grant related to the Group's daily activities is recognized in other income; a government grant is not related to the Group's daily activities is recognized in non-operating income.

The Group has accounted for the above change in accounting policy prospectively. Such changes in accounting policy has no impact on the financial statements for the comparable years.

Presenting profit or loss from disposal of assets

Prior to the release of the Cai Kuai No. 30 Document, the gains or losses recognized from sales of held-for-sale non-current assets (excluding financial instruments, long-term equity investment or investment properties) or disposal group, and gains or losses arising from disposal of fixed assets, construction in progress, [bearer biological assets] and intangible assets not classified as held-for-sale are presented under the item of "non-operating income" or "non-operating expenses". After the release of the Cai Kuai No.30 Document, gains or losses recognized from sales of held-for-sale non-current assets (excluding financial instruments, long-term equity investment or investment properties) or disposal groups, and gains or losses arising from disposal of fixed assets, construction in progress and intangible assets not classified as held-for-sale are presented under the item of "income from disposal of assets". The Group has accounted for the above change in presenting accounts retrospectively, and adjusted comparable data for prior year.

The accounting policy adjustments above have been approved by the third session of the ninth board of directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

Taxes	Tax basis	Tax rate
Enterprise income tax	Taxable income	25%
Value-added Tax ("VAT")	Load and unload income, tugboat income, trailer income, warehousing income and agency income	6%
	Taxable income from vehicle maintenance and utilities supplies on ships in shore	11%, 13% and 17%
	Sales revenue of waste materials and lease income from tangible movable property	3% and 17%
	Taxable income from leases of immovable property and labor	5% and 6% (Note 2)
Business tax	Taxable income from leases of immovable property and labor	5% (Note 2)
City maintenance and construction tax	VAT and Business tax paid	5% and 7% (Note 1)
Education surtax	VAT and Business tax paid	3%
Regional education	VAT and Business tax paid	2%

Entities using different enterprise income tax rate:

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

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

Note 2: Pursuant to the *Notice of the Ministry of Finance and the State Administration of Taxation ("SAT") on Full Launch of the Pilot Scheme on Levying Value-added Tax in Place of Business Tax* (filed as Cai Shui [2016] No. 36), a full implementation of replacing business tax with VAT has been launched. Therefore, the Group is subject to VAT at 11% and 6% respectively for rental income from immovable property and income from labor dispatching since 1 May 2016.

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

(IV) TAXES - continued

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. 2017 is the first year that the income tax can be reduced by half for DGT (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. 2017 is the sixth profit-making year of berth 13A#, hence, the income tax can be reduced by half. (2016: reduced by half).

According to the joint verification by Science and Technology Innovation Commission of Shenzhen Municipality, Finance Commission of Shenzhen Municipality, Shenzhen Provincial Office, SAT and Shenzhen Local Taxation Bureau, Chiwan Container Terminal Co., Ltd ("CCT"), a subsidiary of the Group, is a high-tech enterprise, and was subject to tax preference of 3-year enterprise income tax rate of 15% commencing from 2017. Hence, CCT has calculated its income tax at a rate of 15% in 2017 (2016: 15%).

According to the *Notice on Taxable Services Subject to "VAT" Tax Rate of Zero and Exemption issued by the Ministry of Finance and State Administration of Taxation* (filed as Cai Shui [2011] No.131), and approvals released by Shekou National Taxation Bureau in Shenzhen (filed as Shen Guo Shui She Jian Mian Bei [2015] No.0153 and [2015] respectively), Shenzhen Mawan Port Co., Ltd., Shenzhen Mawan Terminals Co., Ltd., CCT, CHCC and Shenzhen Chiwan International Freight Agency Co., Ltd, the subsidiaries of the Group, are exempted from VAT when providing logistics support service to overseas enterprises except for warehousing service.

According to the *Notice on Preferential Policies and Preferential Catalogues of Enterprises' Income Tax in Shenzhen, Qianhai, Hong Kong - Shenzhen Modern Service Industry Cooperation Zone issued by the Ministry of Finance and State Administration of Taxation*, to facilitate the development of Hong Kong - Shenzhen modern service industry in Qianhai, the subsidiaries of the Group, Shenzhen Mawan Wharf Co., Ltd., Shenzhen Mawan Port Co, Ltd. and Shenzhen Mawan Terminals Co., Ltd., are qualified companies for the conditions of preferential tax policies and are subject to a 15% income tax rate from 1 January 2014 to 31 December 2020. The income tax rate applied for above-mentioned subsidiaries in 2017 is 15% (2016: 15%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

	Closing balance	Opening balance (restated)
Cash		
RMB	4,571.01	21,827.50
USD	472.68	501.82
HKD	8,463.74	9,056.68
Subtotal	13,507.43	31,386.00
Bank deposit		
RMB	511,080,264.02	304,743,201.95
USD	207,753,058.97	180,653,060.77
HKD	98,916,257.63	56,578,455.19
Subtotal	817,749,580.62	541,974,717.91
Other cash and bank balances (Note)		
RMB	430,591.27	73,695.48
USD	-	-
HKD	-	-
Subtotal	430,591.27	73,695.48
Total	818,193,679.32	542,079,799.39
Including: The total amount of funds deposited overseas	9,138,298.28	73,966,792.08

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

2. Notes receivable

Unit: RMB

Category	Closing balance	Opening balance (restated)
Bank acceptance bills	500,000.00	900,000.00

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

3. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: RMB

Item	Closing balance					Opening balance (restated)				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and independently bad debt provision assessed accounts	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	6,426,396.40	2.48	-	-	6,426,396.40	3,729,376.80	1.69	-	-	3,729,376.80
Portfolio 2	247,603,038.77	95.84	307,965.73	0.12	247,295,073.04	211,889,871.39	95.95	812,599.84	0.38	211,077,271.55
Subtotal of portfolios	254,029,435.17	98.32	307,965.73	0.12	253,721,469.44	215,619,248.19	97.64	812,599.84	0.38	214,806,648.35
Individually significant and independently bad debt provision assessed accounts	4,332,576.39	1.68	972,084.00	22.44	3,360,492.39	5,211,077.78	2.36	5,211,077.78	100.00	-
Total	258,362,011.56	100.00	1,280,049.73	0.50	257,081,961.83	220,830,325.97	100.00	6,023,677.62	2.73	214,806,648.35

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 (restated)			
	Carrying amount	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	247,012,608.73	175,921.39	0.07	246,836,687.34	211,773,012.16	773,594.15	0.37	210,999,418.01
More than 1 year but not exceeding 2 years	572,447.76	114,489.55	20.00	457,958.21	96,941.93	19,388.39	20.00	77,553.54
More than 2 years but not exceeding 3 years	854.98	427.49	50.00	427.49	600.00	300.00	50.00	300.00
More than 3 years	17,127.30	17,127.30	100.00	-	19,317.30	19,317.30	100.00	-
Total	247,603,038.77	307,965.73	0.12	247,295,073.04	211,889,871.39	812,599.84	0.38	211,077,271.55

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

Unit: RMB

Item	Opening balance (restated)	Increase	Decrease		Closing balance
			Reversal	Write-off	
Accounts receivable	6,023,677.62	-	4,743,627.89	-	1,280,049.73

(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	88,889,019.14	34.40	8,594.75
Customer B	Customer	28,187,833.02	10.91	86,720.99
Customer C	Customer	20,234,109.09	7.83	5,146.50
Customer D	Customer	9,877,473.17	3.82	2,387.50
Customer E	Customer	7,773,037.16	3.02	-
Total		154,961,471.58	59.98	102,849.74

4. Prepayments

(1) Prepayments presented by aging

Unit: RMB

Aging	Closing balance		Opening balance (restated)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	4,320,070.94	99.20	7,582,790.99	96.58
More than 1 year but not exceeding 2 years	34,759.22	0.80	93,750.00	1.19
More than 2 years but not exceeding 3 years	-	-	175,000.00	2.23
Total	4,354,830.16	100.00	7,851,540.99	100.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**(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 Insurance Company (Group) of China Limited.	Supplier	2,066,689.55	47.46
China Life Insurance Co., Ltd Shenzhen Branch	Supplier	718,618.68	16.50
Kingdee Software (China) Company Limited	Supplier	696,154.90	15.99
China Continent Property Insurance Co., Ltd.	Supplier	249,030.11	5.72
Shenzhen Tiara Computer Tech Co., Ltd.	Supplier	158,974.36	3.64
Total		3,889,467.60	89.31

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

5. Interest receivable**(1) Interest receivable**

Unit: RMB

Category	Closing balance	Opening balance (restated)
Fixed term deposit	1,175,305.39	129,125.26

(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 ("COHA (Laizhou)")	-	54,159,674.42	54,159,674.42	-	No
China Ocean Shipping Agency (Shenzhen) Co., Ltd ("Ocean Shipping Agency")	-	8,997,000.00	8,997,000.00	-	No
Jiang Su Ninghu Expressway Co., Ltd	-	420,000.00	420,000.00	-	No
Total	-	63,576,674.42	63,576,674.42	-	

(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 31 DECEMBER 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 (restated)				
	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	14,909,269.24	68.48	100,000.00	0.67	14,809,269.24	76,919,393.45	80.59	100,000.00	0.13	76,819,393.45
Portfolio 2	6,863,693.53	31.52	463,424.48	6.75	6,400,269.05	18,523,722.73	19.41	1,194,629.70	6.45	17,329,093.03
Subtotal of portfolios	21,772,962.77	100.00	563,424.48	2.59	21,209,538.29	95,443,116.18	100.00	1,294,629.70	1.36	94,148,486.48
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	21,772,962.77	100.00	563,424.48	2.59	21,209,538.29	95,443,116.18	100.00	1,294,629.70	1.36	94,148,486.48

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

Unit: RMB

Aging	Closing balance				Opening balance (restated)			
	Carrying amount	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	6,400,269.05	-	-	6,400,269.05	18,022,393.45	723,624.26	4.02	17,298,769.19
More than 1 year but not exceeding 2 years	-	-	-	-	37,904.80	7,580.96	20.00	30,323.84
More than 3 years	463,424.48	463,424.48	100.00	-	463,424.48	463,424.48	100.00	-
Total	6,863,693.53	463,424.48	6.75	6,400,269.05	18,523,722.73	1,194,629.70	6.45	17,329,093.03

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

Unit: RMB

Item	Opening balance (restated)	Increase	Decrease		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 (restated)
Temporary payments	10,351,198.79	6,892,201.24
Deposits	5,523,098.82	4,075,350.03
Others	5,898,665.16	84,475,564.91
Total	21,772,962.77	95,443,116.18

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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
CMBL	Temporary payments from related parties	7,171,552.07	Within 1 year	32.95	-
Shenzhen Nanhai Grains Industry Co., Ltd	Temporary payments from non-related parties	3,899,775.98	Within 1 year	17.91	-
Finance Department of Ministry of Transport	Deposits and guarantee	1,600,000.00	More than 3 years	7.35	-
China Nanshan Development (Group) Incorporation ("Nanshan Group")	Temporary payments from	1,124,300.09	Within 1 year	5.16	-
Mediterranean Shipping Company (Hong Kong) Ltd.	Temporary payments from non-related parties	980,762.13	More than 2 years	4.50	-
Total		14,776,390.2		67.87	-

8. Inventories

(1) Categories of inventories

Unit: RMB

Item	Closing balance			Opening balance (restated)		
	Carrying amount	Provision for decline in value of inventories	Book value	Carrying amount	Provision for decline in value of inventories	Book value
Spare parts	22,247,160.09	972,744.93	21,274,415.16	22,378,126.14	972,744.93	21,405,381.21
Fuel	588,064.94	-	588,064.94	605,666.32	-	605,666.32
Total	22,835,225.03	972,744.93	21,862,480.10	22,983,792.46	972,744.93	22,011,047.53

(2) Provision for decline in value of inventories

Unit: RMB

Item	Opening balance (restated)	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 (restated)
Added-value tax to be certified and deducted	33,491,432.18	18,310,220.71

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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	26,887,500.00	3,128,300.00	23,759,200.00	25,587,500.00	3,128,300.00	22,459,200.00
Measured at fair value	9,850,000.00	-	9,850,000.00	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	26,887,500.00	3,128,300.00	23,759,200.00	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	9,850,000.00
Accumulated amount of changes in fair value included in the other comprehensive income	8,730,000.00
Provision amount for impairment	-

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

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

Unit: RMB

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

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

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

10. Available-for-sale financial assets - continued

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

Unit: RMB

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

11. Long-term equity investments

Unit: RMB

Investees	Accounting method	Investment cost	Opening balance (restated)	Changes								Closing balance	Closing value of provision for impairment
				Increase	Decrease	Investment profit or loss under equity method	Reconciling items from other comprehensive income	Other equity movements	Cash dividends or profits announced of issuance	Provision for impairment	Others		
I. Joint ventures													
COHA (Laizhou) (Note)	Equity method	749,655,300.00	794,981,306.22	-	-	42,846,672.03	-	-	54,159,674.41	-	-	783,668,303.84	-
Hunan Changsha Xianing Inland Port Co., Ltd.	Equity method	2,500,000.00	2,366,508.72	-	-	120,932.91	-	-	-	-	-	2,487,441.63	-
Subtotal		752,155,300.00	797,347,814.94	-	-	42,967,604.94	-	-	54,159,674.41	-	-	786,155,745.47	-
II. Associates													
China Merchants Holdings (International) Information Technology Co., Ltd	Equity method	1,875,000.00	14,595,240.92	-	-	2,280,756.73	-	-	-	-	-	16,875,997.65	-
CMBL	Equity method	280,000,000.00	339,931,866.76	-	-	9,656,430.09	-	-	-	-	-	349,588,296.85	-
Subtotal		281,875,000.00	354,527,107.68	-	-	11,937,186.82	-	-	-	-	-	366,464,294.50	-
Total		1,034,030,300.00	1,151,874,922.62	-	-	54,904,791.76	-	-	54,159,674.41	-	-	1,152,620,039.97	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

12. Investment properties

(1) Investment properties measured under cost method

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Total original carrying amount	43,579,258.14	-	-	43,579,258.14
1. Buildings	14,947,127.30	-	-	14,947,127.30
2. Land use right	28,632,130.84	-	-	28,632,130.84
II. Total accumulated depreciation and	19,932,344.37	825,832.08	-	20,758,176.45
1. Buildings	5,463,497.40	312,359.64	-	5,775,857.04
2. Land use right	14,468,846.97	513,472.44	-	14,982,319.41
III. Total net book value of investment	23,646,913.77			22,821,081.69
1. Buildings	9,483,629.90			9,171,270.26
2. Land use right	14,163,283.87			13,649,811.43
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			22,821,081.69
1. Buildings	9,483,629.90			9,171,270.26
2. Land use right	14,163,283.87			13,649,811.43

(2) Investment properties without ownership certificates

As of 31 December 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 RMB 19,710,775.46 (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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

13. Fixed assets

(1) Fixed assets

Unit: RMB

Item	Opening balance (restated)	Increase	Decrease	Closing balance
I. Total original carrying amount	7,381,087,130.43	339,010,532.61	37,052,178.24	7,683,045,484.80
Including: Port and terminal facilities	2,806,942,181.98	36,069,200.42	-	2,843,011,382.40
Container yards and buildings	1,102,227,138.89	211,972,887.35	2,584,771.61	1,311,615,254.63
Mechanical equipment	3,006,976,812.07	58,837,108.30	18,497,919.25	3,047,316,001.12
Motor vehicles, cargo ships and tugboats	281,987,115.69	11,097,055.46	15,099,384.37	277,984,786.78
Other equipment	182,953,881.80	21,034,281.08	870,103.01	203,118,059.87
II. Total accumulated depreciation	3,452,328,737.88	275,528,878.91	31,587,319.55	3,696,270,297.24
Including: Port and terminal facilities	779,457,165.00	63,362,069.19	-	842,819,234.19
Container yards and buildings	296,862,970.28	26,430,103.62	362,962.42	322,930,111.48
Mechanical equipment	2,068,826,228.87	162,411,796.96	16,658,439.55	2,214,579,586.28
Motor vehicles, cargo ships and tugboats	161,603,052.22	13,697,429.10	13,741,465.59	161,559,015.73
Other equipment	145,579,321.51	9,627,480.04	824,451.99	154,382,349.56
III. Total net book value of fixed assets	3,928,758,392.55			3,986,775,187.56
Including: Port and terminal facilities	2,027,485,016.98			2,000,192,148.21
Container yards and buildings	805,364,168.61			988,685,143.15
Mechanical equipment	938,150,583.20			832,736,414.84
Motor vehicles, cargo ships and tugboats	120,384,063.47			116,425,771.05
Other equipment	37,374,560.29			48,735,710.31
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	3,871,338,923.59			3,929,355,718.60
Including: Port and terminal facilities	2,023,223,417.50			1,995,930,548.73
Container yards and buildings	752,206,299.13			935,527,273.67
Mechanical equipment	938,150,583.20			832,736,414.84
Motor vehicles, cargo ships and tugboats	120,384,063.47			116,425,771.05
Other equipment	37,374,560.29			48,735,710.31

Note 1: The increase of total original carrying amount for current period consists of new acquisition of RMB 24,718,505.86, and an increase of RMB 314,292,026.75 transferred from construction in progress. The decrease of total original carrying amount for current period consists of a decrease of RMB 34,484,606.63 resulting from disposal of fixed assets, and a decrease of RMB 2,567,571.61 resulting from renovation and expansion transferred into construction in progress.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

13. Fixed assets - continued

(1) Fixed assets - continued

Note 2: The increase in accumulated depreciation for current period consists of charge for the current year of RMB 275,528,878.91. The decrease in accumulated depreciation for current period consists of a decrease of RMB 31,236,646.38 resulting from disposal of fixed assets, and a decrease of RMB 350,673.17 resulting from renovation and expansion transferred into construction in progress.

Note 3: As of 31 December 2017, the Group has no fixed assets that used as collateral.

Note 4: As of 31 December 2017, the certificates of title for the Group's buildings with a net book value of RMB 498,020,680.88 (total original carrying amount: RMB 631,180,877.86) have not yet been obtained. For buildings located within the scope of Chiwan watershed with net book value of RMB 28,752,171.48 (original carrying amount: RMB 118,960,638.21), the underlying reasons and management's solutions for obtaining certificates of title are set out in Note (V) 15, and the rest certificates of title are under the process of application.

(2) Other issues

Unit: RMB

Item	Amount	Note
The original amounts of fixed assets fully depreciated but still in use at 31 December 2017	896,851,984.85	
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	34,484,606.63	
Net book value of fixed assets disposed or retired in the current year	3,247,960.25	
Gains or losses on disposal or retire of fixed assets	(443,638.20)	

14. Construction in progress

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

Unit: RMB

Item	Closing balance			Opening balance (restated)		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
RTG remote control system, Mawan Port	28,862,136.68	-	28,862,136.68	37,260.71	-	37,260.71
Ship-to-shore electricity project, Chiwan Port	13,924,096.37	-	13,924,096.37	94,339.62	-	94,339.62
Relavant construction work of 50.86 meters coastline, Machong Port	5,397,252.58	-	5,397,252.58	5,130,743.15	-	5,130,743.15
Bulk grain warehouses Phase II, Machong Port	-	-	-	123,199,182.41	-	123,199,182.41
Technological transformation of Berth 7#, Chiwan Port	-	-	-	20,061,782.13	-	20,061,782.13
Two 25-ton cranes, Chiwan Port	-	-	-	7,548,717.95	-	7,548,717.95
Others	38,134,181.07	-	38,134,181.07	11,021,081.36	-	11,021,081.36
Total	86,317,666.70	-	86,317,666.70	167,093,107.33	-	167,093,107.33

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

14. Construction in progress - continued

(2) Changes in significant construction in progress

Unit: RMB

Item	Budget amount	Opening balance (restated)	Increase in the current year	Transfer to fixed assets	Decrease in the current period	Closing balance	Proportion of accumulated construction investment in budget (%)	Constructi on progress (%)	Amount of accumulated capitalized interest	Including: capitalized interest for the current period	Interest capitalizatio n rate for the current period (%)	Capital source
Bulk grain warehouses Phase II, Machong Port (Note)	320,000,000.00	123,199,182.41	121,685,781.09	244,877,663.40	7,300.10	-	76.53	100.00	2,559,278.55	2,452,099.38	4.35	Self- funding and loan
Technological transformation of Berth 7# , Chiwan Port	29,500,000.00	20,061,782.13	3,510,765.00	23,572,547.13	-	-	79.91	100.00	-	-	-	Self-funding
Two 25-ton cranes, Chiwan Port	16,000,000.00	7,548,717.95	5,042,078.63	12,590,796.58	-	-	78.69	100.00	-	-	-	Self-funding
Relavant construction work of 50.86 meters coastline, Machong Port	36,000,000.00	5,130,743.15	266,509.43	-	-	5,397,252.58	14.99	14.99	-	-	-	Self-funding
Mawan Port Area RTG Remote Control System	46,562,033.00	37,260.71	28,824,875.97	-	-	28,862,136.68	61.99	61.99	-	-	-	Self-funding
Ship-to-shore electricity project, Chiwan Port	18,860,000.00	94,339.62	13,829,756.75	-	-	13,924,096.37	73.83	73.83	-	-	-	Self-funding
Others	857,220,696.87	11,021,081.36	60,519,844.38	33,251,019.64	155,725.03	38,134,181.07	8.35	8.35	-	-	-	Self-funding
Total	1,324,142,729.87	167,093,107.33	233,679,611.25	314,292,026.75	163,025.13	86,317,666.70			2,559,278.55	2,452,099.38		

Note: The increase of Bulk grain warehouses Phase II, Machong Port includes RMB 2,216,898.44 transferred from fixed assets.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

15. Intangible assets

Unit: RMB

Item	Opening carrying amount (restated)	Increase	Decrease (Note)	Closing carrying amount
I. Total original carrying amount	2,117,778,444.09	903,410.46 (Note 1)	12,390,080.00	2,106,291,774.55
Land use rights - prepaid under lease (Note 3)	1,200,267,573.00	-	12,390,080.00	1,187,877,493.00
Land use rights - prepaid under investment (Note 3)	624,286,031.00	-	-	624,286,031.00
Land use rights - purchased	116,702,512.59	-	-	116,702,512.59
Computer software	44,582,177.50	903,410.46	-	45,485,587.96
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	719,845,480.26	48,611,375.75 (Note 2)	12,390,080.00	756,066,776.01
Land use rights - prepaid under lease (Note 3)	488,732,433.09	27,923,899.77	12,390,080.00	504,266,252.86
Land use rights - prepaid under investment (Note 3)	178,424,821.48	13,068,641.88	-	191,493,463.36
Land use rights - purchased	8,861,845.00	2,386,226.16	-	11,248,071.16
Computer software	31,448,644.55	2,391,765.11	-	33,840,409.66
Sea area use rights	9,833,948.08	1,453,322.07	-	11,287,270.15
Coast line use rights	2,543,788.06	1,387,520.76	-	3,931,308.82
III. Total net carrying amount of intangible assets	1,397,932,963.83			1,350,224,998.54
Land use rights - prepaid under lease (Note 3)	711,535,139.91			683,611,240.14
Land use rights - prepaid under investment (Note 3)	445,861,209.52			432,792,567.64
Land use rights - purchased	107,840,667.59			105,454,441.43
Computer software	13,133,532.95			11,645,178.30
Sea area use rights	62,106,201.92			60,652,879.85
Coast line use rights	57,456,211.94			56,068,691.18
IV. Total provision for impairment losses	-	-	-	-
Land use rights - prepaid under lease (Note 3)	-	-	-	-
Land use rights - prepaid under investment (Note 3)	-	-	-	-
Land use rights - purchased	-	-	-	-
Computer software	-	-	-	-
Sea area use rights	-	-	-	-
Coast line use rights	-	-	-	-
V. Total carrying value of intangible assets	1,397,932,963.83			1,350,224,998.54
Land use rights - prepaid under lease (Note 3)	711,535,139.91			683,611,240.14
Land use rights - prepaid under investment (Note 3)	445,861,209.52			432,792,567.64
Land use rights - purchased	107,840,667.59			105,454,441.43
Computer software	13,133,532.95			11,645,178.30
Sea area use rights	62,106,201.92			60,652,879.85
Coast line use rights	57,456,211.94			56,068,691.18

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

15. Intangible assets - continued

Note 1: Purchased in the current year.

Note 2: Amortization for the current year is RMB 48,611,375.75 in amortization increased in the current year.

Note 3: The Group has obtained the land use right for berth and container yard located in Chiwan watershed area with original amount of RMB 1,400,288,984.00 from Nanshan Group. The tenure 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 270,692.00 sq. meters (original amount: RMB 122,623,476.00) was contributed by Nanshan Group as capital injection at corporate restructuring of the Company. The rest land use rights were obtained from Nanshan Group by long-term leasing.

The Group has obtained a land of 576,826.31 sq. meters in Mawan port area from Shenzhen Nanyou (Holdings) Ltd., which was contributed by Shenzhen Nanyou (Holdings) Ltd. as capital injection in the Company with an original amount of RMB 501,662,555.00 and useful life of 50 years.

Since Nanshan Group has not yet obtained official certificates of land use rights for the above lands so far, the Group has no certificates of title for relevant land and buildings either.

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

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

As of 31 December 2017, long-term lease agreements for land use rights of 162,103.00 square meters with total original carrying amount of RMB 111,997,264.16 mentioned above have expired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

16. Goodwill

Unit: RMB

Investee	Opening balance	Increase	Decrease	Closing balance
CCT	10,858,898.17	-	-	10,858,898.17

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

17. Long-term prepaid expenses

Unit: RMB

Item	Opening balance (restated)	Increase	Amortization	Other decrease	Closing balance	Original Cost	Residual useful life
Construction expenditure of Tonggu sea-route (Note)	101,733,178.91	-	3,838,083.60	-	97,895,095.31	113,732,222.23	25 years
Golf membership	524,607.06	-	141,701.28	-	382,905.78	1,374,700.00	1-4 years
Total	102,257,785.97	-	3,979,784.88	-	98,278,001.09	115,106,922.23	

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

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 (restated)	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred income	24,331,553.72	6,082,888.43	24,550,555.40	6,137,638.85
Organization costs	17,866,660.19	3,849,377.27	21,347,408.91	4,410,860.21
Provision for impairment losses of	3,769,729.29	645,051.62	7,809,066.75	1,573,299.80
Depreciation of fixed assets and amortization of intangible assets	655,737.43	158,184.38	620,721.18	146,555.33
Others	1,567,295.02	295,524.73	1,303,115.87	232,628.97
Total	48,190,975.65	11,031,026.43	55,630,868.11	12,500,983.16

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

18、Deferred tax assets and deferred tax liabilities - continued

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

Unit: RMB

Item	Closing balance		Opening balance (restated)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Distributable profits of subsidiaries	168,036,856.00	8,401,842.80	83,749,595.64	4,187,479.79
Change in fair value of available-for-sale financial assets	8,730,000.00	2,182,500.00	7,430,000.00	1,857,500.00
Total	176,766,856.00	10,584,342.80	91,179,595.64	6,044,979.79

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

Unit: RMB

Item	Closing amount of deferred tax assets and liabilities that are offset	Closing amount of deferred tax assets or liabilities after offsetting	Opening amount of deferred tax assets and liabilities that are offset	Opening amount of deferred tax assets or liabilities after offsetting (restated)
Deferred tax assets	-	11,031,026.43	-	12,500,983.16
Deferred tax liabilities	-	10,584,342.80	-	6,044,979.79

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance (restated)
Deductible temporary differences	100,527,084.72	103,923,397.54
Deductible losses	97,692,947.25	177,001,767.54
Total	198,220,031.97	280,925,165.08

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	
2018	26,336,715.12	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	
2022	-	-	
Total	97,692,947.25	177,001,767.54	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

19. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance (restated)
Land Use Right (Note)	132,334,704.86	132,334,704.86
Prepayments for construction	-	35,000.00
Total	132,334,704.86	132,369,704.86

Note: In March and October 2006, November 2007 and September 2014, the Group entered into *Cooperation Framework Agreement on Usage of Coastline and Land for 2# - 5# Berth at Machong Port in Dongguan* and its supplementary agreements with Dongguan Humen Port Administration Commission. The Group purchased use rights of coastline and land with a total area of 800,000 square meters, including waters with depth of 700 meters from the front of terminal, and coastline from berth 2# to berth 5# with a total length of 1,200 meters at Dongguan Machong Port at a consideration of RMB 260,000,000. As the Group has not obtained the use right certificates for the above land, the relevant prepayments were therefore recognized as other non-current assets.

20. Short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance (restated)
Credit loan	-	241,270,000.00

21. Accounts payable

(1) Details of accounts payable

Unit: RMB

Item	Closing balance	Opening balance (restated)
Service	44,304,587.96	49,774,479.80
Construction	43,202,625.18	13,400,672.28
Material purchase	30,935,681.72	27,348,170.78
Rental	11,740,186.97	9,619,783.53
Equipment	1,654,783.40	137,389.35
Total	131,837,865.23	100,280,495.74

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

22. Receipts in advance

Unit: RMB

Item	Closing balance	Opening balance (restated)
Service fee receipt in advance	56,571,454.49	49,703,772.23

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

23. Employee benefits payable

(1) Employee benefits payable

Unit: RMB

Item	Opening balance (restated)	Increase for the current period	Decrease for the current period	Closing balance
I. Short-term benefits	97,667,816.67	386,599,936.65	388,906,281.23	95,361,472.09
II. Post-employment benefits - defined contribution plans	-	47,139,312.93	47,139,312.93	-
III. Termination benefits	1,996,668.00	3,141,704.20	5,138,372.20	-
Total	99,664,484.67	436,880,953.78	441,183,966.36	95,361,472.09

(2) Short-term benefits

Unit: RMB

Item	Opening balance (restated)	Increase for the current period	Decrease for the current period	Closing balance
I. Wages and salaries, bonuses, allowances and subsidies	82,899,106.80	324,205,920.43	325,903,969.28	81,201,057.95
II. Staff welfare	-	13,522,190.01	13,522,190.01	-
III. Social insurance charges	535.54	12,778,372.10	12,778,907.64	-
Including: Medical insurance	-	10,086,675.70	10,086,675.70	-
Work injury insurance	535.54	1,511,854.22	1,512,389.76	-
Maternity insurance	-	1,179,842.18	1,179,842.18	-
IV. Housing funds	-	24,186,082.37	24,186,082.37	-
V. Labor union and employee education funds	14,768,174.33	6,977,192.41	7,584,952.60	14,160,414.14
VI. Others	-	4,930,179.33	4,930,179.33	-
Total	97,667,816.67	386,599,936.65	388,906,281.23	95,361,472.09

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

(3) Post-employment benefits - defined contribution plans

Unit: RMB

Item	Opening balance	Increase for the current period	Decrease for the current period	Closing balance
I. Basic pension (Note 1)	-	33,451,551.32	33,451,551.32	-
II. Unemployment insurance (Note 1)	-	373,211.19	373,211.19	-
III. Enterprise annuity plan (Note 2)	-	13,314,550.42	13,314,550.42	-
Total	-	47,139,312.93	47,139,312.93	-

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

Note 1: The Group participates in the social security contributions and the unemployment insurance plan established by government institutions as required. According to such plans, the Group contributes 14% (13% for staff without Shenzhen householder register) of monthly basic salary, 0.8% (0.5% for staffs in Dongguan City) respectively to such plans based on the minimum salary benchmark.

During the year, the Group is obliged to contribute RMB 33,451,551.32 and RMB 373,211.19 respectively to the social security contributions and the unemployment insurance plan (2016: RMB 31,212,905.44 and RMB 479,051.35). As at 31 December 2017, the Group have no outstanding contributions to be paid to the social security contributions and the unemployment insurance plan.

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

24. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance (restated)
Enterprise income tax	25,424,119.87	27,459,680.42
Withholding tax (Note)	65,293,498.27	21,288,297.33
VAT	1,069,482.94	3,614,856.45
Others	4,666,000.58	4,791,715.80
Total	96,453,101.66	57,154,550.00

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

25. Interest payable

Unit: RMB

Item	Closing balance	Opening balance (restated)
Mid-term bill interest	1,977,287.68	1,952,876.72
Short-term bonds interest	1,701,205.47	614,383.56
Short-term borrowings interest	-	1,010,113.86
Total	3,678,493.15	3,577,374.14

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

26. Dividends payable

Unit: RMB

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

27. Other payables

(1) Other payables presented by the nature

Unit: RMB

Item	Closing balance	Opening balance (restated)
Amount payable for construction and quality warranty	86,447,160.37	39,951,471.27
Temporary receipts	21,982,817.14	6,659,236.12
Deposits received	6,979,760.22	8,152,838.15
Security expense payable	3,573,384.96	7,942,731.71
Others	19,029,375.43	16,151,082.16
Total	138,012,498.12	78,857,359.41

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

28. Other current liabilities

(1) Short-term bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Short-term bonds payable	100,000,000.00	250,000,000.00

(2) Changes of short-term bonds payable:

Unit: RMB

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance	Amount issued in the current period	Interest accrued at par during the year	Discount or premium amortization	Repayment in the current year	Closing balance
16 Chiwan port SCP003 (Note1)	250,000,000.00	07/12/2016	180 days	250,000,000.00	250,000,000.00	-	4,193,835.62	-	250,000,000.00	-
17 Chiwan port SCP001 (Note2)	100,000,000.00	21/08/2017	270 days	100,000,000.00	-	100,000,000.00	1,701,205.47	-	-	100,000,000.00
Total	350,000,000.00			350,000,000.00	250,000,000.00	100,000,000.00	5,895,041.09	-	250,000,000.00	100,000,000.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

28. Other current liabilities - continued

Note1: According to the *Notice of Registration Acceptance* (filed as Zhong Shi Xie Zhu [2015] No. SCP121) issued by China's Interbank Market Dealers Association, the Company issued short-term commercial paper.

Note2: According to the *Notice of Registration Acceptance* (filed as Zhong Shi Xie Zhu [2017] No. SCP235) issued by China's Interbank Market Dealers Association, the Company issued short-term commercial paper.

29. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Mid-term bills	298,931,506.83	298,331,506.85

(2) Changes of bonds payable

Unit: RMB

Name of bond	Face value	Date of issue	Term of the bond	Amount of issue	Opening balance	Amount issued in the current period	Interest accrued at par during the year	Discount or premium amortization	Repayment in the current year	Closing balance
Chiwan Wharf MTN001(Note)	100.00	11/10/2016	3 years	300,000,000.00	298,331,506.85	-	8,934,410.96	599,999.98	-	298,931,506.83

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

30. Long-term payables

Unit: RMB

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

Note: In accordance with the agreement on the management of key construction fund for agricultural development of China (Yue [2016] 062802(Jian Guan) No. 1) entered into among Shenzhen Branch of Agricultural Development Bank of China, CMCI and the Company's subsidiary, Shenzhen Mawan Terminals Co., Ltd., Agricultural Development of China Key Construction Fund Co., Ltd. as issuer of the loan, Shenzhen Branch of Agricultural Development Bank of China as manager of the loan, released loan to CMCI amounting to RMB 25,000,000.00. The interest rate of the loan is 1.2% per annum, and the term of the loan is from 30 June 2016 to 29 June 2026. Such special borrowing is used for the smart port construction project based on the "Internet Plus". According to the management agreement, the Company's subsidiary, Shenzhen Mawan Terminals Co., Ltd. is the executor of the project, which accordingly bears interest expenses relevant to such borrowing.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

31. Special payables

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Refunds of Harbor Construction Fee	34,326,860.44	-	1,763,438.03	32,563,422.41	Note

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

32. Deferred income

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Deferred income	64,613,319.88	100,000,000.00	8,564,322.39	156,048,997.49	
Including: Berth priority right	35,636,464.68	-	6,805,840.88	28,830,623.80	Note 1
Government grants related to assets	28,976,855.20	100,000,000.00	1,758,481.51	127,218,373.69	Note 2, Note 3
Total	64,613,319.88	100,000,000.00	8,564,322.39	156,048,997.49	

Note 1: This item represents berth priority right with total amounts to USD 14,000,000 that agreed in the contract signed in 2003. The Group should satisfy the berthing requirement of contracted customers in priority during the contract period. According to the contract, the berth priority right should be amortized over twenty years on the straight-line basis.

Note 2: The item represents the government grants received by the Group which is based on the *Announcement Released by National Development and Reform Commission about 2010 Investment Plans within Budget of Grains and Modern Logistics Program* (NDRC[2010] No.1263), the *Announcement Released by Guangdong Provincial Department of Finance about 2012 Provincial Special Funds to Guide the Development of Modern Service Project* (Yue Jing Xin [2012] No. 883) and *Transportation of energy saving special funds Interim Measures* (Cai Jian [2011] No. 374), *Nanshan District, Shenzhen, energy saving projects funded sub contract, Announcement Released by Reform and Development Commission of Guangdong Province and the Grain Bureau of Guangdong Province about 2015 Investment Plans within Budget of Grains and Modern Logistics Program* (GDRC[2015] No.521), *Measures Released by Dongguan Government about Grants Management to Special Fund Program for the Development of National and Provincial Industries* (DGM[2013]No.162), *Interim Measures Released by Shenzhen Government about the Management to Special Fund used in Recycling Economy and Energy Savings, and the Reply of Ministry of Transport to Implementation Program of Building 19 Regional Projects such as the Construction of a Green Recycling Low-carbon Transportation City by Beijing Government* (Transportation Law Letter[2014]No.499), *The Ministry of Finance, Ministry of Technology and Science, Ministry of Industry and Information, National Development and Reform Commission's Notice on Financial Support to Application of New Energy Vehicles from 2016 to 2020* (Cai Jian [2015]No.134). The government grants shall be amortized on the straight-line basis over the useful life of the related assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

32. Deferred income - continued

Note: The item represents government grants received by the Group which is based on *Announcement Released by Reform and Development Commission of Guangdong Province and the Grain Bureau of Guangdong Province about 2017 Investment & Division Plans within Budget of Grains and Modern Warehousing & Logistics Program* (GDRC[2017] No.420). The government grants shall be amortized on the straight-line basis over the useful life of the related assets.

Programs related with government grants:

Unit: RMB

Liability Program	Opening balance	New subsidy of the year	The amount included in other income of the year	Other changes	Closing balance	Related to assets/Related to income
Special funds for modern logistics project	23,193,044.06	100,000,000.00	166,956.48	-	123,026,087.58	Related to assets
Reward for energy saving	1,806,666.62	-	960,879.19	-	845,787.43	Related to assets
Special funds for energy-saving and emission reduction of transportation	1,770,000.00	-	360,000.00	-	1,410,000.00	Related to assets
Special funds for development of modern service guide	1,357,511.80	-	52,045.20	-	1,305,466.60	Related to assets
Subsidy for electric buses	783,333.32	-	200,000.04	-	583,333.28	Related to assets
Green carbon harbor thematic projects subsidy granted by central government	66,299.40	-	18,600.60	-	47,698.80	Related to assets
Total	28,976,855.20	100,000,000.00	1,758,481.51	-	127,218,373.69	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

33. Share capital

Unit: RMB

Unit: RMB

	Opening balance	Changes for the period					Closing balance
		New issue of share	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
2017:							
I. Restricted tradable shares							
1 State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	-	-	-	-	-	-	-
3. Other domestic shares	305,100.00	-	-	-	-	-	305,100.00
4. Other foreign shares	-	-	-	-	-	-	-
Total restricted tradable shares	305,100.00	-	-	-	-	-	305,100.00
II. Non-restricted tradable shares							
1. Ordinary shares denominated in RMB	464,866,050.00	-	-	-	-	-	464,866,050.00
2. Foreign capital shares listed domestically	179,592,580.00	-	-	-	-	-	179,592,580.00
3. Foreign capital shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total non-restricted tradable shares	644,458,630.00	-	-	-	-	-	644,458,630.00
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

34. Capital reserve

Unit: RMB

Items	Opening balance (restated)	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	-	-	-	-
Capitalization of capital reserve	-	-	-	-
Other capital reserve	3,920,298.25	-	-	3,920,298.25
Including: Equity split from convertible corporate bonds	-	-	-	-
Fair value of equity-settled share-based equity instrument	-	-	-	-
Surplus of compensation granted by government for relocation in the public interests	-	-	-	-
Transfer from capital reserve under the previous accounting system	(2,781,133.00)	-	-	(2,781,133.00)
Others	6,701,431.25	-	-	6,701,431.25
Total	167,480,381.25	-	-	167,480,381.25
2016:				
Capital premium	163,560,083.00	-	-	163,560,083.00
Including: Capital contributed by investors	163,560,083.00	-	-	163,560,083.00
Exercised conversion option of convertible corporate bonds	-	-	-	-
Debt converted into capital	-	-	-	-
Differences arising from business combination involving enterprises under common control	-	-	-	-
Equity acquisition from minority shareholders of subsidiaries	-	-	-	-
Capitalization of capital reserve	-	-	-	-
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, CMBL.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

35. Other comprehensive income

Unit: RMB

Item	Opening balance (restated)	Amount incurred in current year					Closing balance
		Amount before income tax incurred in current year	Less: Amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	Less: Income tax 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	18,825,344.49	1,300,000.00	-	325,000.00	975,000.00	-	19,800,344.49
Including: Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss	100,000.00	-	-	-	-	-	100,000.00
Gains or losses on change in fair value of available-for- sale financial assets	5,572,500.00	1,300,000.00	-	325,000.00	975,000.00	-	6,547,500.00
Gains or losses on reclassification of held-to-maturity investments to available-for-sale	-	-	-	-	-	-	-
Effective portion of gains or losses on cash flow hedges	-	-	-	-	-	-	-
Translation differences of financial statements denominated in foreign currencies	13,152,844.49	-	-	-	-	-	13,152,844.49
Total	18,825,344.49	1,300,000.00	-	325,000.00	975,000.00	-	19,800,344.49
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	18,975,344.49	(200,000.00)	-	(50,000.00)	(150,000.00)	-	18,825,344.49
Including: Share of other comprehensive income of the investee under the equity method that will be reclassified to profit or loss	100,000.00	-	-	-	-	-	100,000.00
Gains or losses on change in fair value of available-for- sale financial assets	5,722,500.00	(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	-	-	-	-	-	-	-
Effective portion of gains or losses on cash flow hedges	-	-	-	-	-	-	-
Translation differences of financial statements denominated in foreign currencies	13,152,844.49	-	-	-	-	-	13,152,844.49
Total	18,975,344.49	(200,000.00)	-	(50,000.00)	(150,000.00)	-	18,825,344.49

36. Special reserve

Unit: RMB

Item	Opening balance (restated)	Increase	Decrease	Closing balance
2017:				
Production safety fee	4,145,765.65	17,456,696.76	16,835,088.96	4,767,373.45
2016:				
Production safety fee	3,719,755.58	21,328,063.02	20,902,052.95	4,145,765.65

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

37. 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.

38. 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	504,495,064.39	
Less: Appropriation to statutory surplus reserve	-	
Appropriation to discretionary surplus reserve	-	Note 1
Transfer to general reserve	-	
Ordinary shares' dividends payable	319,802,810.08	Note 2
Ordinary shares' dividends converted into share capital	-	
Unappropriated profit at the end of the year	3,566,083,142.17	
2016:		
Before adjustment: Unappropriated profit at the end of prior year	3,113,367,524.19	
Adjustment: Total unappropriated profit at the beginning of year	-	
After adjustment: Unappropriated profit at the beginning of year	3,113,367,524.19	
Add: Net profit attributable to shareholders of the Company for the year	532,376,492.97	
Less: Appropriation to statutory surplus reserve	-	
Appropriation to discretionary surplus reserve	-	
Transfer to general 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****38. Unappropriated profit - continued**

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

Pursuant to the resolution of shareholders' meeting on 05 June 2017, on the basis of 644,763,730 issued shares for the year ended 31 December 2016, dividends of RMB 4.96 (tax included) for every 10 shares were distributed to all shareholders, which amounted to RMB 319,802,810.08.

Note 3: Profit distribution decided after the balance sheet date

According to the profit appropriation proposal made at the third session of the ninth Board of Directors held on 5 March 2018, on the basis of 644,763,730 issued shares as at 31 December 2017, cash dividends of RMB 850,443,359.87 will be distributed to all shareholders. The above proposal regarding dividends distribution is yet to be approved at the shareholders' meeting.

Note 4: Appropriation to surplus reserve made by subsidiaries

As of 31 December 2017, the balance of the Group's unappropriated profit included appropriation to surplus reserve made by subsidiaries amounting to RMB 613,003,934.55 (31 December 2016: RMB 599,794,013.11).

39. Operating income and operating costs

Unit: RMB

Item	2017		2016 (restated)	
	Income	Cost	Income	Cost
Principal operating	2,450,556,279.21	1,443,443,573.77	2,361,197,171.78	1,339,990,068.22
Other operating	5,662,555.42	1,784,472.99	20,286,228.16	2,788,128.53
Total	2,456,218,834.63	1,445,228,046.76	2,381,483,399.94	1,342,778,196.75

40. Taxes and levies

Unit: RMB

Item	2017	2016 (restated)
Property tax	4,594,310.14	4,492,735.09
City construction and maintenance tax	1,430,267.53	1,641,217.32
Education surcharges	1,173,983.80	1,323,833.89
Business tax	-	1,344,260.81
Others	3,741,595.87	4,141,326.51
Total	10,940,157.34	12,943,373.62

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

41. Administrative expenses

Unit: RMB

Item	2017	2016 (restated)
Employee benefits	124,711,718.66	146,189,751.25
Depreciation expenses	3,296,836.36	3,234,137.85
Amortization of intangible assets	1,366,573.55	1,251,695.60
Others	47,970,494.22	37,771,322.00
Total	177,345,622.79	188,446,906.70

42. Financial expenses

Unit: RMB

Item	2017	2016 (restated)
Interest expense	23,427,181.20	44,115,161.52
Less: Capitalized interest expenses	2,452,099.38	107,179.17
Less: Interest income	9,966,309.69	6,831,334.81
Exchange differences	14,888,202.55	(8,122,691.68)
Others	1,327,197.49	3,559,983.32
Total	27,224,172.17	32,613,939.18

43. Impairment losses of assets

Unit: RMB

Item	2017	2016 (restated)
I. Bad debt losses	(5,474,833.11)	6,482,674.79
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	(5,474,833.11)	6,482,674.79

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

44. Investment Income

(1) Details of investment income

Unit: RMB

Item	2017	2016 (restated)
Long-term equity investments income under equity method	54,904,791.76	73,372,711.31
Investment income on available-for-sale financial assets	9,417,000.00	6,292,187.85
Total	64,321,791.76	79,664,899.16

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

Unit: RMB

Investees	2017	2016 (restated)	Reasons for increases or decreases in the current compared to the prior period
COHA (Laizhou)	42,846,672.03	60,183,170.19	Changes in net profit of investee
CMBL	9,656,430.09	11,353,161.00	Changes in net profit of investee
China Merchants Holdings (International) Information Technology Co., Ltd	2,280,756.73	1,761,382.97	Changes in net profit of investee
Hunan Xianing Inland Port Co., Ltd.	120,932.91	74,997.15	Changes in net profit of investee
Total	54,904,791.76	73,372,711.31	

45. Gains or losses on disposal of assets

Unit: RMB

Item	2017	2016	Amount recognized as non-recurring gain and loss in the current period
Gains (losses) on disposal of non-current assets	431,343.46	(123,667.77)	431,343.46
Including: Gains (losses) on disposal of fixed assets	405,854.46	15,768.62	405,854.46
Others	25,489.00	(139,436.39)	25,489.00

46. Other income

Unit: RMB

Item	2017	2016	Related to assets / related to income
Reward for energy saving	960,879.19	-	Related to assets
Special funds for energy-saving and emission reduction of transportation	360,000.00	-	Related to assets
Subsidy for electric buses	200,000.04	-	Related to assets
Special funds for modern logistics project	166,956.48	-	Related to assets
Ship-to-shore power application demonstration, Shenzhen Port	60,000.00	-	Related to assets
Special funds for development of modern service guide	52,045.20	-	Related to assets
Green carbon harbor thematic projects subsidy granted by central government	18,600.60	-	Related to assets
Award for advance retirement of old vehicles	15,000.00	-	Related to income
Post subsidies for social security purpose	9,950.24	-	Related to income
Total	1,843,431.75	-	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

47. Non-operating income

(1) Non-operating income

Unit: RMB

Item	2017	2016 (restated)	Amount recognized as non-recurring gain and loss in the current period
Government grants	-	6,142,644.12	-
Income from insurance compensation	-	1,421,480.12	-
Elimination on outstanding payables	-	1,657,990.69	-
Others	2,533,092.56	2,025,863.84	2,533,092.56
Total	2,533,092.56	11,247,978.77	2,533,092.56

(2) Government grants

Unit: RMB

Item	2017	2016 (restated)	Related to assets/ Related to income
Support fund for the 1st batch of headquarter enterprises in Qianhai Shenzhen-Hong Kong Cooperation Area	-	5,080,200.00	Related to income
Special funds for energy-saving and emission reduction of transportation	-	360,000.00	Related to assets
Subsidy for electric buses	-	216,666.68	Related to assets
Reward for energy saving	-	200,000.04	Related to assets
Special funds for modern logistics project	-	166,956.48	Related to assets
Special funds for development of modern service guide	-	52,045.20	Related to assets
Green carbon harbor thematic projects subsidy granted by central government	-	39,977.60	Related to assets
Post subsidies for social security purpose	-	20,000.00	Related to income
Government grant for new energy vehicles	-	6,798.12	Related to income
Total	-	6,142,644.12	

48. Non-operating expenses

Unit: RMB

Item	2017	2016 (restated)	Amount recognized as non-recurring gain and loss in the current period
Gains on retirement of non-current assets	849,492.66	2,627,539.83	849,492.66
Including: Gains on retirement of fixed assets	849,492.66	2,627,539.83	849,492.66
Amercement outlay	6,000.00	107,882.00	6,000.00
Donations contributed	-	4,136.48	-
Others	104,896.42	416,306.13	104,896.42
Total	960,389.08	3,155,864.44	960,389.08

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued****49. Income tax expenses**

Unit: RMB

Item	2017	2016 (restated)
Current tax expenses	149,581,844.32	121,910,262.81
Deferred income tax	5,684,319.74	2,491,370.89
Total	155,266,164.06	124,401,633.70

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

Unit: RMB

Item	2017	2016 (restated)
Accounting profit	869,124,939.13	885,851,654.62
Income tax expenses calculated at 25% (the prior year: 25%)	217,281,234.78	221,462,913.66
Effect of expenses that are not deductible for tax purposes	6,182,709.57	716,786.13
Effect of tax-free income	(14,317,154.27)	(17,631,199.97)
Effect of current period deductible losses and deductible temporary differences unrecognized as deferred tax assets	-	3,200,218.92
Effect of previous deductible losses and deductible temporary differences unrecognized as deferred tax assets	(20,676,283.28)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,595,286.17	(126,475.90)
Effect of tax preference policy	(66,935,602.73)	(84,289,582.66)
Withholding tax (Note)	32,422,804.55	3,426,536.43
Effect of adjustments to previous year income tax	95,154.17	(22,956.92)
Tax adjustments result in changes in the opening deferred tax assets / liabilities balance	395,301.67	(615,141.87)
Tax effect of additional deductions of research and development expenses	(1,777,286.57)	(1,719,464.12)
Income tax expenses	155,266,164.06	124,401,633.70

Note: Withholding income tax was accrued at the rate of 5% or 10% for dividends receivable of Chiwan Wharf Holdings (Hong Kong) Limited and Shiny Fame Limited from Mainland China.

50. Other comprehensive income

Please refer to Note (V) 35.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

51. Borrowing cost

Unit: RMB

Item	2017		2016 (restated)	
	Amount of borrowing costs capitalized during the year	Capitalization rate	Amount of borrowing costs capitalized during the year	Capitalization rate
Construction in progress	2,452,099.38	4.35%	107,179.17	4.35%
Borrowing costs capitalized during the year	2,452,099.38		107,179.17	
Borrowing costs recognized in profit or loss during the year	20,975,081.82		44,007,982.35	
Total of borrowing costs during the year	23,427,181.20		44,115,161.52	

52. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Unit: RMB

Item	2017	2016 (restated)
Government grants	100,084,950.24	6,188,398.12
Refunds of river channel occupation fee	14,469,500.00	-
Interest income	8,808,492.37	6,967,497.72
Rentals	2,435,592.00	1,521,334.00
Guarantees and deposits	1,548,866.00	2,923,428.04
Insurance indemnity	1,340,830.85	741,344.92
Refunds of harbor construction fee	42,213.21	151,912.85
Others	17,768,197.83	29,383,476.96
Total	146,498,642.50	47,877,392.61

(2) Other cash payments relating to operating activities

Unit: RMB

Item	2017	2016 (restated)
Port expenses	17,995,144.87	10,418,259.98
Rentals	8,567,294.36	5,862,321.23
Port construction fee	6,867,636.93	5,423,145.77
Office expenses & utilities	6,722,896.78	4,855,730.35
Consulting & auditing	5,150,624.27	3,352,281.61
Property insurance	4,253,327.31	2,716,404.91
Guarantees and deposits	3,343,865.41	415,985.93
Port administration fee	3,006,275.75	5,178,148.40
Entertainment	1,871,386.80	2,768,027.64
Temporary payments	1,647,074.35	1,900,735.98
Vehicles	1,417,809.64	2,490,783.32
Travel & accommodation	956,412.65	2,134,343.11
River channel occupation fee	-	14,469,500.00
Others	15,085,621.80	39,145,679.17
Total	76,885,370.92	101,131,347.40

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

(3) Other cash receipts relating to investing activities

Unit: RMB

Item	2017	2016 (restated)
Restream from CMCI cash pooling	277,100,000.00	203,270,256.00

(4) Other cash payments relating to investing activities

Unit: RMB

Item	2017	2016 (restated)
Payments for CMCI cash pooling	210,000,000.00	215,970,256.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

(5) Other cash payments relating to financing activities

Unit: RMB

Item	2017	2016
Debt issue costs	402,325.25	2,702,654.14

53. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Closing balance	Opening balance (restated)
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	713,858,775.07	761,450,020.92
Add: Provision for impairment losses of assets	(5,474,833.11)	6,482,674.79
Depreciation of fixed assets	275,528,878.91	278,763,392.80
Depreciation of investment property	825,832.08	913,968.27
Amortization of intangible assets	48,611,375.75	48,795,709.79
Amortization of long-term prepaid expenses	3,979,784.88	3,985,618.22
Losses (Gains) on disposal of fixed assets , intangible assets and other long-term assets	(431,343.46)	123,667.77
Losses on retirement of fixed assets , intangible assets and other long-term assets	849,492.66	2,615,220.41
Financial expenses	40,001,842.60	40,898,882.34
Losses (gains) arising from investments	(64,321,791.76)	(79,664,899.16)
Decrease (Increase) in deferred tax assets	1,469,956.73	(1,216,971.35)
Increase in deferred tax liabilities	4,214,363.01	479,137.55
Decrease in inventories	148,567.43	3,164,928.97
Decrease(Increase) in operating receivables	25,855,985.47	(9,825,869.36)
Increase in operating payables	117,164,868.05	64,067,143.11
Net Cash Flows from Operating Activities	1,162,281,754.31	1,121,032,625.07
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	818,193,679.32	542,079,799.39
Less: Opening balance of cash	542,079,799.39	786,512,195.73
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase (Decrease) in cash and cash equivalents	276,113,879.93	(244,432,396.34)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

53. Supplementary information to the cash flow statement - continued

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance (restated)
I. Cash	818,193,679.32	542,079,799.39
Including: Cash on hand	13,507.43	31,386.00
Bank deposits	817,749,580.62	541,974,717.91
Other monetary funds	430,591.27	73,695.48
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	818,193,679.32	542,079,799.39

54. Asset with restricted ownership or use right

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

55. Foreign currency monetary items

Item	Closing balance of foreign currency	Exchange rate	Closing amount in RMB
Cash and bank balances			306,678,253.02
Including: HKD	118,345,162.54	0.8359	98,924,721.37
USD	31,794,792.27	6.5342	207,753,531.65
Accounts receivable			12,973,639.48
Including: HKD	16,338,922.91	0.8359	13,657,705.66
USD	(104,690.12)	6.5342	(684,066.18)
Interest receivable			417,580.12
Including: HKD	134,066.46	0.8359	112,066.15
USD	46,756.14	6.5342	305,513.97
Other receivables			183,405.92
Including: HKD	219,301.88	0.8359	183,314.44
USD	14.00	6.5342	91.48
Accounts payable			2,858,955.26
Including: HKD	3,420,212.06	0.8359	2,858,955.26
Other payables			529,668.20
Including: HKD	931,270.46	0.8359	778,448.98
USD	(38,073.64)	6.5342	(248,780.78)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(VI) CHANGES IN SCOPE OF CONSOLIDATION**1. Business combination involving enterprises under common control**

(1) Business combinations involving enterprises under common control occurred in the current period

Unit: RMB

Name of acquiree	Proportion of equity acquired by business combination	Basis of judgement as business combination involving enterprises under common control	The combination date	Basis for determining the combination date	Revenue from the beginning of the period to the combination date	Net profit from the beginning of the period to the combination date	Revenue in the comparative period	Net profit in the comparative period
Media Port Investments Limited	50%	Note 1	30/09/2017	Note 2	422,895,477.64	135,542,110.31	371,769,868.09	92,084,563.95

Note 1: The Company and the acquiree are ultimately controlled by China Merchants Group Limited ("CMG") both before and after the combination, and that control is not transitory.

Note 2: China Merchants Port Holdings Co., Ltd ("CMPH") and the Company respectively hold 50% shares of Media Port Investments Limited. The board of directors is the authority with supreme power of Media Port Investments Limited, which comprises six directors. CMPH and the Company appoint three directors respectively. Significant events of Media Port Investments Limited shall be resolved by the affirmative vote of a simple majority of directors present at the meeting. Where votes are equal, chairman has the right to cast another vote or the decisive vote. Before 30 September 2017, Media Port Investments Limited's chairman was delegated by CMPH. The Company did not control Media Port Investments Limited and recorginsed it as an associate. On 23 August 2017, the Company entered into *The Supplementary Agreement to Media Port Investments Limited Shareholders Agreement* with CMPH, according to which a director was appointed as chairman by the Company. The Company accomplished the appointment of Media Port Investments Limited's chairman on 30 September 2017 and obtained control of Media Port Investments Limited. According to accounting treatment for business combination under common control, starting from 30 September 2017, the financial status and profit or loss of Media Port Investments Limited is included in the consolidated financial statements by the beginning of comparison period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued****1. Business combination involving enterprises under common control - continued****(2) Carrying amount of the acquiree's assets and liabilities on the combination date**

Unit: RMB

	The combination date	At the end of previous period
Assets:		
Cash and bank balances	201,292,833.78	116,043,096.52
Notes receivable	-	400,000.00
Accounts receivable	396,590,299.29	494,191,999.15
Interest receivable	141,375.26	129,125.26
Other receivable	6,138,677.30	75,559,147.30
Prepayments	4,240,770.68	5,211,782.46
Inventories	7,804,475.99	7,239,637.44
Other current assets	1,842,289.84	1,478,008.35
Long-term equity investments	2,316,699.70	2,366,508.72
Fixed assets	775,711,252.05	834,683,965.31
Construction in progress	6,549,036.96	2,488,749.02
Intangible assets	378,722,378.73	387,165,512.82
Long-term prepaid expenses	45,887,558.22	47,313,309.33
Deferred tax assets	279,224.69	279,224.69
Liabilities:		
Short-term borrowings	155,000,000.00	241,270,000.00
Accounts payable	31,844,310.28	12,212,022.35
Interest payable	-	1,010,113.86
Other payable	16,163,319.30	12,325,495.17
Receipts in advance	20,993,189.24	19,035,559.56
Employee benefits payable	9,184,062.60	11,085,992.41
Taxes payable	11,237,098.33	8,649,720.20
Long-term payables	25,000,000.00	25,000,000.00
Deferred tax liabilities	7,183,634.10	4,187,479.78
Net assets	1,550,911,258.64	1,639,773,683.04
Minority interests	775,455,629.32	819,886,841.52
Net assets acquired	775,455,629.32	819,886,841.52

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(VII) EQUITY IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Unit: RMB

Full name of the subsidiary	Principal place of business	Place of incorporation	Nature of business	Registered Capital (in ten thousand Yuan unless otherwise stated)	Actual capital contribution at the end of the period	Balance of other items substantively constituting net investments in the subsidiary	Proportion of ownership Interest (%)		Proportion of voting power (%)	Consolidated or not	Approach of acquiring
							Direct ownership interest	Indirect ownership interest			
Shenzhen Chiwan International Freight Agency Co., Ltd	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	550.00	5,500,000.00	-	100.00	-	100.00	Y	Established through investment
Chiwan Wharf Holdings (Hong Kong) Limited	Hong Kong SAR, PRC	Hong Kong SAR, PRC	Investment	HKD 1,000,000.00	1,070,000.00	11,004,285.00	100.00	-	100.00	Y	Established through investment
Dongguan Chiwan Warf Co., Ltd. ("DGW")	Dongguan, PRC	Dongguan, PRC	Logistics support services	45,000.00	382,500,000.00	-	85.00	-	85.00	Y	Established through investment
DGT	Dongguan, PRC	Dongguan, PRC	Logistics support services	40,000.00	400,000,000.00	-	100.00	-	100.00	Y	Established through investment
Hinwin Development Limited	Hong Kong SAR, PRC	Hong Kong SAR, PRC	Investment	HKD 10,000.00	6,278,500.00	94,014,181.00	100.00	-	100.00	Y	Established through investment
CHCC	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	28,820.00	250,920,000.00	-	100.00	-	100.00	Y	Combination involving enterprises under common control
Shenzhen Chiwan Transportation Co., Ltd	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	1,500.00	7,000,000.00	-	100.00	-	100.00	Y	Combination involving enterprises under common control
CCT	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	USD 95,300,000.00	485,990,004.00	-	55.00	-	55.00	Y	Combination involving enterprises under common control
Shenzhen Chiwan Tugboat Co., Ltd	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	2,400.00	24,000,000.00	-	100.00	-	100.00	Y	Combination involving enterprises under common control
Chiwan Shipping (Hong Kong) Limited	Hong Kong SAR, PRC	Hong Kong SAR, PRC	Logistics support services	HKD 800,000.00	856,000.00	-	100.00	-	100.00	Y	Combination involving enterprises under common control
Media Port Investments Limited (Note)	Shenzhen, PRC	British Virgin Islands	Investment	USD 10.00	42.14	-	50.00	-	50.00	Y	Combination involving enterprises under common control
Shiny Fame Limited (Note)	Hong Kong SAR, PRC	Hong Kong SAR, PRC	Investment	HKD 1.00	0.97	-	-	100.00	100.00	Y	Combination involving enterprises under common control
Shenzhen Mawan Wharf Co., Ltd. (Note)	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	20,000.00	120,155,434.00	-	-	60.00	60.00	Y	Combination involving enterprises under common control
Shenzhen Mawan Port Co., Ltd. (Note)	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	20,000.00	120,155,434.00	-	-	60.00	60.00	Y	Combination involving enterprises under common control
Shenzhen Mawan Terminals Co., Ltd. (Note)	Shenzhen, PRC	Shenzhen, PRC	Logistics support services	33,500.00	201,578,083.53	-	-	60.00	60.00	Y	Combination involving enterprises under common control

Note: Shenzhen Mawan Wharf Co., Ltd., Shenzhen Mawan Port Co., Ltd., Shenzhen Mawan Terminals Co., Ltd., and Shiny Fame Limited are subsidiaries of Media Port Investments Limited, which were included in the scope of consolidated financial statements on 30 September 2017. Please refer to Note (VI) 1 Note 2.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(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				
DGW	15%	9,569,883.39	-	87,165,123.43
CCT	45%	92,767,094.87	-	661,365,910.74
Media Port Investments Limited	50%	107,026,732.42	39,636,273.27	895,542,469.54
Total		209,363,710.68	39,636,273.27	1,644,073,503.71
2016				
DGW	15%	8,269,117.03	-	115,005,875.45
CCT	45%	129,204,093.72	95,677,829.00	812,172,308.09
Media Port Investments Limited	50%	91,600,317.20	43,544,816.92	819,886,841.51
Total		229,073,527.95	139,222,645.92	1,747,065,025.05

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(VII) EQUITY IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

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

Unit: RMB

Name of the subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
DGW	137,772,942.26	1,112,570,229.43	1,250,343,171.69	559,146,733.45	124,331,553.70	683,478,287.15	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
CCT	678,711,591.05	1,522,110,310.61	2,200,821,901.66	667,684,799.02	63,435,078.77	731,119,877.79	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
Media Port Investments Limited	723,321,487.94	1,709,272,300.47	2,432,593,788.41	380,488,300.65	261,020,548.69	641,508,849.34	700,252,796.48	1,274,297,269.89	1,974,550,066.37	305,588,903.53	29,187,479.78	334,776,383.31

Unit: RMB

Name of the subsidiary	2017				2016			
	Operating income	Net profit	Total comprehensive	Cash flows from operating	Operating income	Net profit	Total comprehensive	Cash flows from operating
DGW	288,983,282.12	63,799,222.57	63,799,222.57	215,631,600.62	257,657,559.13	55,127,446.88	55,127,446.88	131,145,552.45
CCT	705,811,823.85	206,149,099.70	206,149,099.70	122,100,729.05	780,248,364.76	287,120,208.26	287,120,208.26	387,145,173.82
Media Port Investments Limited	543,924,913.63	214,053,464.84	214,053,464.84	179,992,073.15	498,144,098.40	183,200,634.40	183,200,634.40	293,277,720.96

(4) Entities newly added to the scope of consolidation in the current year.

Please refer to Note (VI) 1.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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
				31 December 2017	31 December 2016	31 December 2017	31 December 2016	
COHA (Laizhou)	Laizhou	Laizhou	Warehousing and logistics	40.00	40.00	40.00	40.00	Equity method

(2) Financial information of material joint venture

Unit: RMB

	COHA (Laizhou)	
	Closing balance/2017	Opening balance/2016
Current assets	427,943,558.13	472,412,233.11
Including: cash and cash equivalent	352,242,258.50	428,471,301.05
Non-current assets	1,750,656,867.73	1,746,234,554.37
Total assets	2,178,600,425.86	2,218,646,787.48
Current liabilities	52,930,096.22	60,897,644.03
Non-current liabilities	168,728,000.00	172,396,000.00
Total liabilities	221,658,096.22	233,293,644.03
Minority interests	845,811.39	974,119.24
Total equity attributable to shareholders of the parent company	1,956,096,518.25	1,984,379,024.21
Net assets calculated based on the proportion of ownership interest	782,438,607.30	793,751,609.68
Adjustments		
- Goodwill	-	-
- Unrealized Profits Resulting from Intragroup Transactions	-	-
- Others	1,229,696.54	1,229,696.54
Carrying amounts of equity investments in Joint	783,668,303.84	794,981,306.22
Operating income	335,088,800.85	363,088,369.45
Financial expenses	(5,112,205.67)	(6,142,578.84)
Income tax expenses	37,509,182.79	24,846,767.07
Net profit	107,015,673.01	150,392,274.39
Other comprehensive income	-	-
Total comprehensive income	107,015,673.01	150,392,274.39
Dividends received from joint ventures in the current year	54,159,674.41	36,132,189.03

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(VII) EQUITY IN OTHER ENTITIES - continued**2. Interests in joint ventures and associates - continued****(3) Summarized financial information of immaterial associates and joint ventures**

Unit: RMB

	Closing balance/2017	Opening balance/2016 (restated)
Joint ventures:		
Total carrying amounts of investment	2,487,441.63	2,366,508.72
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	120,932.91	74,997.15
- Other comprehensive income		
- Total comprehensive income	120,932.91	74,997.15
Associates:		
Total carrying amounts of investment	366,464,294.50	354,527,107.68
Aggregate of following items calculated based on the proportion of ownership interest		
- Net profit	11,937,186.82	13,114,543.97
- Other comprehensive income	-	-
- Total comprehensive income	11,937,186.82	13,114,543.97

(4) As at 31 December 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, notes receivable, account receivables, interest receivable, other receivables, available-for-sale financial assets, account payables, interest payable, dividends payable, other payables, other current liabilities, bonds payable and long-term payables. Details of these financial instruments are disclosed in Note (V). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

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

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

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

1.1 Market risk**1.1.1 Currency risk**

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with USD and HKD. Several of the Group's subsidiaries have purchases and sales denominated in HKD while the Group's other principal activities are denominated and settled in RMB. As at 31 December 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 amount in RMB	Opening amount in RMB (restated)
Cash and bank balances	306,678,253.02	237,241,074.46
Including: HKD	98,924,721.37	56,587,511.87
USD	207,753,531.65	180,653,562.59
Accounts receivable	12,973,639.48	27,973,186.41
Including: HKD	13,657,705.66	7,088,798.71
USD	(684,066.18)	20,884,387.70
Interest receivable	417,580.12	-
Including: HKD	112,066.15	-
USD	305,513.97	-
Other receivables	183,405.92	130,267.72
Including: HKD	183,314.44	130,267.72
USD	91.48	-
Accounts payable	2,858,955.26	2,420,067.92
Including: HKD	2,858,955.26	2,420,067.92
Other payables	529,668.20	1,695,567.15
Including: HKD	778,448.98	2,031,319.68
USD	(248,780.78)	(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. According to the current risk exposure and judgment of the exchange rate movements, management considers the probable heavy loss resulted from foreign exchange rate fluctuation to be fairly low.

Sensitivity analysis on currency risk

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

Unit: RMB

Item	Changes in exchange rate	Closing balance		Opening balance (restated)	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
All foreign currencies	5% increase against RMB	15,843,212.75	15,843,212.75	13,061,444.68	13,061,444.68
All foreign currencies	5% decrease against RMB	(15,843,212.75)	(15,843,212.75)	(13,061,444.68)	(13,061,444.68)

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******1.1.2 Interest rate risk - changes in cash flows - continued***

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

Unit: RMB

Item	Changes in interest rate	Closing balance		Opening balance (restated)	
		Effect on profits	Effect on shareholders' equity	Effect on profits	Effect on shareholders' equity
Short-term borrowings	1% increase	-	-	2,412,700.00	2,412,700.00
Short-term borrowings	1% decrease	-	-	(2,412,700.00)	(2,412,700.00)

1.1.3 Other price risk

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

1.2 Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**(VIII) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued****1. Risk management objectives and policies - continued****1.3 Liquidity risk**

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

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

Unit: RMB

Item	Carrying amount	Total amount	Within 1 year	1-5 years	More than 5 years
The non-derivative financial assets					
Cash and bank balances	818,193,679.32	818,193,679.32	818,193,679.32	-	-
Notes receivable	500,000.00	500,000.00	500,000.00	-	-
Accounts receivable	257,081,961.83	257,081,961.83	257,081,961.83	-	-
Interest receivable	1,175,305.39	1,175,305.39	1,175,305.39	-	-
Other receivables	21,209,538.29	21,209,538.29	21,209,538.29	-	-
Available-for-sale financial assets	23,759,200.00	23,759,200.00	23,759,200.00	-	-
The non-derivative financial liabilities					
Accounts payable	131,837,865.23	131,837,865.23	131,837,865.23	-	-
Interest payable	3,678,493.15	3,678,493.15	3,678,493.15	-	-
Dividends payable	263,384,499.42	263,384,499.42	263,384,499.42	-	-
Other payables	142,041,482.84	142,041,482.84	142,041,482.84	-	-
Other current liabilities	100,000,000.00	104,700,000.00	104,700,000.00	-	-
Bonds payable	298,931,506.83	315,867,123.29	8,910,000.00	306,957,123.29	-
Long-term payables	25,000,000.00	27,550,000.00	300,000.00	1,200,000.00	26,050,000.00

(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	9,850,000.00	-	-	9,850,000.00
- Equity instruments (Note)	9,850,000.00	-	-	9,850,000.00
Total assets measured at fair value continuously	9,850,000.00	-	-	9,850,000.00

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

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

Name of the parent	Related party relationship	Type of the entity	Place of incorporation	Legal representative	Nature of business	Issued share capital	Proportion of the entity's ownership interests held by the parent (%)	Proportion of the entity's voting power held by the parent (%)
CMPH	Parent company	Hong Kong listed	Hong Kong	Li Xiaopeng	Port shipping	HKD18,991,699,462	-	66.10 (Note)

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

2. Subsidiaries of the Company

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

3. Associates and joint ventures of the Company

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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
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
China Merchants Container Services Ltd. ("China Merchants Container")	Controlled by the same parent company
CMCI	Controlled by the same parent company
Malai Warehouse	Controlled by the same parent company
Shantou CMPort Group Co., Ltd. ("Shantou Port")	Controlled by the same parent company
Colombo International Container Terminals Limited ("CICT")	Controlled by the same parent company
Guangdong Yide Port Co., Ltd. ("Yide Port")	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
China Ocean Shipping Agency (Shenzhen) Co., Ltd. ("Ocean Shipping Agency")	Controlled by the same ultimate actual controller
Shenzhen China Merchants Shangzhi Investment Co., Ltd. ("China Merchants Shangzhi")	Controlled by the same ultimate actual controller
Shenzhen China Merchants International Shipping Agency Co., Ltd. ("Shipping Agency")	Controlled by the same ultimate actual controller
Youlian Shipyard (Shekou) Co. Ltd. ("Youlian Shipyard")	Controlled by the same ultimate actual controller
Shenzhen China Merchants Property Management Co., Ltd. ("China Merchants Property")	Controlled by the same ultimate actual controller
Guangzhou International Ocean Shipping Agency Co., Ltd. ("International Ocean Shipping")	Controlled by the same ultimate actual controller
China Ocean Shipping Tally Shenzhen Co., Ltd. ("Ocean Shipping Tally")	Controlled by the same ultimate actual controller
China Merchants Houlder Insurance Co., Ltd. ("Houlder Insurance")	Controlled by the same ultimate actual controller
Hoi Tung (Shanghai) Co., Ltd. ("Hoi Tung Shanghai")	Controlled by the same ultimate actual controller
Hoi Tung (Shenzhen) Co., Ltd. ("Hoi Tung Shenzhen")	Controlled by the same ultimate actual controller
Shenzhen South China Liquefied Gas Marine Co., Ltd. (South China Liquefied Gas)	Controlled by the same ultimate actual controller
China Marine Shipping Agency, Shenzhen Co., Ltd. ("CMSA")	Controlled by the same ultimate actual controller
Sinoway Shipping Ltd. ("Sinoway")	Controlled by the same ultimate actual controller
China Merchants Heavy Industry Shenzhen Co., Ltd. ("CMHI")	Controlled by the same ultimate actual controller
Sinotrans Shenzhen Customs Broker Co., Ltd. ("Sinotrans Customs Broker")	Controlled by the same ultimate actual controller
Sinotrans Shenzhen Logistics Co., Ltd. ("Sinotrans Logistics")	Controlled by the same ultimate actual controller
China Merchants Group Finance Company Limited ("CMFC")	Controlled by the same ultimate actual controller
Changjiang Shipping Science Research Institute Co., Ltd. ("Changjiang Shipping")	Controlled by the same ultimate actual controller
Shenzhen Chiwan Petroleum Supply Base Co., Ltd. ("Chiwan Base ")	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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

4. Other related parties of the Company - continued

Name of other related parties	Relationships between other related parties and the Company
Shenzhen Xuqin Industrial Development Co., Ltd. ("Xuqin")	Influenced significantly by parent company
China Development Financial Co., Ltd. ("CDFC")	Influenced significantly by parent company
Shenzhen Chiwan Oriental Logistics Co., Ltd. ("Chiwan Oriental Logistics")	Influenced significantly by parent company
COFCO-CMG (Shenzhen) Grains E-Trading Center Co., Ltd. ("COFCO-CMG")	Influenced significantly by parent company
Nanshan Group	Investor that has significant influence on the company
China Merchant Bank Co., Ltd. ("CMB")	Influenced significantly by the ultimate actual controller
HK International	Minority shareholder of the subsidiary
Hidoney	Minority shareholder of the subsidiary
Yihai Kerry	Minority shareholder of the subsidiary
Shenzhen Qianhai Bay Warehousing Service Co., Ltd. ("Qianhai Bay Warehousing")	Subsidiary of the associate

Note: On 15 August 2017, China Merchants Port Development (Shenzhen) Co., Ltd, subsidiary of the Group's parent company, contributed RMB 75,000,000 for holding 60% shares of Shantou Port Group Co., Ltd. (renamed as "Shantou CMPort Group Co., Ltd." after change in equity) and obtained control. Therefore, the Group has listed Shantou Port as related party since 15 August 2017.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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	Closing balance	Opening balance (restated)
Purchase of goods and Receipt of services:				
Haixing	Load and unload service	Negotiation	6,072,445.56	6,907,636.79
SCT	Load and unload service	Negotiation	5,815,854.72	25,785,447.33
CMSA	Platform use fee	Negotiation	4,072,313.14	3,691,752.00
China Merchants Holdings (International) Information Technology Co., Ltd	Technical service fee	Negotiation	4,096,462.21	5,190,420.77
China Merchants Property	Property management service	Negotiation	3,101,527.01	193,129.71
Haiqin Engineering	Engineering service	Negotiation	2,775,427.87	1,320,737.69
Chiwon Property	Property management service	Negotiation	2,124,874.41	2,080,632.12
Xuqin	Landscape Engineering	Negotiation	880,070.42	1,424,421.04
Lianda Tug	Tugging service	Negotiation	597,363.60	503,943.87
CMBL	Load and unload service	Negotiation	589,622.70	639,812.19
Ocean Shipping Agency	Agency service	Negotiation	496,305.00	576,990.00
Hoi Tung (Shanghai) Co., Ltd.	Purchase of goods	Negotiation	354,027.51	498,199.64
Changjiang Shipping	Project review service	Negotiation	250,000.00	-
Zengcheng Xinkang	Property management service	Negotiation	159,666.73	784,798.07
Houlder Insurance	Insurance service	Negotiation	75,471.70	-
Nanshan Group	Engineering service	Negotiation	66,641.01	-
Shipping Agency	Customs broker service	Negotiation	55,485.00	-
Chiwon Oriental Logistics	Load and unload service	Negotiation	3,783.78	-
CMPS	Purchase of goods	Negotiation	-	449,123.51
Ocean Shipping Tally	Load and unload service	Negotiation	-	377.36
Total			31,587,341.37	50,047,422.09

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued****5. Related party transactions - continued****(1) Provision and receipt of services - continued**

Unit: RMB

Related parties	Content of related party transaction	Pricing and decision-making procedures of related party transactions	Closing balance	Opening balance (restated)
Rendering of services:				
SCT	Load and unload service etc.	Negotiation	22,131,279.58	26,405,111.07
Ocean Shipping Agency	Tugboat service etc.	Negotiation	17,297,087.73	14,360,875.75
Haixing	Load and unload service	Negotiation	3,994,575.47	-
CMSA	Tugboat service etc.	Negotiation	3,559,371.51	4,283,663.48
Shipping Agency	Tugboat service etc.	Negotiation	3,219,294.59	2,461,572.33
COHA (Laizhou)	Labor dispatch	Negotiation	1,776,636.76	1,495,994.08
Lianda Tug	Tugboat service	Negotiation	1,649,147.63	515,908.65
COFCO-CMG	Load and unload service	Negotiation	1,529,032.53	-
International Ocean Shipping	Berthing services etc.	Negotiation	1,087,096.20	952,187.92
Youlian Shipyard	Tugboat service	Negotiation	892,424.89	420,190.56
Sinoway	Load and unload service	Negotiation	113,179.08	97,776.42
CMHI	Tugboat service	Negotiation	108,175.47	72,073.58
CMBL	Load and unload service etc.	Negotiation	85,377.36	95,003.78
Sinotrans Logistics	Port administration	Negotiation	64,179.27	-
Hunan Xianing Inland Port Co., Ltd.	Interest income	Negotiation	24,500.00	24,500.00
Sinotrans Customs Broker	Port administration	Negotiation	16,476.43	-
Zengcheng Xinkang	Others	Negotiation	1,820.31	7,948.40
Qianhai Bay Warehousing	Port administration	Negotiation	1,429.23	-
CMCCL	Storage service	Negotiation	-	169,985.40
Xuqin	Port administration	Negotiation	-	4,872.68
Total			57,551,084.04	51,343,164.10

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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	Pricing and decision-making procedures of related party transactions	Lease income recognized in the current year	Lease income recognized in the previous year (restated)
CMBL	Crane	Negotiation	1,864,077.72	1,882,718.48
International Ocean Shipping	Office	Negotiation	60,571.44	-
Shantou Port	Mechanical equipment	Negotiation	16,828.48	Note
Ocean Shipping Tally	Office	Negotiation	-	58,167.53
Shipping Agency	Office	Negotiation	-	5,951.88
Total			1,941,477.64	1,946,837.89

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

The Group as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Pricing and decision-making procedures of related party transactions	Lease payment recognized in the current year	Lease payment recognized in the previous year (restated)
Nanshan Group	Land, Office and packing yard	Negotiation	68,763,771.81	61,655,931.48
Malai Warehouse	Office	Negotiation	6,386,714.28	7,732,503.72
CMPS	Former Bay port lands	Negotiation	4,226,143.43	4,168,358.44
Chiwana Base	Office	Negotiation	3,125,849.30	4,104,644.97
China Merchants Shangzhi	Building	Negotiation	1,650,189.07	859,832.64
Haixing	Warehouse	Negotiation	999,899.00	-
Qianhai Property	Staff dormitory	Negotiation	175,745.41	144,147.73
Baowan Logistics	Building	Negotiation	117,567.43	99,460.54
SCT	Crane	Negotiation	-	621,580.55
Total			85,475,975.73	79,386,460.07

(3) Transfers of assets involved with related parties

Unit: RMB

Related party	Content of related party transaction	Pricing and decision-making procedures of related party transactions	Closing balance	Opening balance (restated)
Yide Port	Machinery and equipment transfer-out	Negotiation	30,000.00	-
Haixing	Machinery and equipment transfer-in	Negotiation	-	128,000.00

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(4) Compensation for key management personnel

Unit: RMB

Item	Closing balance	Opening balance
Compensation for key management personnel	10,172,015.70	10,788,235.12

6. Amounts due from/to related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance (restated)
Cash and bank balances	CMB	167,483,337.47	252,387,264.21
	CMFC	150,359,313.40	-
	CDFC	1,192,728.52	1,211,887.57
	Total	319,035,379.39	253,599,151.78
Accounts receivable	Ocean Shipping Agency	3,361,117.20	2,138,014.00
	SCT	1,062,978.75	603,090.00
	Haixing	978,150.00	-
	Shipping Agency	474,274.00	390,704.00
	CMSA	437,479.20	568,815.80
	Sinoway	90,067.75	28,753.00
	International Ocean Shipping	13,642.00	-
	CMBL	8,242.50	-
	Qianhai Bay Warehousing	445.00	-
	Total	6,426,396.40	3,729,376.80
Interest receivable	Hunan Xianing Inland Port Co., Ltd.	153,625.26	129,125.26
Other receivables	CMBL	7,171,552.07	4,196,628.57
	Nanshan Group	1,124,300.09	1,054,300.09
	SCT	780,160.16	16,994.00
	Qianhai Property	707,092.00	654,480.00
	Xuqin	638,268.65	323,000.00
	Hunan Xianing Inland Port Co., Ltd.	500,000.00	500,000.00
	China Merchants Shangzhi	459,776.40	176,299.20
	Chiwan Base	280,049.31	135,621.91
	CICT	266,888.68	-
	Shantou Port	17,333.33	Note
	Qianhai Bay Warehousing	2,848.00	-
	CMCI	-	67,100,000.00
	China Merchants Property	-	5,294.00
	Others	74,331.70	62,809.00
	Total	12,022,600.39	74,225,426.77

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 (restated)
Accounts payable	Nanshan Group	16,968,830.09	11,930,228.89
	CMSA	727,528.71	743,962.71
	Xuqin	513,673.35	793,251.50
	Haixing	406,723.76	791,015.00
	SCT	291,710.00	2,850.00
	Chiwan Base	139,400.00	-
	Hoi Tung Shanghai	111,383.00	188,945.00
	CMPH	99,675.65	99,675.65
	Haiqin Engineering	9,589.08	-
	China Merchants Holdings (International) Information Technology Co., Ltd.	9,000.00	30,000.00
	Zengcheng Xinkang	-	207,845.50
	Total	19,277,513.64	14,787,774.25
Receipts in advance	Sinotrans Customs Broker	60,000.00	-
	CMBL	224.00	-
	Total	60,224.00	-
Dividends payable	International Enterprise Co., Ltd.	128,552,676.45	-
	Hidoney	97,429,396.88	-
	Yihai Kerry	37,402,426.09	-
	Total	263,384,499.42	-
Other payables	CMBL	3,072,676.67	565,707.40
	China Merchants Shangzhi	1,410,393.60	117,532.80
	China Merchants Property	909,600.00	3,626.34
	Xuqin	735,859.33	51,624.65
	CMPH	545,675.52	1,799,359.29
	China Merchants Holdings (International)	426,850.00	102,900.00
	SCT	252,753.69	247,360.66
	Changjiang Shipping	250,000.00	-
	Nanshan Group	91,932.50	155,593.03
	Haiqin Engineering	69,182.10	389,509.73
	Chiwan Property	28,848.52	14,100.90
	International Ocean Shipping	10,000.00	10,000.00
	CMG	8,570.12	-
	CMCI	-	44,166.66
	Total	7,812,342.05	3,501,481.46
Long-term payables	CMCI	25,000,000.00	25,000,000.00

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

Unit: RMB

Item	Closing balance	Opening balance (restated)
Capital commitments that have been entered into but have not been recognized in the financial statements:		
-Commitment to acquisition of long-term assets	30,484,737.52	184,419,680.93
-Commitment to external investment	-	56,136,194.00
Total	30,484,737.52	240,555,874.93

(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 (restated)
Minimum lease payments under non-cancellable operating leases:		
1 st year subsequent to the balance sheet date	65,794,063.84	58,842,777.42
2 nd year subsequent to the balance sheet date	20,203,938.24	55,116,624.45
3 rd year subsequent to the balance sheet date	4,971,789.36	893,421.90
More than 3 years	186,894.24	-
Total	91,156,685.68	114,852,823.77

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)	850,443,359.87
Profits or dividends declared to be distributed	Subject to approval by shareholders' general meeting

Note: Please refer to Note (V) 38.

(XII) EVENTS AFTER THE BALANCE SHEET

2. Changes in controlling shareholder and scope of consolidated financial statements

In order to further tackle with horizontal competition as well as optimise the structure of CMG's port business, on 5 February 2018, CM Gangtong Development (Shenzhen) Co., Ltd., a subsidiary of CMG, and its person acting in concert Broadford International Inc., as well as Jing Feng Company, Malai Warehouse and Nanshan Group entered into agreements, which are *The Equity Transfer Agreement between Jing Feng Company and Broadford International Inc.*, *The Equity Transfer Agreement between Malai Warehouse and CM Gangtong Development (Shenzhen) Co., Ltd.*, and *The Equity Transfer Agreement between China Nanshan Development (Group) Incorporation and CM Gangtong Development (Shenzhen) Co., Ltd.* Jing Feng Company, Malai Warehouse and Nanshan Group planned to transfer their equity in the Company, which accounted for 66.10% in total, to CM Gangtong Development (Shenzhen) Co., Ltd. and its person acting in concert Broadford International Inc. Upon the completion of the equity transfer, Jing Feng Company, Malai Warehouse and Nanshan Group will no longer own the Company's voting rights. The Company's controlling shareholder will change from CMPH to CM Gangtong Development (Shenzhen) Co., Ltd. The ultimate actual controller of the Company will remain unchanged as CMG.

On 5 February 2018, the Company, CMPH, Fatten Investments Limited and Media Port Investments Limited entered into *The Second Supplementary Agreement to Media Port Investments Limited Shareholder Agreement*. The above Agreement has been established and effective since each party signed and would be implemented automatically upon the completion of the equity transfer as described in paragraph above. After the implementation of the Agreement, Media Port Investments Limited and its subsidiary Shiny Fame Limited, Shenzhen Mawan Wharf Co., Ltd., Shenzhen Mawan Port Co., Ltd. and Shenzhen Mawan Terminals Co., Ltd. will no longer be controlled by the Company. Once the Company loses control of above companies, they will be excluded in the consolidated financial statements.

(XIII) OTHER SIGNIFICANT EVENTS

1. Annuity plan

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

(XIII) OTHER SIGNIFICANT EVENTS - continued

2. Significant acquisition

The first extraordinary session of the ninth Board of Directors on 11 September 2017 approved *The acquisition proposal of 51% shares of Zhongshan Ganghang Enterprise Group Co., Ltd.* The Company agreed to acquire 51% shares of Zhongshan Ganghang Enterprise Group Co., Ltd with RMB 485,500,000.00. The investment agreement has not been signed up to 31 December 2017.

3. Segment reporting

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

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

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(XIII) OTHER SIGNIFICANT EVENTS - continued

3. Segment reporting - continued

(2) Segment financial information

Unit: RMB

	Load and unload services		Trailer and tugboat business		Agency and other services		Unappropriated items		Inter-segment deduction		Total	
	Closing balance	Opening balance (restated)	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance (restated)	Closing balance	Opening balance (restated)	Closing balance	Opening balance (restated)
Operating income	2,342,308,735.18	2,271,823,689.25	176,554,448.36	158,782,168.60	28,604,158.08	29,384,718.03	-	-	(91,248,506.99)	(78,507,175.94)	2,456,218,834.63	2,381,483,399.94
Revenue arising from external transactions	2,342,276,735.14	2,268,713,042.75	85,454,415.10	83,516,218.92	28,487,684.39	29,254,138.27	-	-	-	-	2,456,218,834.63	2,381,483,399.94
Revenue arising from inter-segment transactions	32,000.04	3,110,646.50	91,100,033.26	75,265,949.68	116,473.69	130,579.76	-	-	(91,248,506.99)	(78,507,175.94)	-	-
Total segment operating income	2,342,308,735.18	2,271,823,689.25	176,554,448.36	158,782,168.60	28,604,158.08	29,384,718.03	-	-	(91,248,506.99)	(78,507,175.94)	2,456,218,834.63	2,381,483,399.94
Reconciling items:												
Operating Income in the financial statements											2,456,218,834.63	2,381,483,399.94
Operating cost	1,387,285,171.07	1,282,246,816.07	128,545,300.96	119,894,587.11	20,614,081.68	19,108,936.15	-	-	(91,216,506.95)	(78,472,142.58)	1,445,228,046.76	1,342,778,196.75
Segment operating profits	955,023,564.11	989,576,873.18	48,009,147.40	38,887,581.49	7,990,076.40	10,275,781.88	-	-	(32,000.04)	(35,033.36)	1,010,990,787.87	1,038,705,203.19
Reconciling items:												
Business taxes and levies	10,420,274.33	10,764,415.86	505,527.96	291,541.06	14,355.05	841,236.94	-	-	-	1,046,179.76	10,940,157.34	12,943,373.62
Administrative expenses	155,901,203.50	137,220,652.68	12,870,357.22	12,744,154.28	5,108,412.16	6,195,758.39	3,497,649.95	32,321,374.71	(32,000.04)	(35,033.36)	177,345,622.79	188,446,906.70
Financial expenses	25,625,925.31	8,748,957.06	(1,440,959.95)	(1,573,432.76)	312,198.97	(1,096,936.54)	2,727,007.84	27,581,531.18	-	(1,046,179.76)	27,224,172.17	32,613,939.18
Impairment losses of assets	(5,274,943.11)	6,293,807.20	(199,890.00)	188,867.59	-	-	-	-	-	-	(5,474,833.11)	6,482,674.79
Investment Income	120,932.91	74,997.15	-	-	-	-	713,356,187.24	718,751,520.05	(649,155,328.39)	(639,161,618.04)	64,321,791.76	79,664,899.16
Gains on disposal of assets	436,909.16	(154,315.77)	-	-	(5,565.70)	-	-	30,648.00	-	-	431,343.46	(123,667.77)
Other income	857,602.32	-	985,829.43	-	-	-	-	-	-	-	1,843,431.75	-
Operating profit	769,766,548.47	826,469,721.76	37,259,941.60	27,236,451.32	2,549,544.52	4,335,723.09	707,131,529.45	658,879,262.16	(649,155,328.39)	(639,161,618.04)	867,552,235.65	877,759,540.29
Non-operating income	2,521,526.93	9,331,481.72	11,458.29	1,904,840.62	107.34	11,656.43	-	-	-	-	2,533,092.56	11,247,978.77
Non-operating expenses	415,795.74	2,979,915.45	544,593.34	140,907.96	0	35,041.03	-	-	-	-	960,389.08	3,155,864.44
Gross profit	771,872,279.66	832,821,288.03	36,726,806.55	29,000,383.98	2,549,651.86	4,312,338.49	707,131,529.45	658,879,262.16	(649,155,328.39)	(639,161,618.04)	869,124,939.13	885,851,654.62
Income tax expenses	113,156,689.33	113,329,567.58	9,226,045.00	7,290,125.68	460,625.18	355,404.00	32,422,804.55	7,519,921.67	-	(4,093,385.23)	155,266,164.06	124,401,633.70
Net profit	658,715,590.33	719,491,720.45	27,500,761.55	21,710,258.30	2,089,026.68	3,956,934.49	674,708,724.90	651,359,340.49	(649,155,328.39)	(635,068,232.81)	713,858,775.07	761,450,020.92

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(XIII) OTHER SIGNIFICANT EVENTS - continued

3. Segment reporting - continued

(2) Segment financial information - continued

Unit: RMB

	Load and unload services		Trailer and tugboat business		Agency and other services		Unappropriated items		Inter-segment deduction		Total	
	Closing balance	Opening balance (restated)	Closing balance	Opening balance (restated)	Closing balance	Opening balance (restated)	Closing balance	Opening balance (restated)	Closing balance	Opening balance (restated)	Closing balance	Opening balance (restated)
Total segment assets	11,337,028,850.02	6,873,048,303.41	229,710,234.83	220,696,382.06	21,609,842.45	33,145,715.78	1,364,101,197.76	7,494,247,455.61	(4,976,979,561.74)	(6,828,567,584.85)	7,975,470,563.32	7,792,570,272.01
Total assets in the financial statements	11,337,028,850.02	6,873,048,303.41	229,710,234.83	220,696,382.06	21,609,842.45	33,145,715.78	1,364,101,197.76	7,494,247,455.61	(4,976,979,561.74)	(6,828,567,584.85)	7,975,470,563.32	7,792,570,272.01
Total segment liabilities	2,221,228,724.42	1,607,710,194.30	145,053,432.82	136,039,580.05	10,425,473.34	23,856,538.93	26,440,985.83	928,594,000.01	(994,720,962.72)	(1,387,375,610.14)	1,408,427,653.69	1,308,824,703.15
Total liabilities in the financial statements	2,221,228,724.42	1,607,710,194.30	145,053,432.82	136,039,580.05	10,425,473.34	23,856,538.93	26,440,985.83	928,594,000.01	(994,720,962.72)	(1,387,375,610.14)	1,408,427,653.69	1,308,824,703.15
Supplementary information												
Depreciation	264,383,191.78	256,304,365.62	11,947,553.02	11,673,804.16	23,966.19	47,541.30	-	11,651,649.99	-	-	276,354,710.99	279,677,361.07
Amortization	52,591,160.63	52,487,038.96	-	17,496.30		276,792.75	-	-	-	-	52,591,160.63	52,781,328.01
Interest income	(39,597,082.24)	(13,680,107.19)	(1,442,094.05)	(1,574,476.16)	(169,059.60)	(567,456.25)	(114,515.45)	(31,210,907.90)	31,356,441.65	40,201,612.69	(9,966,309.69)	(6,831,334.81)
Interest expense	52,178,577.47	38,113,106.18	-	-		-	152,946.00	47,142,668.62	(31,356,441.65)	(41,247,792.45)	20,975,081.82	44,007,982.35
Investment income from long-term equity investment under equity method	-	-	-	-		-	54,904,791.76	73,372,711.31	-	-	54,904,791.76	73,372,711.31
Long-term equity investment under equity method	-	-	-	-		-	1,152,620,039.97	1,151,874,922.62	-	-	1,152,620,039.97	1,151,874,922.62
Non-current assets other than long-term equity investment	5,518,776,126.70	5,558,320,542.37	111,500,521.85	114,168,681.90	59,807.68	13,699,499.49	534,488,809.93	415,863,239.40	(534,634,196.51)	(396,553,665.64)	5,630,191,069.65	5,705,498,297.52

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(XIII) OTHER SIGNIFICANT EVENTS - continued

3. Segment reporting - continued

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

Unit: RMB

Item	Closing balance	Opening balance (restated)
Revenue from external transactions with domestic customers	2,431,453,323.81	2,363,101,851.78
Revenue from external transactions with Hong Kong	24,765,510.82	18,381,548.16
Total	2,456,218,834.63	2,381,483,399.94

Unit: RMB

Item	Closing balance	Opening balance (restated)
Non-current assets sourced from Mainland of PRC	5,630,189,733.15	5,705,491,446.91
Non-current assets sourced from Hong Kong	1,336.50	6,850.61
Total	5,630,191,069.65	5,705,498,297.52

- (4) Degree of reliance on major customers

The total operating income derived from the top five clients of the Group is RMB 1,014,074,195.31, occupying 41.29% of the Group's total operating income.

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

1. Accounts receivable

- (1) Disclosure of accounts receivable by categories

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	3,172,906.66	24.43	-	-	3,172,906.66	63,999.00	0.43	-	-	63,999.00
Portfolio 2	9,814,488.18	75.57	-	-	9,814,488.18	14,666,413.29	99.57	-	-	14,666,413.29
Subtotal of portfolios	12,987,394.84	100.00	-	-	12,987,394.84	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	12,987,394.84	100.00	-	-	12,987,394.84	14,730,412.29	100.00	-	-	14,730,412.29

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	9,814,488.18	-	-	9,814,488.18	14,666,413.29	-	-	14,666,413.29

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

Unit: RMB

Name of customer	Relationship with the Company	Closing balance	Proportion of the amount to the total accounts receivable (%)	Closing balance of provision
Customer F	Third party with transactions	3,350,058.18	25.79	-
Customer G	Third party with transactions	2,363,496.86	18.20	-
Customer H	Third party with transactions	1,289,694.27	9.93	-
Customer I	Third party with transactions	1,018,938.35	7.85	-
Customer J	Third party with transactions	728,792.15	5.61	-
Total		8,750,979.81	67.38	-

2. Other receivables

(1) Disclosure of other receivables by categories

Unit: RMB

Category	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Book value	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Other receivables for which bad debt provision has been assessed by credit risk portfolios										
Portfolio 1	582,640,769.47	99.86	-	-	582,640,769.47	581,387,532.80	99.75	-	-	581,387,532.80
Portfolio 2	833,646.82	0.14	383,456.60	46.00	450,190.22	1,455,758.02	0.25	391,186.82	26.87	1,064,571.20
Subtotal of portfolios	583,474,416.29	100.00	383,456.60	0.07	583,090,959.69	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	583,474,416.29	100.00	383,456.60	0.07	583,090,959.69	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 31 DECEMBER 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	Bad debt provision	Proportion (%)	Book value	Carrying amount	Bad debt provision	Proportion (%)	Book value
Within 1 year	450,190.22	-	-	450,190.22	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	833,646.82	383,456.60	46.00	450,190.22	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	4,360,323.59	2,095,061.81
Deposits	1,590,884.41	306,791.32
Others	577,523,208.29	580,441,437.69
Including: amounts due from subsidiaries	577,067,880.47	580,057,981.09
Total	583,474,416.29	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
DGT	Loan to subsidiaries	259,375,000.00	Within 1 year	44.45	-
DGW	Loan to subsidiaries	222,692,880.47	Within 1 year	38.17	-
Shenzhen Mawan Terminals Co., Ltd.	Loan to subsidiaries	95,000,000.00	Within 1 year	16.28	-
Chiwan Wharf Holdings (Hong Kong) Limited	Temporary payment due from subsidiaries	2,886,525.88	More than 3 years	0.49	-
Nanshan Group	Deposits	1,022,760.39	More than 3 years	0.18	-
Total		580,977,166.74		99.57	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

3. Long-term equity investments

Unit: RMB

Investees	Opening balance	Changes								Closing balance	Closing balance of provision for impairment
		Increase	Decrease	Investment income under equity method	Reconciling items from other comprehensive income	Other equity movements	Cash dividends or profits announced of issuance	Provision for impairment	Others		
I. Subsidiaries											
Shenzhen Chiwan International Freight Agency Co., Ltd	5,500,000.00	-	-	N/A	N/A	N/A	N/A	-	-	5,500,000.00	-
CHCC	250,920,000.00	-	-	N/A	N/A	N/A	N/A	-	-	250,920,000.00	-
Shenzhen Chiwan Transportation Co., Ltd	7,000,000.00	-	-	N/A	N/A	N/A	N/A	-	-	7,000,000.00	-
Chiwan Wharf Holdings (Hong Kong) Limited	1,070,000.00	-	-	N/A	N/A	N/A	N/A	-	-	1,070,000.00	-
Shenzhen Chiwan Tugboat Co., Ltd	24,000,000.00	-	-	N/A	N/A	N/A	N/A	-	-	24,000,000.00	-
CCT	421,023,199.85	-	-	N/A	N/A	N/A	N/A	-	-	421,023,199.85	-
DGW	186,525,000.00	-	-	N/A	N/A	N/A	N/A	-	-	186,525,000.00	-
DGT	175,000,000.00	-	-	N/A	N/A	N/A	N/A	-	-	175,000,000.00	-
Chiwan Shipping (Hong Kong) Limited	-	-	-	N/A	N/A	N/A	N/A	-	1,051,789.43 (Note 1)	1,051,789.43	-
Subtotal	1,071,038,199.85	-	-					-	1,051,789.43	1,072,089,989.28	-
II. Associates											-
China Merchants Holdings (International) Information Technology Co., Ltd	14,595,240.92	-	-	2,280,756.73	-	-	-	-		16,875,997.65	-
CMBL	151,985,444.98	-	-	4,556,430.09	-	-	-	-	186,776,676.78 (Note 2)	343,318,551.85	-
Subtotal	166,580,685.90	-	-	6,837,186.82	-	-	-	-	186,776,676.78	360,194,549.50	-
III. Joint ventures											-
COHA (Laizhou)	794,981,306.22	-	-	42,846,672.04	-	-	54,159,674.42	-	-	783,668,303.84	-
Total	2,032,600,191.97	-	-	49,683,858.86	-	-	54,159,674.42	-	187,828,466.21	2,215,952,842.62	-

Note 1: Resulted from purchasing 100% shares of Chiwan Shipping (Hong Kong) Limited from the Company's subsidiary Chiwan Warf (Hong Kong) Limited

Note 2: Resulted from purchasing 20% shares of CMBL from the Company's subsidiary Hinwin Development Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

4. Operating income and operating costs

Unit: RMB

Item	2017		2016	
	Income	Cost	Income	Cost
Principal operating	230,376,600.39	147,184,443.19	196,844,379.94	141,627,809.07
Other operating	31,751,483.49	756,451.35	27,140,761.84	757,252.02
Total	262,128,083.88	147,940,894.54	223,985,141.78	142,385,061.09

5. Investment income

(1) Details of investment income

Unit: RMB

Item	2017	2016
Income from long-term equity investments under cost method	589,478,376.49	134,702,787.76
Income from long-term equity investments under equity method	49,683,858.86	67,621,133.66
Investment income on available-for-sale financial assets, etc.	9,417,000.00	6,292,187.85
Total	648,579,235.35	208,616,109.27

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

Unit: RMB

Investees	2017	2016	Reasons for increases or decreases in the current compared to the prior period
CCT	276,049,957.84	-	The profits distributed by investee fluctuate
DGW	103,355,370.74	-	The profits distributed by investee fluctuate
CHCC	97,455,574.40	115,390,687.74	The profits distributed by investee fluctuate
DGT	88,196,930.66	-	The profits distributed by investee fluctuate
Shenzhen Chiwan Tugboat Co., Ltd	21,606,823.62	16,514,592.21	The profits distributed by investee fluctuate
Shenzhen Chiwan Transportation Co., Ltd	2,619,884.81	2,520,533.55	The profits distributed by investee fluctuate
Shenzhen Chiwan International Freight Agency Co., Ltd	193,834.42	276,974.26	The profits distributed by investee fluctuate
Total	589,478,376.49	134,702,787.76	

6. Non-operation income

Item	2017	2016
The excess of attributable fair value of identifiable net assets over the consideration paid for subsidiaries, associates and joint ventures	32,776,676.78 (Note)	-
Insurance compensation	-	1,421,480.12
Others	258,852.14	47,934.95
Total	33,035,528.92	1,469,415.07

Note: Non-operation income due to the excess of attributable fair value of identifiable net assets over the consideration paid for 20% share of associate CMBL. See Note (XIV) 3.

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

7. 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	2017	2016
Receipt of services:				
Chiwan Shipping (Hong Kong) Limited	Agency service	Negotiation	633,338.07	1,068,046.98
Xuqin	Landscape Engineering	Negotiation	575,923.22	898,037.45
Chiwan Property	Property management service	Negotiation	331,387.47	458,830.60
Haiqin Engineering	Construction management service	Negotiation	264,716.20	-
China Merchants Holdings (International) Information Technology Co., Ltd	Technical service fee	Negotiation	72,452.88	151,132.13
Nanshan Group	Engineering service	Negotiation	66,640.01	-
Shenzhen Chiwan International Freight Agency Co., Ltd	Agency service	Negotiation	22,517.41	18,209.81
Shenzhen Chiwan Tugboat Co., Ltd	Transportation services	Negotiation	12,166.04	28,256.60
Total			1,979,141.30	2,622,513.57
Rendering of services:				
DGW	Labor dispatch	Negotiation	13,159,435.88	16,973,861.28
DGT	Labor dispatch	Negotiation	9,492,952.34	1,698,686.94
COHA (Laizhou)	Labor dispatch	Negotiation	1,776,636.76	1,495,994.08
COFCO-CMG	Load and unload service	Negotiation	627,197.62	-
CMSA	Port administration	Negotiation	61,007.54	333,178.01
Shipping Agency	Berthing services	Negotiation	13,585.85	142,419.81
Ocean Shipping Agency	Load and unload service	Negotiation	-	18,736.79
Xuqin	Load and unload service	Negotiation	-	4,872.68
Total			25,130,815.99	20,667,749.59

(2) Leases with related parties

The Company as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Pricing and decision-making procedures of related party	Lease payment recognized in the current year	Lease payment recognized in the previous year
CHCC	Packing yards	Negotiation	97,563.42	97,563.42
Ocean Shipping Tally	Offices	Negotiation	-	58,167.53
Shipping Agency	Offices	Negotiation	-	5,951.88
Total		Negotiation	97,563.42	161,682.83

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

7. Related party transactions - continued

The Company as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Pricing and decision-making procedures of related party transactions	Lease payment recognized in the current year	Lease payment recognized in the previous year
Nanshan Group	Land, Office and packing yard	Negotiation	7,989,976.35	10,044,055.34
Malai Warehouse	Office	Negotiation	4,419,480.00	3,726,743.96
Chiwan Base	Office	Negotiation	1,547,736.14	1,395,430.42
Haixing	Warehouse	Negotiation	999,899.00	-
SCT	Crane	Negotiation	-	540,000.00
Total			14,957,091.49	15,706,229.72

(3) Asset transfer with related parties

Unit: RMB

Related party	Content of related party transaction	Pricing and decision-making procedures of related party	2017	2016
Shenzhen Mawan Wharf Co., Ltd.	Transfer mechanical equipment	Negotiation	-	1,176,271.66

8. Amounts due from/to related parties

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Cash and bank balances	CMFC	150,359,313.40	-
	CMB	43,322,030.86	19,265,421.23
	CDFC	1,192,728.52	1,211,887.57
	Total	194,874,072.78	20,477,308.80
Accounts receivable	DGW	1,937,469.76	-
	DGT	1,235,436.90	-
	CMSA	-	44,129.00
	Shipping Agency	-	19,870.00
	Total	3,172,906.66	63,999.00
Other receivables	DGT	259,375,000.00	361,632,988.72
	DGW	222,692,880.47	214,500,000.00
	Shenzhen Mawan Terminals Co., Ltd.	95,000,000.00	-
	Chiwan Wharf Holdings (Hong Kong) Limited	2,886,525.88	2,851,360.05
	Nanshan Group	1,022,760.39	1,022,760.39
	CCT	656,104.70	725,678.44
	CHCC	386,103.56	309,683.43
	Chiwan Base	280,049.31	135,621.91
	China Merchants Shangzhi	199,779.60	58,766.40
	Hinwin Development Limited	38,270.45	38,270.45
	Chiwan Property	150.00	150.00
	Total	582,537,624.36	581,275,279.79

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

8. Amounts due from/to related parties - continued

Unit: RMB

Item	Related parties	Closing balance	Opening balance
Long-term receivables	Chiwan Wharf Holdings (Hong Kong) Limited	11,004,284.75	11,004,284.75
Accounts payable	Nanshan Group	3,784,069.48	2,906,947.14
	Xuqin	513,673.35	785,059.00
	Haixing	250,000.00	-
	Total	4,547,742.83	3,692,006.14
Interests payable	CCT	1,855,000.00	-
	CHCC	1,542,500.00	1,492,533.76
	Shenzhen Chiwan Transportation Co., Ltd	445,086.19	1,500,827.59
	Shenzhen Mawan Wharf Co., Ltd.	323,797.50	-
	Shenzhen Chiwan Tugboat Co., Ltd	165,131.27	97,332.08
	Total	4,331,514.96	3,090,693.43
Dividends payable	Chiwan Wharf Holdings (Hong Kong) Limited	37,608,540.65	37,608,540.65
Other payables	CHCC	268,600,179.30	243,733,114.96
	CCT	212,442,335.07	-
	Hinwin Development Limited	154,000,000.00	-
	Shenzhen Mawan Wharf Co., Ltd.	73,800,000.00	-
	Shenzhen Chiwan Transportation Co., Ltd	47,236,691.69	46,897,834.66
	Shenzhen Chiwan Tugboat Co., Ltd	37,644,370.44	24,912,752.12
	DGW	14,073,224.80	13,260,132.40
	DGT	9,951,537.15	10,133,892.96
	Shenzhen Chiwan International Freight Agency Co., Ltd	1,740,733.05	975,053.00
	Chiwan Wharf Holdings (Hong Kong) Limited	1,022,082.14	9,697,899.00
	Shenzhen Mawan Terminals Co., Ltd.	672,562.50	-
	Chiwan Shipping (Hong Kong) Limited	538,047.40	1,183,964.01
	Xuqin	210,869.00	10,000.00
	Nanshan Group	77,863.00	58,539.14
	China Merchants Holdings (International) Information Technology Co., Ltd	6,400.00	6,400.00
	Chiwan Property	6.40	-
	Haiqin Engineering	-	389,509.47
	Total	822,016,901.94	351,259,091.72
Long-term payables	Chiwan Wharf Holdings (Hong Kong) Limited	150,098,000.00	116,662,000.00

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

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

**SUPPLEMENTARY INFORMATION TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. BREAKDOWN OF EXTRAORDINARY GAINS AND LOSSES

Unit: RMB

Item	Amounts	Remarks
Gains or losses on disposal of non-current assets	431,343.46	
Tax refunds or reductions with ultra vires approval or without official approval documents	-	
Government grants recognized in profit or loss (except for grants that are closely related to the Company's business and are in amounts and quantities fixed in accordance with the national standard)	1,843,431.75	
Money lending income earned from non-financial institutions in profit or loss	-	
The excess of attributable fair value of identifiable net assets over the consideration paid for subsidiaries, associates and joint ventures	-	
Gains or losses on exchange of non-monetary assets	-	
Gains or losses on entrusted investments or assets management	-	
Provision of impairment losses for each asset due to force majeure, e.g. natural disasters	-	
Gains or losses on debt restructuring	-	
Business restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.	-	
Gains or losses relating to the unfair portion in transactions with unfair transaction price	-	
Net profit or loss of subsidiaries recognized as a result of business combination of enterprises under common control from the beginning of the period up to the business combination date (Note)	-	
Gains or losses arising from contingencies other than those related to normal operating business	-	
Gains or losses on changes in the fair value of financial assets and financial liabilities held for trading and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than the effective hedging activities relating to normal operating business	-	
Reversal of provision for accounts receivable that are tested for impairment losses individually	4,238,993.78	
Gains or losses on entrusted loans	-	
Gains or losses on changes in the fair value of investment properties that are subsequently measured using the fair value model	-	
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements by tax laws and accounting laws and regulations	-	
Custodian fees earned from entrusted operation	-	
Other non-operating income or expenses other than above	1,572,703.48	
Other profit or loss that meets the definition of non-recurring profit or loss	-	
Tax effects	(290,506.79)	
Effects of minority interest (after tax)	(662,241.30)	
Total	7,133,724.38	

SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

SUPPLEMENTARY INFORMATION TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

1. BREAKDOWN OF EXTRAORDINARY GAINS AND LOSSES - continued

Note: China Merchants Port Holdings Co., Ltd ("CMPH") and Shenzhen Chiwan Wharf Holdings Limited (the Company) respectively hold 50% of Media Port Investments Limited's shares. The board of directors is the authority with supreme power of Media Port Investments Limited, which comprises six directors. CMPH and the Company appoint three directors respectively. Significant events of Media Port Investments Limited shall be resolved only if approved by the majority of directors present in the meeting. Where votes are equal, chairman has the right to give a second vote or the decisive vote. Before 30 September 2017, Media Port Investments Limited's chairman was delegated by CMPH. The Company did not control Media Port Investments Limited and measured it as an associate instead. On 23 August 2017, the Company entered into a supplementary agreement to *Media Port Investments Limited Shareholders Agreement* with CMPH, according to which a director was appointed as chairman by the Company. The Company accomplished appointment of chairman of Media Port Investments Limited on 30 September 2017 and obtained control of Media Port Investments Limited. According to accounting operation for consolidation under the same control, starting from 30 September 2017, the Company has taken the financial status and business performance of Media Port Investments Limited into the consolidated financial statements since the beginning of comparison period. Before and after acquisition date, the shares of Media Port Investments Limited owned by the Company remained the same. Therefore, the Company reports no profit or loss of Media Port Investments Limited accumulated before acquisition as extraordinary gains and losses.

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 (%)	ESP	
		Basic ESP	Diluted EPS
Net profit for the current period attributable to ordinary shareholders	10.446	0.782	0.782
Net profit attributable to ordinary shareholders after deducting extraordinary gains and losses	10.306	0.771	0.771
